Security Issues in the Middle East
Overview

The collapse of the Israeli-Palestinian peace process, the terrorist bombing of the USS Cole, and Iraq’s renewed attempts to get out from under UN sanctions all bode ill for U.S. policy of preserving peace and stability in the Persian Gulf. The next president, likely to be Texas governor George W. Bush, will face significant challenges as a result of these three related events. Below is a preview of the implications of these events for the next president and the likely policies that the new administration will pursue in the Middle East.

Implications of the USS Cole Bombing

The terrorist attack on the U.S. destroyer Cole while it was on a refueling stop in Yemen will reverberate throughout the region for some time. However, it will not change certain fundamentals about U.S. presence or ongoing challenges to U.S. strategy in the region. Out of the bombing, expect the U.S. to increase efforts to protect its forces in the region and further lower their profile. This indeed may be helpful for certain host governments who want U.S. protection but prefer that the forces be as invisible as possible. The U.S. will also look, over the long-term, at ways in which its presence can be less reliant on more vulnerable, land-based forces and operate from autonomous sea-based platforms and long-range bombers. However, realizing this shift in capabilities is a ten-year prospect at best. In the meantime, the U.S. recognizes that it will have to operate in the region, expose its forces to the risk of terrorist attack, and continue to take some losses to meet its goals in the region. Similarly, regardless of whether Osama bin Laden is ultimately seized or killed in a retaliatory raid, significant numbers of people in and outside of the region will continue to want the U.S. out and will plan and execute terrorist activities to try to speed that end. Indeed, U.S. retaliation may result in an escalation of violence against American targets overseas. However the loss of even a large number of lives to terrorist incidents will not drive the U.S. from the Gulf like it did in Somalia and Lebanon, where less than vital interests were at stake.

The new administration, with Persian Gulf stability squarely on its mind, will not pull back from any Gulf commitments or deployments. Do not look for a ship refueling in Yemen anytime soon, but otherwise, U.S. deployments will continue – under tighter security – as usual.

The Peace Process

As discussed in previous quarterlies, the peace process and security in the Gulf are not directly related, but the two move in parallel and have an influence on one another. Specifically, if the peace process is going badly, it makes whatever the United States is trying to do in the Gulf more difficult. The latest crisis is no exception. The violence encourages anti-U.S. forces in the Gulf to raise the level of their rhetoric and activity. This makes it more difficult for friendly governments in the region to cooperate with the United States (see Saudi chapter in this quarterly) on a variety of fronts. It also enhances Saddam’s chances to attempt to break out from his isolation in the region and the world (see Iraq chapter). The containment of Iraq has suffered a blow because of the need for Gulf regimes to distance themselves from the United States and its policies, and it is unlikely to be reversed even if the peace process is somehow put back on track.

The new administration in Washington is going to have a difficult time getting the process back on track. Both Israelis and the Palestinians are locked into images of their own grief and righteousness, and the continuing violence only makes it that much more difficult to get back to the negotiating table. Combined with Mr. Barak’s political crisis and Mr. Arafat’s ever more tenuous grip on power (see Israel chapter), the recipe is for continued violence and little progress for months to come. Moreover, the new administration is going to take time to get settled and appoint new negotiators to handle this delicate issue. Eight-year peace process veteran Dennis Ross has announced that he is stepping down at the end of the Clinton administration, but may stay on through a transition process. New mediators will have to learn the issues and earn the trust of both sides before they can become useful in bringing the peace talks back on line. The issue will also be so volatile that no new president or secretary of state is going to become personally involved early on in the administration. The only time the new U.S. administration will become substantially and directly involved early on is if a wider conflict breaks out and Israel’s survival comes into doubt. Look for
early statements out of a Bush administration supporting Israel’s right to exist and promising direct U.S. military support if that is at all threatened by Arab states in the region. On the details of any final settlement, a Bush administration is likely to be very quiet and cautious for at least the first half of the new year.

Dual Containment

If, as looks likely, Texas governor, George W. Bush, takes the oath of office on January 21, 2001, several key personalities will shape his administration’s approach to Iraq and Iran. The first is vice-president elect and former Secretary of Defense Dick Cheney. The second is presumptive secretary of state Colin Powell, and the third is possible secretary of defense or director of the CIA, Paul Wolfowitz. All three were architects of the U.S.-led coalition triumph in Operation Desert Storm, and all three will draw heavily on that experience in their approach to security in the Gulf. While this type of experience augers well if the threat to Gulf stability replicates Iraq’s 1990 invasion of Kuwait (which is unlikely), it may lead to overly narrow thinking about the range of threats to U.S. interests in the region in the coming years.

Bush campaign statements and writings by his key advisors provide a glimpse into the U.S. national security strategy for the next four years and the role of the Persian Gulf in that strategy. A Bush administration will de-emphasize U.S. participation in peacekeeping and other interventions and will focus on the two postulated major war threats – the Korean peninsula and the Persian Gulf. At the same time, U.S. military research and procurement will attempt to jump a generation in technology to be prepared for a potential future adversary that could compete with the United States on a global scale. The Persian Gulf will get significant attention and resources in terms of defense dollars and deployments, and military units will not be pulled from this region for peacekeeping missions. There will also be a sustained focus on ways to keep U.S. capabilities up to potential conventional challenges from either Iraq or Iran.

Despite this expertise on security issues in the Gulf, there is a chance that the new national security team will be too closely informed by past experience. In particular, under a Bush administration U.S. force posture in the region and plans will likely continue to focus on a repeat of 1990. However, the more likely challenges will come in the form of smaller-scale conflicts, possibly involving terrorism, the use of weapons of mass destruction, domestic political upheavals in GCC states and/or continued distancing of Arab states from the United States due to an sustained collapse in the Israeli-Palestinian peace process.

In meeting these more likely and more challenging threats, the new administration will face the same difficulties as past administrations. First is the abiding suspicion of outsiders in places like Saudi Arabia, which will continue to rely on the American security umbrella but will be very reluctant about formalizing it in any way. Second is the on-again, off-again peace process between the Palestinians and Israelis and the impact this has on cooperation with host governments in the Gulf. Third, geography will continue to play against the United States, making the maintenance of a credible security guarantee to the region costly and subject to disruption in times of crisis. Finally, forward presence (the practice of deploying military forces abroad) a fundamental instrument of U.S. foreign policy, will continue to subject American forces to asymmetrical threats.

The future of dual containment – the policy of keeping Iraq and Iran limited in their ability to influence and to disrupt the Gulf region – will be high on the list but fundamental changes will be slow to evolve unless Washington’s hand is forced by a crazed Saddam move. Do not look for the new administration to run away from dual containment, despite the fact that it has been roundly condemned as unworkable or dead by analysts worldwide. In fact, look for a Bush administration to selectively strengthen efforts to pressure Iraq, particularly by more aggressively funding and supporting Iraqi opposition groups. Its ability to undertake a tightening of some aspects of Iraq’s containment will depend on support from the Gulf states, at the moment tenuous because of the peace process setbacks, and on Washington’s willingness to ease up on other aspects of the sanctions.

On Iran, the new administration will continue to be handcuffed by a Congress that remains more hard line on Tehran than even a Republican White House. A Bush administration will also look for more concrete steps from Iran on primary areas of concern – support for terrorism, WMD buildup, and opposition to the peace process – before engaging in further warming of relations. As noted in this and in previous quarters, Khatami’s 2nd Khordad forces will have a difficult time delivering on any of these areas, assuming they are inclined to even do so.
Security Issues and Israel

Up in Flames
The peace process collapsed in September in a hail of gunfire. The proximate cause of the violent confrontation was a 28 September visit by Ariel Sharon, leader of the opposition Likud party, to the Temple Mount in East Jerusalem. Sharon’s visit was a gesture demonstrating Israeli sovereignty over Muslim holy sites in the disputed city. Most observers agreed that this was a deliberate act of provocation. Thus blame for the outbreak of violence falls on Israel’s side of the ledger.

Characteristically, the two sides offered contradictory versions of events otherwise. Israelis maintained that Palestinian leader Yasser Arafat had orchestrated violent protests by his citizens in an attempt to recoup prestige lost at Camp David, when U.S. president William Clinton blamed him for the impasse in the peace negotiations. In this view, Arafat cynically threw his people into Israeli sights in order to bring condemnation and political pressure on Israel. For their part, Palestinian spokesmen insist that the real trouble ensued only when the Israeli police reacted disproportionately to a stone-throwing Palestinian mob at Al Aqsa (the Temple Mount) on 29 September. Though using rubber-jacketed bullets, the police killed five protesters and injured an additional two hundred. This brought Palestinians into the streets en masse.

The scale of the fighting, the worst since the 1967 Six-Day War, hardened sentiments on both sides and prevented de-escalation. Gunmen from Fatah, Arafat’s faction, sought to dislodge Jews from settlements at Netzarim, in Gaza, and near Joseph’s Tomb, in Nablus. The Israeli Defense Force (IDF) responded ferociously. The military used helicopters to carry out rocket attacks on apartment blocks in Gaza City; fired anti-tank missiles at Palestinian emplacements near Netzarim; and ringed Nablus with tanks. Faced with sixty deaths and 1,500 wounded among his constituents, Arafat could not order them to stop. Instead, he called on the United Nations to dispatch forces to shield his population and the holy sites. He also demanded the withdrawal of Israeli forces from Palestinian cities as a condition for any cease-fire. However, the U.N. Security Council was unable to agree on a resolution during a 2 October meeting, and on 4 October, talks in Paris among U.S. secretary of state Madeleine Albright, Israeli prime minister Ehud Barak, and Arafat broke off amid mutual recriminations. The IDF maintained it would cease fire when the Palestinian guns fell silent. None of a series of cease-fires held.

The new intifadah electrified the Muslim world. Pro-Palestinian demonstrations erupted in Egypt, Jordan, and Iraq, to name a few countries. The new Syrian president, Bashar Assad, connected the status of Jerusalem with the progress of talks on the Golan Heights. Iranian clerics heaped scorn on Israel and declared that the only solution to the confrontation was the destruction of the Jewish state. Ever opportunistic, Saddam Hussein moved army forces westward and exhorted the Arab world to follow him in a jihad against the “Zionist regime” and its American sponsors. To the consternation of Israelis, the intifadah found widespread support in an unexpected quarter: among Israeli Arabs. Though less destructive than the actions of Palestinians, rioting by Arab citizens dispelled comforting illusions about the loyalties of this large minority (some 18 percent of the population). Burning the banks and post offices in predominantly Arab villages became a symbol of solidarity with Palestinians, as well as an expression of long-held grievances against the Jewish majority. Barak rashly told the police to reestablish peace within Israel’s borders by whatever means necessary, fanning the Arabs’ anger.

The intifadah had a dramatic impact on Israeli domestic politics. Arabs control ten of the one hundred twenty seats in the Knesset. The shooting of thirteen Israeli Arabs during the disturbances in the north endangered his hold on this vital bloc of seats. The prime minister’s already fragile governing coalition could not survive the defection of such a large voting bloc. This raised the possibility of new elections, or perhaps a grand coalition with Ariel Sharon’s Likud. Given Sharon’s role as the primary catalyst of violent upheaval, such a coalition would likely foment a rebellion within Barak’s own Labor Party. However, the prime minister managed to turn even this setback to his advantage. Visiting dignitaries, alarmed by the prospect of including Sharon in the cabinet, promised to apply pressure on Arafat to end the confrontation. Among these were U.N. secretary-general Kofi Annan, Russian foreign min-
ister Igor Ivanov, and British foreign secretary Robin Cook. After a 10 October meeting with Chairman Arafat, Secretary-General Annan reported that Palestinian leaders had agreed to “lower the level of violence.”

After a short lull in the intifadah, two Israeli soldiers were killed in Ramallah on 12 October. This brought reprisals by helicopter gunships against Arafat’s headquarters in Gaza City. Meanwhile, Fatah circulated a leaflet calling for unity among all Palestinian factions, including Hamas and Islamic Jihad. Some twenty Hamas prisoners were released from PA jails, and Hamas and Islamic Jihad representatives took part – for the first time – in a meeting of Arafat’s cabinet. This turn of events led Israeli observers to allege, plausibly, that Arafat was preaching peace to foreign diplomats and war to his own constituents.

Curiously, the chairman now has included avowed foes of his diplomatic strategy – predicated on negotiation with Israel and American mediation – in his inner circle of advisers. He is playing a delicate game. The internal dynamics of the PA relationship with the militant groups are uncertain. What is clear is either the image of a supine Arafat or a PA crackdown on Islamic Jihad or Hamas, quiescent until now, could jolt these groups into action to the detriment of the PA chief. Inspired by the expulsion of the IDF from Lebanon, the militants believe that Palestinians are being forced to make colossal concessions with little in return. Their misguided faith in the success of Hezbollah arms in Lebanon has led them to exaggerate their ability to impose a settlement by force. If they believe Arafat has been cowed into submission, they might take a more independent line, perhaps extending to direct attacks on Israeli territory.

What is also clear is that the tanzim – Fatah’s operational arm – has waged a campaign to uproot the hated Jewish enclaves from Palestinian-held territory. The tanzim’s efforts met with mixed success. After a week of clashes, the IDF abandoned the Nablus enclave on 7 October. In the wake of the pullout, Palestinians destroyed Joseph’s Tomb and began erecting a mosque on the site. However, the Israelis have launched fierce reprisals in other locations such as Netzarim, where the army leveled every Palestinian building near the settlement. Arafat has rebuffed Israeli calls to disarm the tanzim, citing the fact that Jewish settlers are armed and IDF units remain on PA soil. To accede unilaterally would be political suicide for the PA chief.

Calming the Storm
Saner heads, in the form of President Clinton and Secretary-General Annan, sought to pull the two sides back from the brink of all-out war. The two statesmen hastily organized an emergency summit, which took place on 16 October at Sharm el-Sheikh, an Egyptian beach resort. Despite the sullen atmosphere, the two principals eventually pledged “to return the situation to that which existed prior to the current crisis,” as Clinton explained on 17 October. That night Israeli forces withdrew from several West Bank towns they had besieged after the lynching of two IDF soldiers. Rather than a full-blown international commission to examine the causes of the violence, Arafat grudgingly agreed to a fact-finding committee, to be established under American auspices in consultation with the U.N. secretary-general.

The Sharm el-Sheikh agreement was risky for both Arafat and Barak. Younger Palestinians were infuriated at their leader’s apparent craveness, while any prospect of an Israeli national-unity government evaporated. Disaffected Palestinian youth pointed to yet another agreement imposed on Arafat by America and the aggressor, Israel. Ariel Sharon ruled out any further talk of a grand coalition, lambasting the “very grave” concessions offered up by Prime Minister Barak. Thus Barak seemed certain to face an all-out battle with the right-leaning opposition when parliament reconvened in November. He was left with the unsavory prospect of appealing to such disparate former coalition partners as the ultra-Orthodox parties and the leftist Meretz. Secularists and adherents of Orthodoxy are sharply divided (see below). Thus building a new coalition with unlike partners would mean sacrificing Barak’s domestic agenda.

To redress the political imbalance with Israel, Yasser Arafat had implored Egyptian president Hosni Mubarak to host an emergency summit of the Arab League. The summit was scheduled for 21-22 October 2000. Arafat mustered Arab support for his demand for an international commission to investigate the causes of the fighting. (As mentioned above, he acceded to an American-supervised body headed by former U.S. senator George Mitchell, who mediated Northern Ireland’s Good Friday Agreement in 1998.) Additionally, he sought to orchestrate a set of agreed “red lines” – points on which the PA absolutely cannot compromise -- for a final settlement with Israel. These included Palestinian sovereignty over East Jerusalem and the right of return for Palestinian refugees to Israel. The chairman had seemingly concluded that Barak was no longer a reliable partner in the quest for a final settlement; and, in the wake of the disastrous Camp David Summit, he was disillusioned with President Clinton as an honest broker. Political pressure, brought to bear by a united Arab world, was Arafat’s only obvious lever for a revived peace process.
All is not well among the restive Palestinian population, even aside from the dust-up with Israel. Yasser Arafat’s freedom of action on the diplomatic front thus is negligible. The peace process, and the subsequent intifadah, have inhibited much-needed reforms in the PA’s political structure – to the detriment of the civil liberties enjoyed by Palestinian citizens. In part this is a consequence of the peace process: the security measures demanded by Israel entail a certain amount of repression of basic rights of assembly and expression. Equally troubling are Arafat’s autocratic tendencies and, closely related, his domestic weakness. For instance, critics of the PA’s authoritarian policies are subject to arrest. Since the chairman commands the support of only 40 percent of Palestinians, his ability to sell a deal with Israel, which will inevitably involve concessions on Jerusalem and refugees, is doubtful. The incremental Oslo approach to the negotiations has meant perpetual torment for the Palestinian leader. A bold maneuver towards a comprehensive settlement offers better prospects for success.

Relapse into Violence

Ultimately, the maneuvers by both sides and external parties towards renewed negotiations founndered on new killings. A Fatah leader was killed in a helicopter attack that PA spokesmen termed an “assassination.” By early November, nearly two hundred Palestinians had been slain at the hands of Israelis, compared to a score of fatalities for the IDF. The U.N. Security Council passed a resolution that (America abstaining) condemned Israel for using excessive force against the intifadah, while Amnesty International alleged that some of the IDF’s actions verged on war crimes. Yasser Arafat used such pronouncements as fodder in his demands for U.N. troops to protect the Palestinian people. Yet Prime Minister Barak adamantly maintained that inserting a U.N. force would amount to rewarding violence. Even Secretary-General Kofi Annan admitted that the Security Council, because of the U.S. veto, would be unlikely to authorize a deployment over Israeli objections.

Thus Bill Clinton confronted a daunting task in early November, when Barak and Arafat arrived for (separate) meetings in Washington. President Clinton and Prime Minister Barak seemed to believe that, once armed strife had ended, Arafat would reconsider the proposals he rejected at Camp David as if the fighting had never taken place. This was delusional. War is the province not of rational calculations but of anger and fear. Events will inevitably influence Arafat’s decision-making when and if the peace process resumes.

Arafat’s patience with the incremental approach and conciliation had reached its end. To supplement the backing proffered by the Arab League, the PA chairman now hoped to marshal the support of outsiders such as the European Union, Russia, and Egypt to balance the pro-Israeli leanings of the United States. He demanded nothing less than a complete overhaul of the Oslo framework. Indeed, Arafat insisted that a final settlement be negotiated on the basis of the original U.N. resolutions (224 and 338) that demanded Israel’s withdrawal from the lands occupied in 1967. The only issue, he declared, was how these resolutions should be put into effect. Barak, meanwhile, still hoped to revive the compromise formula floated at Camp David, albeit with a softening of some Israeli positions. For instance, he hinted that he might cede more of the West Bank to the PA in exchange for annexation of Jewish settlements along the pre-1967 border.

Whether Ehud Barak could sell additional concessions to an Israeli population whose blood has been fired by the intifadah is doubtful. He seems to believe that people will set aside emotion in favor of a dispassionate calculation of the national interest, and approve a compromise peace treaty with the Palestinians. Tit-for-tat clashes continued as this report went to print. Given the prime minister’s domestic political weakness and the strong passions stoked by war, his assessment appears to be a flight of fancy.

Strife between Secular and Orthodox Jews

Internal unity among Israelis has been an increasingly elusive prospect. Domestic cleavages compound the barriers to a peace deal. (Recall that Prime Minister Barak has pledged to submit any peace treaty to an unprecedented national referendum.) When Aryeh Deri, leader of the Sephardic/Orthodox party Shas, was jailed after conviction on bribery charges, thousands of the faithful demonstrated outside the prison against his “martyrdom at the hands of the secular elite.” A sizable minority of Israelis, to the tune of 30 percent, agreed with this grim assessment. The remainder maintained that this had been a just outcome. Divided among adherents to “ultra” and “modern” Orthodoxy, even the Orthodox community itself is hardly uniform. The latter are less fastidious about observing the detailed rules contained in the halacha, or religious code. However, in recent months many Jews have gravitated towards the ultra-Orthodox pole – to the dismay of secular Israelis. Indeed, Deri has proclaimed the advent of a “Jewish Revolution.” Shas leaders predicted they would increase their representation in the Knesset to
twenty-six seats (of one hundred twenty) from the already imposing seventeen seats the party garnered in May 1999. The swelling of the ultra-Orthodox ranks has exacerbated the disjunction – and mutual suspicions -- between Orthodox and secular Israelis.

This acrimony will make Prime Minister Barak’s political task especially acute. Eager to attract the support of the secular-oriented Russian immigrant community, Barak recently devised a legislative agenda designed to enact a “secular revolution” directly at odds with the “Jewish revolution” favored by Shas and its ultra-Orthodox brethren. This tension has confounded efforts to cobble together a working majority in the Knesset. As a result, Barak has been forced to submit his leadership to the voters in new elections.

Don’t Forget the Religious and Cultural Dimension

War is not always a political act. As noted British military historian John Keegan has observed, it is sometimes a cultural act propelled by elemental passions. A curious element in many analyses of the Arab-Israeli conflict is their utter disregard of the religious and cultural element. Secular-oriented observers seemingly cannot comprehend that devout Muslims and Jews actually mean what they say when they highlight the importance of religious sites in Jerusalem. These are typically chalked up as cynical appeals to the ignorant masses.

Recent events may help to dispel such illusions. Many Palestinians were genuinely outraged at Ariel Sharon’s visit to the Temple Mount, which, though in Israeli-occupied territory, has been left by and large to Palestinian administration. To the consternation of Muslims, the Sharon visit suggested that that might change under a Likud government or a national unity government. The subsequent 29 September shootings at the Temple Mount constituted a sacrilege in Muslim eyes. Likewise, the destruction of Joseph’s Tomb, a fairly obscure site in Nablus, incensed Israelis to the point where a Jewish mob burned a mosque in Tiberias as retribution. These images have been graven in the public mind on both sides. Finding a way to persuade Israel and the PA that they may entrust their holy sites to their antagonists has become even crucial -- but correspondingly more difficult.

The irrational element in this conflict will probably prevent Israel from forcibly quieting the intifadhah. Quelling a national uprising would require the Jewish state to use its superior firepower so liberally that mounting Palestinian casualties – and the associated wrath of the international community – would outweigh any military gains. The increasingly obvious lack of a military solution to the Palestinian question will prod Israel to seek alternative means of settling the conflict. What these will be remains unclear.

Prospects for a settlement brightened momentarily in late November. Yasser Arafat forbade shooting into Israel from PA-held territory. This gesture impelled the Barak government to initiate secret talks with the Palestinians in the person of Amnon Lipkin-Shahak, a cabinet minister. Meanwhile, the Clinton administration geared up for one last flurry of activity before leaving office in January 2001. After a visit by Dennis Ross, the American envoy, Israeli spokesmen suggested that their government might relent on a U.N. force if the fighting ebbed. However, they also insisted that the American-sponsored fact-finding commission postpone the start of its investigation until the intifadhah quieted.

The Israeli people will have the opportunity to provide guidance to the government through democratic channels. A bill is pending to dissolve the Knesset. In late November, Barak preempted the inevitable, calling new elections for the spring of 2001. The prime minister is gambling that conditions in the peace process will improve markedly by election day. If so, he may be able to withstand any internal challenge to his leadership of the Labor Party and overhaul former prime minister Benjamin Netanyahru, a relative hard-liner who at present holds a commanding lead in opinion polls. Barak vowed to press ahead with the peace process despite his lame-duck status. At this juncture his ultimate success is dubious.

Hezbollah Triumphant

An underreported aspect of the showdown in the Levant is the emergence of Hezbollah as a highly disciplined fighting force. On 7 October the militants launched a well-conceived and -coordinated attack on an IDF border outpost, seizing three Israeli soldiers who were inspecting the border fence. Hezbollah forces disoriented the three individuals using tear gas and shoulder-fired missiles while pinning down nearby Israeli positions with an artillery barrage. By the time the smoke cleared, the soldiers had been spirited away to points unknown. The militia has been able to portray itself as the defender of Lebanon, since the seizure of the Israeli soldiers came on the heels of the fatal shooting of two Palestinian civilians trying to climb the border fence. However, its growing influence has disquieted Lebanese Christians, who resent Hezbollah encroachment on affairs of state and hope to escape the domination of one of the militia’s patrons, Syria. Many Lebanese also fear reprisals against civilian infrastructure by Israeli
warplanes. A new incident along the border could have unforeseeable effects, given the volatility of the situation.

**Syria: A “Leader to Unveil a New Era”?**

“Together with Bashar we’ll continue on the road of his father,” read the slogans beneath pictures of the new Syrian president, Bashar Assad. A continuation of the authoritarian policies of Hafez el-Assad would be a dismal prospect for Syrians, Lebanese, and, indirectly for Israel. Despite the fealty these signs profess for the elder Assad, however, there are indications of a relaxation of the state’s iron grip on public life. At his inauguration, Bashar held out the tantalizing prospect of political reform. Six hundred political prisoners were released as a goodwill gesture. However, reform is not an easy path for the younger Assad. Lacking his father’s autocratic powers, he must balance a bewildering assortment of ethno-religious clans. His own Ba’ath Party, which dominates parliament, fears that it will lose its grip on power if it relinquishes such prerogatives as nominating heads of industry. Meanwhile, the Lebanese parliament, normally subservient to Damascus, recently spent five days debating the Syrian military presence on Lebanese soil. Hardliners will undoubtedly demand a clampdown to stem these worrisome developments. The armed clashes between Palestinians and Israelis may divert Syrian discontent over the short term. Whether President Assad can survive a liberalization program – and the inevitable backlash -- over the longer term remains to be seen.

**Conclusions: Whither the Levant?**

Given the dizzying pace of events in the Middle East, it is impossible to make any firm predictions. Will there be a general war in the Middle East? There are two key variables. First, will radicals disenchanted with Arafat’s leadership take matters into their own hands and launch attacks on Israeli territory? This would be a foolhardy move. If youthful Palestinians hope to emulate the successes of Hezbollah in southern Lebanon, they will be disappointed. Geography and the balance of forces are heavily skewed in favor of Israel – advantages the IDF did not enjoy in the erstwhile “security zone.” Moreover, combating the intifadah bears more resemblance to traditional warfare, something at which the Israeli military excels, than the guerrilla-warfare conditions that prevailed in the security zone. In any case, the intifadah seems unlikely to flare into regional war.

The second possibility is more threatening. An orchestrated Hezbollah assault on the northern border, perhaps out of sympathy with the Palestinians, could fray Israeli tempers beyond the breaking point – especially in the aftermath of the recent kidnappings of IDF troopers. Harsh reprisals by the Israeli air force would follow, say, a large-scale Katyusha rocket attack on towns in northern Israel. These would likely include attacks on Syrian positions in Lebanon, and perhaps on radar sites and other military infrastructure in Syria itself. These would be devastating to the antiquated Syrian armed forces and could galvanize the Arab world into action against Israel. Fortunately, while the probability of such a scenario is non-trivial, it also seems low now that the intifadah has dragged on for two months without triggering a wider confrontation.

Assume a broader conflagration is averted. Can Barak sell a peace deal to Palestinians and his own citizens, in view of his lame-duck status and inflamed passions on all sides? The key point is whether he can bind the Israeli government to carry out the terms of a treaty after the spring elections. The logic of the situation is circular. Much depends on whether he appears likely to emerge victorious at the ballot box. If conditions in the intifadah improve, as the prime minister is wagering, then his electoral prospects will brighten accordingly. In turn, his credibility with Arafat will grow. Domestic popularity will multiply his ability to broker a settlement.

Will Arafat buy the proffered bargain and if so, can he deliver the Palestinians, hard-liners and all? Both sides are disaffected with the peace process in the wake of nine years of fitful negotiations. Barak rightly believes that he has offered more than any previous Israeli prime minister: a recognition of Palestinian statehood, over ninety percent of the West Bank, and some form of shared sovereignty over Jerusalem. Only Palestinian recalcitrance, in this view, blocked a deal at Camp David. The course of the intifadah intensified Israeli misgivings about a final settlement. Israelis are quick to point out that they gain nothing from the fighting except for international opprobrium. Yet events have spiraled out of their control.

Palestinians, on the other hand, had been led to believe – or had deluded themselves into believing – that statehood, all of the occupied territories, and control of East Jerusalem were the inevitable end state in the negotiations. Never mind that the logic of Israeli security rules out such an ideal settlement for the Palestinians. Arafat’s inflammatory rhetoric encouraged this misperception and effectively foreclosed the possibility of significant concessions. After the collapse of diplomacy, Palestinian hotheads saw violence as the most effective way to remind the international community of their plight. After the humiliating pullout from Lebanon, the Israeli government needed to demonstrate its vast military superiority. Neither side was willing to budge.
from its now-fixed position, and neither leader has appeared fully in control of events.

Is there a way out of the deadlock? Both Palestinians and Israelis demand that the other side take the first step. For both sides that step is anathema. First, the two sides must chart a course for disengagement of forces. Accompanying military disengagement would be confidence-building measures such as a moratorium on Jewish settlement building and a drastic deescalation of militant Palestinian rhetoric. Second, discussions of final-status issues must resume. New negotiations could take the incremental trajectory that characterized the Oslo process, or the two sides could move straight to a permanent settlement. History suggests that the latter is the better course. Palestinians are convinced that right and international law are on their side. Against their better judgment, they acceded to the gradual path for years, while Jewish settlers expanded their settlements with official approval. A bold approach that produced an agreement rapidly would be easier for Barak and Arafat -- both perilously weak with their constituents -- to sell at home.

Whether the United States would take a leading part in renewed negotiations is an open question. With the presidential election stymied in early December, the transition period for either President Bush or President Gore will spill over well into 2001 -- the period when final-status talks may resume. If Bush prevails, the U.S. mediating role would be diminished, since the new president will replace Democratic appointees wholesale. If Gore pulls it out, the prospects for American mediation are somewhat better, since the major players such as Dennis Ross, all Clinton appointees and thus palatable for a Democratic president, could be left in place during the transition. Whatever transpires, it remains in the U.S. interest to maintain an active role in the peace process -- especially now that the Palestinians now command widespread sympathy among America’s allies in the Persian Gulf region. A new administration would be well advised to fortify its Iraq policy by vigorous diplomacy in the Levant.
Saddam Rampant

The Persian Gulf War never ended for Iraqi leader Saddam Hussein. He has sought to use non-military means – propaganda, economic coercion, and perhaps a covert attack on an American warship -- to overturn a crushing battlefield defeat. Emboldened by the tumult that has gripped the Middle East, Hussein has moved aggressively to chip away at the international sanctions and weapons inspection regime. He also lays claim to the mantle of leadership of the Arab world that last graced the shoulders of the charismatic Egyptian leader, Gamal Abdel Nasser, in the 1950s and 1960s.

Fortuitous circumstances have abetted Baghdad’s latest bid to escape the sanctions. The collapse of the Camp David summit in late July, the attack on the destroyer Cole, and the fighting in the West Bank and Gaza have distracted the attention of the international community. In the interim Baghdad pressed its claims brazenly and on a growing number of fronts. The Turkish foreign minister aptly summarized the dilemma faced by Iraq’s antagonists. First, the collapse of the Arab-Israeli peace process has inflamed passions throughout the Muslim world. America and Israel were the targets of these sentiments. In this volatile atmosphere Saddam Hussein, who can plausibly claim to have resisted the West, can portray himself as a natural leader of the pan-Arab resistance to American supremacy. Second, the impasse in the Levant damaged the credibility of the United States, and thus its leverage in Arab capitals.

The fighting in the West Bank and Gaza presented an opportunity to bolster Iraqi prestige and to depict America, Israel’s patron, as a diabolical and implacable foe of the entire Muslim world. One imaginative member of the ruling Ba’ath Party inveighed against “the lowly Jews, who are descendants of monkeys and pigs and worshippers of the infidel tyrant” and pledged to liberate Palestine from the Israeli yoke. “This enemy cannot, cannot, cannot, cannot repent,” thundered Saddam Hussein during a 25 November cabinet meeting televised by Iraq TV. A psychological barrier, contended the Iraqi dictator, would forever block a genuine rapprochement between Arabs and the West. “The heart of the matter is that the enemy [the United States] seeks to set up a monstrous entity to the Arabs’ detriment, with a view to colonizing the Arabs, all Arabs, through economy, financial specula-
tion, politics, and the threat of force.” Israel represented merely a foothold in the Arab world – a springboard to this colossal American empire.

Governments refusing to heed Iraq’s call for a pan-Arabic jihad, warned Hussein, would invite destruction at the hands of restive Arab populaces. The Iraqi people had spilled “rivers of blood” on behalf of the Arab world during the Iran-Iraq and Gulf wars. The magnitude of its sacrifices allowed Iraq to claim the support of Arabs throughout the Middle East. Supporting the intifadah was a litmus test for pan-Arabic zeal. “[The Arab masses] have to direct the real struggle and jihad against U.S. interests….Only then will the Arabs be said to have performed their duty.” The Iraqi leader demanded the destruction of Israel: “we in Iraq say that every immigrant Jew must leave the land of Palestine and return to his country.” Hussein issued an unsubtle threat against Arab governments that failed to fall in line. “The Arab people have not so far fulfilled their duties. They are called upon to target U.S. and Zionist interests everywhere and target [Arab governments] who protect these interests. The latter will either correct their position – through supporting the battle and being part of it – or fall down.”

Reciprocal assurances of support between Iraq and the Palestinian Authority (PA) leadership, not to mention militant groups such as the Palestinian Liberation Front, betoken Saddam Hussein’s waxing popularity in the Arab world. Not coincidentally, support to the fraternal Palestinians also serves parochial Iraqi aims. Baghdad has appealed to U.N. secretary-general Kofi Annan to permit it to increase monetary support to the PA. Most alarming for its neighbors and the United States, Hussein used the clashes between Israelis and Palestinians as a pretext for an Iraqi show of force. Army units deployed along the western border where they could in theory have threatened Israel (in the unlikely event that King Abdullah allowed them to cross Jordanian territory and the U.S. and Israel stood still during that long march). Despite the dilapidated state of the conventional army, Iraqi military strength remains more than adequate for a gesture of solidarity with the embattled Palestinians and for a gesture of defi-
rance against the United States. Baghdad withdrew its formations in early November, conceding that their deployment had been “an expression of willingness to participate in a general Arab-Israeli war should one be declared.”

Oil continued to be a potent political weapon. In early October the Financial Times, citing traders in the United Arab Emirates, estimated that Iraq was smuggling out some $2 billion worth of oil annually. (The success of sanctions-busting activities also profits Iran, which permits smugglers to use its territorial waters to evade the Western flotilla enforcing the sanctions. This behind-the-scenes cooperation between Baghdad and Tehran could account partly for the recent easing of tensions between the two archrivals.) Unsurprisingly, this windfall benefited not the Iraqi people – who, after all, are an indispensable propaganda tool for Saddam Hussein in his war against the West -- but senior Iraqi officials who have grown accustomed to luxuries such as Western cigars and whiskey. The bulk of these revenues undoubtedly went to secret arms programs.

Impatient at the continued U.S.-led UN stranglehold on his oil revenues, Saddam Hussein tried a direct assault on the sanctions. In late November, Baghdad announced the suspension of all oil exports. This was a transparent attempt to extort money from foreign customers and circumvent the United Nations. The Iraqi government hoped to compel oil buyers to pay a fifty-cent-per-barrel surcharge into an account not under the control of the Sanctions Committee. This would bypass the oil-for-food program, under which the funds from Iraqi oil sales go into a U.N. escrow account. As before, however, Baghdad’s hamhanded attempt at coercion seems likely to fail – despite the recent volatility of world oil markets. (U.S. energy secretary Bill Richardson has promised to release oil from the Strategic Petroleum Reserve to stabilize prices. Moreover, the U.S. is not about to make major concessions on the sanctions regime during a presidential transition.) Oil is a powerful tool, but not all-powerful.

Are sanctions illegal? With characteristic audacity, Iraq announced in late November that it would sue its prime tormentors, the United States, Great Britain, and Kuwait, before the International Court of Justice. The Baghdad daily Al-Ra'fidayn reported that Iraqi lawyers would seek to recover damages stemming from the decade-long sanctions. Specific causes of action include the air embargo, which Iraq asserts has claimed over six thousand lives, and the U.S. practice of blocking contracts for dual-use items destined for the Iraqi telecommunications industry (or, in the U.S. view, for covert Iraqi weapons programs). While the suit is laughable on the merits -- Kuwait, for instance, is named simply for advocating a tough line on the importation of communications gear – its intent is clearly political rather than legal. Baghdad hopes to turn the sympathies it has garnered in recent months to its advantage. This strategy could pay dividends. The World Court has traditionally been a forum hostile to the United States, and international law -- amorphous and perpetually in flux -- lends itself to judicial activism.

The Iraqi diplomatic corps continued to curry favor with influential foes of the sanctions within the Security Council. The diplomatic offensive has met with increasing success. In late November, Deputy Prime Minister Tariq Aziz visited Beijing and Moscow to muster support for an end to the international regime. His efforts found a sympathetic ear in China, where Foreign Minister Tang Jiaxuan, in characteristically elliptical fashion, lambasted “some Western countries for setting up no-fly zones in a sovereign country” in contravention of the U.N. Charter and international norms. There was an economic subtext to the foreign minister’s pronouncement. Chinese engineers recently completed a 222-megawatt, natural-gas-powered electrical station near Kirkuk; signed a $200 million contract to build a 1,200-megawatt station in Samarra; and rehabilitated a facility near Najaf. Tang vowed that his government would continue efforts to lift the sanctions.

Following suit, the Russian government weighed in on the sanctions. During a mid-November visit to Baghdad, Russian foreign minister Igor Ivanov presented Saddam Hussein a letter from President Vladimir Putin. The Russian president pledged to help lift the sanctions; end odious (for Iraq) policies such as ongoing American and British air raids in the no-fly zones; resume airline flights between the two countries; and negotiate closer economic ties with the Iraqi government. In a separate initiative, Russia called on Kuwait to deny U.S. aircraft the use of their airfields to patrol Iraqi skies. (Mindful of its vulnerability, the Kuwaiti government politely rebuffed the Russian entreaties.) Moscow hopes to recover billions of dollars worth of Iraqi debt stemming from Soviet-era weapons deliveries. Clearly, principle has converged with interest for Russia and the People’s Republic, giving Saddam Hussein a cudgel to use against America and Britain.

Baghdad also sought to swell the ranks of sanctions opponents. Again, economic incentives were the rhetorical weapon of choice. Iraqi officials traveled to India and Syria in hopes of expanding trade relations and mounting additional pressure on Washington and London in the Security Council. During a visit to Baghdad, Yasukunu Enoki, head of the Japanese Foreign Ministry’s Middle East and African Affairs Bureau, laid the groundwork both for expanded trade relations and for restoring formal dip-
diplomatic ties between the two countries for the first time since the Gulf War. The Japanese-Iraqi dialogue came on the heels of a deal under which Toyota will sell over thirty thousand vehicles to Iraqi customers. Meanwhile, Pakistani officials announced that their nation had tripled exports to Iraq to some $18 million. Representatives of Ukraine’s Social Democratic Union, one of the main political parties, called for reducing their nation’s dependence on Russian oil using Iraq as an alternative supplier. They pledged to supply Baghdad with sorely needed petroleum, agricultural, and electrical generation machinery. The chorus of protests against the sanctions grew owing to a variety of motives.

The embargo on air traffic was the latest casualty of the Iraqi diplomatic offensive. A Syrian aircraft loaded with medical personnel and supplies landed at Saddam International Airport in early October, signaling solidarity with Saddam Hussein’s beleaguered country. The strategy was clear – to dare the United States and Great Britain to squelch an errand of mercy by a fellow Muslim country (and Gulf War coalition member). Similar flights from Turkey landed on the heels of the Syrian mission. Iraqi Airways and Royal Jordanian Airlines resumed regular flights between Baghdad and Amman in early December – building on the previous French and Russian willingness to defy the embargo. Finally, Russia announced that Aeroflot and Iraqi Airways would resume regular flights between the two countries. This facet of the sanctions is a dead letter. In light of these developments, Tariq Aziz can be forgiven for declaring, as he did in November, that the sanctions had effectively been broken. The only question is whether his remarks were premature.

Back in the Fold

Wavering by Muslim governments, augmenting the thinly concealed hostility to the sanctions within the Security Council, portends ill for America’s Iraq policy. The effective end of the air embargo intensified already mounting support in the Arab world for an outright end to the sanctions. Even Turkey, a stalwart member of the Desert Storm coalition, has begun to question whether the sanctions are effective or morally justified. Ankara appointed an ambassador to Iraq in October. Not to be outdone, another coalition member, Egypt, restored full diplomatic relations with Baghdad. Saudi Arabia, finally, agreed to open a border crossing to expedite exports to Iraq. Only Kuwait, for obvious reasons, remained aloof from the normalization process.

The most striking development in recent months is Iraq’s return to polite society despite Saddam Hussein’s refusal to mend his ways. With some obvious exceptions, the Muslim world has tacitly readmitted Iraq into its ranks. Iraq was invited to the October 2000 Arab League summit, for instance, while five of six GCC countries – Kuwait being the lone exception – have resumed formal diplomatic relations with Baghdad. An Iraqi delegation also attended the November meeting of the Organization of the Islamic Conference (OIC), which convened in Doha, Qatar. Kuwaiti representatives rejected Qatari overtures intended to reconcile differences between Kuwait and Iraq.

However, the Qatari initiative found support in an unexpected quarter. The Iranian deputy foreign minister confirmed that his government would join the mediation effort initiated at Doha. Kamal Kharrazi, the Iranian foreign minister, subsequently called for an end to the sanctions regime. Kharrazi had visited Baghdad in mid-October, the first such trip since the 1979 Islamic Revolution ruptured ties between the neighboring states. He met with his counterpart, Muhammad Said al-Sahhaf, as well as Vice President Yasin Ramadan, and President Hussein. An Iraqi minister welcomed improved relations with the Islamic Republic, declaring that Baghdad was ready to “establish full and real peace” with its traditional antagonist. A limited relaxation of tensions within the Muslim world is clearly in the offing, provided Saddam Hussein refrains from overly provocative actions.

Even in the event of an overt Iraqi threat to Kuwait or Israel, it seems doubtful that the United States will be able to rejuvenate the Gulf War coalition. To take just one prominent example, Syria, an implacable foe of the Jewish state, would undoubtedly withhold its support to protest what it regards as a brutal crackdown on fraternal Arabs in the Levant. While the Gulf Arabs will remain in the American camp because of political expediency, Arab states farther removed from the Iraqi threat will pursue an independent course.

Sanctions Don’t Work

The plight of the Iraqi people under the post-Desert Storm international regime has discredited sanctions as a tool of coercion. Even Hans von Sponeck, the former U.N. aid coordinator for Iraq, recently went on record asserting that ten years of sanctions had utterly failed. The only solution for the international community, he opined, was to deal with Baghdad as an equal. The fanciful claims made by some opponents of the Gulf War – namely, that a few more months of embargo would have rendered armed force unnecessary – have fallen silent as the scale of the humanitarian disaster has become apparent.

The U.N. Educational, Social, and Cultural Organization, for instance, estimates that half a million Iraqi children have perished over the past decade as
a result of malnutrition, a lack of medical services and supplies, and inadequate sanitation facilities. While the blame for this lies squarely with Saddam Hussein, as American and British spokesmen have claimed, that is small consolation for Iraqi parents left destitute. Finger-pointing also does little to alleviate the conscience of the international community. Sanctions will not deter misbehavior by tyrants who care little for the well-being of their citizens.

Indeed, the sanctions have been a propaganda boon for Baghdad. Iraq has been able to turn the tables on the United States by casting America as a murderous superpower indifferent to the fate of Arab children. However implausible, this portrayal resonates in far-flung countries already skeptical of America’s global preeminence. Saddam Hussein has no stake in improving the lot of his citizenry while the embargo remains intact.

America Reeling
The United States, meanwhile, seems dazed by events. The uncertain outcome of the presidential election projected the image of a paralyzed superpower unable to sway allies and or pressure antagonists. More importantly from the vantage point of Iraq policy, American prestige in the Persian Gulf region ebbs and flows with the progress of the Israeli-Palestinian peace process. While Washington can use its Security Council veto to prevent a de jure end to the sanctions, its tough stance on Iraq is increasingly untenable. The influence of the United States with the Gulf Arab states on which it relies to keep the embargo remains intact.

By its vacillation, the United States has allowed Baghdad to make inroads against the international regime. When Iraq announced the resumption of domestic Iraq Airways flights to Basra and Mosul in defiance of the no-fly zones, American spokesman offered only feeble protests. Iraq is forbidden to operate fixed-wing aircraft in these regions. Nevertheless, Washington quickly acquiesced in the unilateral Iraqi action. The Iraqi propaganda machine swiftly portrayed the resumption of air traffic as a blow against the “illegitimate” no-fly zones. This also opens the door for further incremental steps such as transporting military hardware and personnel in civilian airliners or flying military aircraft close to civilian airliners to test the will of the United States and the United Kingdom. Recent events suggest that that will is lacking.

Resistance Is Futile
The futility of the Iraqi opposition remained glaringly obvious. The unruly hodgepodge of resistance groups – a house divided against itself if there ever was one -- has been unable to settle on a united policy to overthrow Saddam Hussein’s government. Much of the blame for this can be laid at the feet of the United States. While the Clinton administration has made a great fuss about overthrowing Saddam Hussein, it has also refused to release more than a negligible portion, measured in thousands of dollars, of the meager $97 million appropriated by Congress to the resistance. Even that tiny sum was expressly designated for non-lethal support and consequently did nothing to threaten Hussein militarily.

A September briefing of the Iraq National Congress (INC) by Secretary of State Madeleine Albright illustrated the incoherence of American policy in this area. Albright assured the assembled Iraqi factions that “U.S. interests in Iraq are durable and will persist well into a successor administration.” But her team also explained that America was unwilling to back its bold-sounding policy – overthrowing a despotic regime -- with a concrete strategy. One of the secretary’s team of briefers explained that the Clinton administration was not providing lethal support to the resistance because Americans were “not there yet. We’re not interested in getting Iraqis killed needlessly, pointlessly, helping more blood flow among Iraqis.”

Unless the next U.S. administration is willing to match ends with means – including force -- Saddam Hussein will remain able to shrug off the resistance while simultaneously using it as a medusa’s head to shore up his regime internally. This is an ideal arrangement from the standpoint of the Iraqi tyrant.

The Phantom (?) WMD Arsenal
Even among opponents of the sanctions, few dispute that Iraq has developed and is concealing an arsenal of chemical and biological weapons as well as a few remaining medium range missiles. Yet it is evident that the Iraqi WMD arsenal no longer provides sufficient glue to hold together a broad coalition. For example, Peter Hain of the British Foreign Office accused Saddam Hussein’s government of stockpiling at least 610 tons of VX, the persistent nerve agent, in locations such as schools and hospitals that are unlikely to face international inspections or military reprisals. On the other hand, he called on Baghdad to submit to weapons inspections in exchange for British support for an early end the sanctions and no-fly zones. Pursuant to U.N. Security Council Resolution 1284, Iraqi cooperation would trigger a suspension of sanctions within 180 days. From a pragmatic standpoint, this is sage advice. UNMOVIC officials cannot inspect every potential hiding place. It strains credulity to think that the West would unearth chemical or biological agents concealed in
such far-flung locations. The West, however, at the moment has no better ideas.

Having repeatedly insisted that Iraq will not cooperate with inspectors, however, Saddam Hussein will not back down. This would be an unendurable blow to his prestige. Western observers befuddled by the behavior of the Iraqi dictator should remember that his political survival outweighs all competing concerns.

**Conclusions**

At this juncture, international support for the international sanctions on Iraq is waning rapidly, while the U.N. weapons inspections regime is a fiction. American officials are in a losing battle on the public-relations front. The United States is undeniably clinging to a policy that is unlikely to achieve its stated aims (the overthrow of Saddam), yet exacts a tremendous cost in human suffering. Its institutional leverage, in the form of the Security Council veto, is America’s only advantage in the face of dwindling international solidarity on Iraq policy. The United States and Britain can maintain their hold on Iraqi oil revenues, giving them a considerable club with which to smite Saddam Hussein. But they cannot prevent the revival of Saddam Hussein’s WMD programs, only slow it.

On the positive side of the ledger, the Gulf Arab states have shown little sign of withdrawing their support for a firm line on Hussein’s government, despite the collapse of the peace process and their sympathy for the Iraqi population. This is a measure of their realism. Survival trumps sentiment. American forces in the Gulf region continue to check Iraq’s ambitions to regional dominance. Given Saddam Hussein’s adept use of the non-military instruments of national power, it remains to be seen whether U.S. military might alone can keep Iraq in the box.
Sowing Mischief Abroad?

Unanswered questions swirled around Iranian foreign policy beginning in mid-October. Was the Islamic Republic involved in the fighting in the Levant? Was it complicit in the attack on the American destroyer Cole? As Yemeni and American investigators close in on the identity of the Cole attackers, they have found little solid evidence to implicate Iran. (Rumors maintain that the Islamic Republic and Hezbollah, a beneficiary of Iranian support, have forged an alliance with Osama bin Laden, the Saudi militant suspected of terror attacks on Americans.) In view of Tehran’s avowed commitment to the destruction of Israel, however, it is reasonable to assume the Islamic Republic had a hand in the upheaval in the West Bank and Gaza.

The exact nature of the Iranian role in the violence remains unclear. Tehran is reportedly an active partner in a grand coalition among the Palestinian Authority (PA), Hamas, and the Palestinian Islamic Jihad. Equally likely is that Iran, a long-time sponsor of guerrilla action in southern Lebanon, is behind recent operations by Lebanese Hezbollah. Indeed, representatives of all these groups met with Iranian representatives between July and October. The commander of Basij Resistance Force, Iran’s militia, integrated members of the militant groups into an October wargame and pledged to join the jihad. Israeli defense officials blamed Iran for the kidnappings of several Israeli soldiers by Hezbollah along the border with Lebanon. They also asserted that Tehran had stepped up arms shipments, which travel through the airport in Damascus Syria, to the militants.

There is no direct evidence to link the Islamic Republic to the recent unrest. What is certain is that Iranian officials have enthusiastically endorsed the violence. “There is only one remedy and there is only one cure” to the crisis, exclaimed Supreme Leader Ali Khamenei on 20 October. The remedy was to “destroy the root and cause of the crisis...the Zionist regime...which has been imposed on the region.” The supreme leader called on all Muslims to assist the Palestinians in their jihad and reminded them that the United States, Israel’s patron, was “striving to extinguish the fire of the Islamic Intifadah and to delay the definite victory of God’s soldiers against Satan’s party.” Unsurprisingly, even elements within the left-leaning 2nd Khordad movement condemned the Jewish state and pledged assistance to the beleaguered Palestinians. All Iranians view the liberation of Palestine as part of their national mission as champion of the Muslim world. Thus the intifadah commands support throughout the political spectrum.

In the wake of the tumult, Iranian-American relations were characteristically stormy. During an 18 October visit to Qatar, American defense secretary William Cohen insisted that terrorist acts such as the Cole attack would not drive U.S. forces from the Persian Gulf region. The American forward presence, he proclaimed, was a stabilizing influence in the region. Cohen also warned that the fighting between Israelis and Palestinians could envelop the entire Middle East. Tehran’s rejoinder was pointed. Iranian diplomats strenuously denied any involvement in international terrorism and accused America of complicity in Israeli terrorism. “At a time when America supports the crimes of the Zionist regime against the Palestinian people,” thundered one Foreign Ministry spokesman, “it is in no position to accuse other states of supporting terrorism and then try to set preconditions” for improving relations. The presence of Western military forces in the Middle East, moreover, was “a major factor contributing to instability” in the region. Whether ordinary Iranian citizens believe such boilerplate is doubtful.

Flagging Reform

Turmoil abroad provided conservative clerics with a wealth of foreign enemies to distract the Iranian citizenry. The reform movement continued to falter as the emboldened conservatives pressed their counteroffensive. Hardliners appealed to Iranian nationalism. In late August the Assembly of Experts, an eighty-six-member body of clerics that appoints and supervises Iranian supreme leaders, inveighed against external “cultural onslaughts” against religious rule and jurisprudence. Foreign intrigues endangered the very independence of the Islamic Republic. The assembly issued a statement that hinted that greater clerical supervision of cultural and press affairs might be in store. This would be a logical next step in the ongoing campaign against
the liberal press. One member dispatched a warning to President Khatami about the dangers of secularism and foreign influence. The conservatives clearly recognize the dangers of proliferating information technology, the prime vehicle for cultural exchange. In his address to the Assembly of Experts, Khatami accused unnamed external foes of “trying to portray the Islamic system as ineffective and powerless” using a relentless tide of propaganda. The president’s intertemporal remarks tacitly acknowledged that he must pay lip service to the dinosaurs. Fidelity to the conservative vision of Islam trumps freedom of thought.

Not to be outdone by the Assembly of Experts, the Guardians Council invalidated a liberalized press law passed by the Majlis (refer to the September 2000 quarterly report for details). Ahmad Jannati, the outspoken secretary of the council, denied that the council had usurped the authority of parliamentarians. “Parliament has the right to pass legislation,” he proclaimed, “and the Guardians Council has the right to assess and see whether the legislation conforms to the Sharia [Islamic law] and the constitution or not.” The influx of “foreign” ideas through the reform press was sufficient cause to disapprove the legislation. At a stroke the council assured that the reform movement would remain without its chief weapon – a relatively free press. (By contrast, the council swiftly approved a bill allowing Iranian “victims of U.S. interference” to sue the United States in Iranian courts. The bill was in response to recent American legislation allowing former hostages to sue the Islamic Republic.) The clerical stranglehold on reform remained unassailable.

The trial of those accused of the 1998 “serial murders” of political dissidents and journalists, allegedly by rogue members of the security services, is scheduled to commence in late December. Eighteen individuals have been accused of the crimes – three for giving the orders and fifteen for carrying them out. The supposed mastermind, Said Emami, allegedly committed suicide in 1999 while in custody. (A letter circulated in October 2000 blamed 140 security personnel for torturing Emami and his accomplices.) Many of the defendants have justified their actions by claiming that the victims were corrupt and were foreign agents. The judiciary has not yet announced whether the trial will be open or not. The proceedings could shed light on the internal workings of the government and suggest whether the reform movement is having any impact on conservative-dominated institutions. Deputy judiciary chief Hadi Marvi predicted that a verdict would be issued by May 2001.

Finally, the Iranian Jews convicted of spying for Israel asked an appeals court to void their sentences. The original espionage charges were overturned on appeal in late September, leaving only the convictions for collaborating with a hostile country. However flimsy a rationale for imprisoning Iranian citizens, the ruling is unlikely to be set aside completely. An outright pardon would be viewed as tantamount to bowing to foreign pressure – anathema to Iranian public officials.

In short, the reform movement has failed to use its newfound domination of parliament to establish control over conservative-dominated institutions such as the security services and the judiciary. Liberals also failed to reconcile the competing goods of Islam and freedom of thought. Thus they lack a set of principles commanding broad public support. Khatami, their standard-bearer, appears to be a beaten man. This dismal performance could spell doom for the cause of moderate reform. Either Khatami or another leader of 2nd Khordad must step up and take a more confrontational, and therefore risky, stance against the dinosaurs. Appeasement of the type practiced by Khatami has produced only trivial concrete results.

Corruption Squelches Reform

Institutional barriers have also inhibited the cause of economic reform. Pervasive corruption within the government helps to explain the Islamic Republic’s lackluster economic performance, the reluctance of expatriates to invest in their homeland, and the disenchantment of ordinary citizens with their leaders. A government which claims to be the literal instrument of God’s will must live up to a high standard. The dissonance between theology and reality has become increasingly jarring for impoverished citizens, the ruling is unlikely to be set aside completely. An outright pardon would be viewed as tantamount to bowing to foreign pressure – anathema to Iranian public officials.

The lack of a professional civil service is a prime reason for this sad state of affairs. Patronage is rampant at all levels of government. Appointments are based on political connections rather than merit, and government affairs are opaque to outside observers. High-level officials funnel lucrative contracts to relatives and friends, since tenders for government projects are not awarded on a competitive basis and are not made public. Bribes are a cost of doing business. Even privatization efforts have borne little
fruit; the officials affected are simply transferred to other posts in the public sector. The dominance of this Leviathan helps to explain the lethargic pace of reform within the Islamic Republic. Barring a sustained “good-government” movement akin to that in the United States of the late nineteenth century, malfeasance will continue to stifle prosperity and resentments will continue to fester.

Mirth-making at America’s Expense

Iranian leaders gleefully assailed the United States, their favorite villain, in the wake of the disputed November 2000 presidential election. Predictably, conservatives seized on American misfortune to shore up their power, bludgeon their Western-oriented opponents at home, and arrest the influence of the reform movement. The Tehran Times proclaimed that the Florida election recount illustrated the need for a Guardians Council empowered to prevent vote fraud. Supreme Leader Ali Khamenei demanded that the “people who close their eyes and welcome with open arms whatever is thrown at them by Westerners who have claims on ideas, logic, and politics...refer to their senses and ask their own conscience if that is democracy. That cannot be called democracy.” Freedom of thought was illusory, maintained Khamenei, because an oligarchy of businessmen and capitalists held a monopoly on the flow of information to the public. He warned Iranians that too close an affinity for America would be treasonous. The subtext of this hyperbolic commentary on the American political process, then, was a thinly veiled attack on President Muhammad Khatami and his 2nd Khordad reform movement.

This disillusionment with the American political system seems genuine. Iranian hard-liners regard the United States as incapable of serious reform, especially in the realm of Middle East policy. Foreign Ministry spokesman professed optimism that either a Gore or a Bush administration would take a different line on Iran. On 8 November, however, state television noted that Democratic and Republican administrations had followed substantially the same harsh foreign policy with respect to the Islamic Republic since 1979. For example, President William Clinton, a Democrat, had pursued the dual-containment policy inaugurated during the presidency of George Bush Sr., a Republican. American support for Israel had remained steadfast since the 1940s. Iranian observers attributed the consistency in American foreign policy to institutional constraints that stifled bold initiatives. Their comments were seemingly vindicated in early November, when President Clinton renewed the sanctions that have been in place since the Islamic Revolution.

Indifferent Success in Attracting Foreign Investment

President Khatami visited Japan recently in hopes of attracting Japanese investment in the Iranian petrochemical industry and to secure more loans and lines of credit for economic development. The president met with Emperor Akihoto and Prime Minister Yoshiro Mori before addressing the Diet. While Khatami succeeded in persuading Tokyo to extend additional credit, to the tune of $490 million, Iranian policy continues to deter foreign investment in the oil sector. Typical agreements between Tehran and Western companies, referred to as “build-operate-transfer” arrangements, allow private firms to construct and operate oil facilities for a short time to recover their investments. However, after this initial period, they must transfer the assets to the Islamic Republic. This reduces potential profits sharply. The slow repayment of the Islamic Republic’s foreign debt has also dissuaded many wary investors from risking their money in Iran. As a result, the country has garnered only $5 billion worth of investment pledges from foreign companies, compared to the $30 billion for which it had hoped. The disjunction between expectation and reality may be rooted in Iranian culture – specifically, Iranians’ deep suspicion of profit-making enterprises.

Skullduggery by the Taliban?

Iranian officials depicted sporadic violence along the border with Afghanistan as an attempt by the Taliban to destabilize the Islamic Republic. First, they blamed widespread protests in the southern province of Sistan va Baluchistan on foreign “subservient elements of arrogance”; the more likely culprits were rampant unemployment and deficient public services. Second, on 21 October, Iranian state television reported clashes near the villages of Sarbala and Nuri, in the northeastern Khorasan Province. Fighting with the “insurgents” came on the heels of a series of kidnappings elsewhere in the province. Khorasan’s governor-general, Mohsen Mehralizadeh, called on the provincial law enforcement forces to put a stop to these operations by “Afghan bandits and smugglers.” Afghans can evidently penetrate as much as 300 kilometers into Iranian territory with impunity. The exact nature of the troubles in Khorasan is uncertain. Governments often seek to delegitimize opponents by labeling them criminals, bandits, or, for that matter, terrorists. Whether the fighting sprang from criminal activity or from a domestic insurrection, perhaps supported by the Taliban, thus remains to be seen. In any case, local law enforcement managed to halt the disturbance in fairly short order. The central government’s claims
that Iran is a unified, placid country, however, are increasingly tenuous.

**Military Developments**

Iranian missile programs were a source of embarrassment over the past quarter. A 21 September test of the Shahab-3 intermediate-range ballistic missile ended in failure when the propulsion and guidance systems failed. Additionally, reports came to light suggesting that the missile had flown only some 800-900 kilometers in the previous, successful test – not the 1,300 kilometers announced by Tehran. In a subsequent meeting with Iranian foreign minister Kamal Kharrazi, the Japanese foreign minister, Yohei Kono, raised concerns about the similarity between the Shahab-3 and the North Korean Nodong-1 that has so preoccupied the Japanese defense community. Kharrazi, backed by President Khatami, vehemently denied that there had been any technology transfer between the Koreans and the Islamic Republic. Their denials rang hollow.

Iranian naval forces held a series of maneuvers designed to showcase their warfighting prowess. Units of the Islamic Revolution Guard Corps (IRGC) held an exercise titled Shahamat 79 in the Persian Gulf. After a mock bombardment, the IRGC flotilla conducted an amphibious landing. The regular navy conducted simultaneous exercises dubbed Shahed 79 and Meraj 79 in the northern Gulf. Finally, submarine warfare drills took place in the Gulf of Oman. A Tariq-class (Kilo-class) submarine played cat-and-mouse with surface warships, as well as rotary- and fixed-wing aircraft. Still, the ambitious agenda of maneuvers could not conceal Iran’s weakness at sea. The navy is plagued with old equipment, mostly dating from the shah’s regime, and has found it well-nigh impossible to modernize. Iran poses no danger to the U.S. Fifth Fleet in a conventional maritime battle.

However, an adroit use of mines, fast-attack missile craft, and submarine operations could disrupt shipping in the Persian Gulf for a limited period of time, and could pose a threat to Western navies in the region. In the wake of the Cole attack, moreover, Iranian tacticians are undoubtedly mulling new ways to threaten the United States. Given the notorious American aversion to casualties, Iranian officials may calculate that their navy can exact a sufficient price in ships and lives to deter U.S. military action against the Islamic Republic. A measure of deterrence – or, at a minimum, the capacity to freeze countervailing naval action while the United States debates a response to Iranian aggression – would suit Tehran’s purposes quite well.

**Conclusions**

Upheaval in the Middle East notwithstanding, the Islamic Republic will continue to follow a pragmatic foreign policy. Despite the recent surge in oil prices, which boosted government revenues, Tehran will not undertake any ambitious new weapon acquisitions. The sluggish economy and epidemic unemployment are a far greater threat to the wellbeing of the Islamic Republic than any external menace. Both conservatives and liberals recognize this and will devote their primary attentions to resuscitating the economy. That said, Iran will continue to pursue selected arms programs such as ballistic missiles, unconventional warheads, and naval modernization, which directly support a policy of regional dominance. Conservatives will face little or no opposition from reformers in this area – especially in view of the ongoing intifadah, which has rallied Iranians throughout the political spectrum to the grand mission of their nation.

Whither the reform movement? The outlook seems bleak. President Khatami has the look of a defeated man, while conservatives have wrested away control of the press. Many leaders of 2nd Khordad, as well as prominent journalists, have been jailed. If Khatami’s followers are unable to get out their message, their cause is in jeopardy. There are two possibilities. First, the reform movement may dissipate, leaving Iranians to the tender mercies of Khamenei and his ilk. In that case, the foreign policy of the Islamic Republic will continue along the same trajectory. Second, reformers may radicalize and turn to violence as their only means of enacting change. If that transpires, the ultimate outcome is murky. Would a new regime be preferable to the existing authoritarian government? At this juncture the safest bet is that the Islamic regime will muddle through, albeit with some minor reforms designed to mollify restive Iranian youth. In either case, Iran is unlikely to launch an overt military attack on its neighbors.
The traumatic events of the past quarter have reawakened Saudi Arabia’s greatest fears and deepest anxieties. The ongoing conflagration between the Palestinians and Israelis threatens the cornerstone of long-term stability in the Middle East, tests the kingdom’s reputation as a leader of the Arab world, and vexes Saudi relations with the United States. The terrorist attack against the USS Cole highlighted the most worrisome internal challenge to the royal family’s rule. The large U.S. military presence on the kingdom’s soil undoubtedly heightens such Saudi fears. The hijacking of a Saudi plane and the recent bombings against British civilians in downtown Riyadh further accentuated this elusive but potentially significant threat. And, to complicate matters further, an increasingly defiant Iraq continues to lurk in the background. Clearly, Saudi Arabia will have much to contend with for some time to come.

Saudi Reactions to the Intifada

In the midst of the rising violence in Israel and the Palestinian territories, Saudi Arabia engaged in frenetic diplomacy to shore up Islamic support against Tel Aviv. On October 7, Saudi Foreign Minister Prince Saud Al-Faisal met with President Mohammed Khatami and Foreign Minister Kamal Khazzari in Tehran to discuss the unfolding crisis. This move to consult with Iran reflected the deepening relationship between the two oil-producing powerhouses. Following the kidnapping of three Israeli soldiers on the Israel-Lebanon border by the Iran-backed Hizbolah, Crown Prince Abdullah warned Israel that the kingdom and fellow Arab states would take action if Israel retaliated against Lebanon or Syria. Abdullah then communicated with President Bill Clinton, Palestinian leader Yasser Arafat, and Egyptian President Hosni Mubarak on the intensifying violence. Abdullah informed the three leaders that Saudi Arabia would take unspecified “decisive measures” should Israel continue to attack Palestinians. As the crisis escalated, market jitters began to impact oil prices. Rumors (fueled in part by Saudi threats) that the kingdom and other Arab states might suspend oil production to punish American support for Israel began to spread. While Iran’s OPEC governor, Hossein Kazempour Ardebili, assured the world that oil producers would not use the oil weapon, he warned that the cartel could come under increasing pressure if the crisis escalated.

In addition to active bilateral diplomacy, Saudi Arabia exerted its considerable influence in regional forums. On October 17, the Gulf Cooperation Council convened in Riyadh to discuss the conflict. In the following week, Egypt held an Arab summit to demonstrate solidarity. The meeting condemned Israel’s “barbaric” actions and promised support to the Palestinians. In an effort to underline the kingdom’s position, the government-sponsored Saudi news agency reported that King Fahd endorsed the summit’s conclusions and decisions during a weekly cabinet meeting. In early November, Riyadh declared that it would boycott the Organization of the Islamic Conference (OIC) in Qatar. The diplomatic snub was a response to Doha’s refusal to close an Israeli trade office. In the face of a collapsing summit, Doha complied with the Saudi demand and the meeting proceeded. While the kingdom’s reaction may seem petty, it underscored the level of official animosity toward Israel.

In a surprising move, the kingdom also applied pressure publicly on the United States. The crown prince openly blamed the United States for not holding Israel responsible for the collapse of the peace process. Abdullah then used the OIC as a highly visible opportunity to step up Saudi disapproval. The kingdom also lashed back after the U.S. House of Representatives passed a resolution that strongly endorsed American support for Israel while condemning the Palestinian leadership. In a thinly veiled warning against U.S. commercial interests in the kingdom, Defense Minister Prince Sultan declared “The American leadership, officials and even the companies which are working with us, and most of them are represented by Congress, should understand that we’ll not tolerate such statements.” Public statements of this kind at the highest levels of Saudi government are rare and even more so in light of Prince Sultan’s pro-American stance. These unusual and direct criticisms reflected deep Saudi frustration.
at the apparent unconditional American support for Tel Aviv.

The violence in Israel also produced an unexpected and worrisome response from the public in the kingdom. In early October, Saudi security forces dispersed a rare demonstration by a small group of youths in the city center of Riyadh. The crowd waved the Saudi flag and denounced Israeli atrocities. According to witnesses, the police quickly broke up the gathering and made a few arrests. In addition, more than 2,000 people protested peacefully in northern Saudi Arabia. The authorities refused to comment on the events. These displays of public anger are extraordinary for an ultra-conservative country that strictly forbids any form of demonstration. Indeed, the people have held only a few such demonstrations in the kingdom’s history.

What should outside observers make of this fluid and explosive situation? Despite the forceful public statements by the top leadership, it is highly unlikely that Saudi Arabia would take drastic action. Saudi warnings and threats are both rhetorical and emotional responses to the Israeli-Palestinian confrontation. Indeed, the kingdom persistently failed to demonstrate that it has the political will or capabilities to carry out the threatened punitive actions against Israel. In fact, the Saudis cannot hope to coerce the Israelis without the risk of expanding and escalating the crisis. Any action that could engulf the region in a wider conflict is fundamentally anathema to the kingdom’s status quo orientation.

Market fears that Saudi Arabia might resort to the oil weapon to pressure the United States proved to be unwarranted. In fact, in late September the United States reassured the world that Saudi Arabia would fill the production gap amid rising fears that Iraq might cease production to disrupt the oil market. The Iraqi confrontation with the UN in early December further demonstrated Saudi commitment to market stability. On December 1, Iraq suspended oil production after the UN rejected Baghdad’s sanction busting demand, which required buyers to pay a surcharge. Saudi Arabia responded immediately with a promise to fill the production gap. As long as the violence remains contained, the crisis will not likely affect oil policy among OPEC members. More importantly, American pressure and influence will see to Saudi cooperation on oil policy.

Several key factors motivated the kingdom’s aggressive diplomacy amid the tensions. First, Israel’s material and military superiority over the Palestinians spark genuine indignation. Second, there is real frustration at the seemingly irreparable setbacks to the peace process. Contrary to American insistence, Saudi Arabia and nearly all of the Arab states believe that the peace process is inseparable from broader regional concerns. Third, America’s apparent unequivocal support for Israel does nothing to alleviate wrath among Arabs. Fourth, as a major leader of the Arab world, the kingdom needed to demonstrate its backing for the beleaguered Palestinian brethren by example. Finally, the strong-arm diplomacy that the kingdom practiced reflects the growing influence of pan-Arabist Abdullah over Saudi policy since he took over the day-to-day management of government for the ailing King Fahd.

Saudi reactions also reflect concerns closer to home. The developments in Israel have a direct effect on the kingdom’s own internal security. As the rare demonstrations revealed, the level of anger among Arabs on the street has reached boiling point. Given that internal stability remains a top priority for the royal family, a swift and powerful response to deflect and placate public discontent was absolutely necessary. Closely related, American military presence on the kingdom’s soil remains highly unpopular. Washington’s backing of Tel Aviv severely exacerbates such public animosities. Hence, Saudi Arabia’s broadsides against the United States were also intended for internal consumption.

**Implications of USS Cole Attack**

Although hard evidence on those responsible for the attack has yet to surface, the bombing of USS Cole represented yet another show of vehement opposition to American military presence in the Middle East. The bombing refocused American and regional attention on other potential threats to U.S. bases and personnel dotting the Gulf. Indeed, shortly after the incident, U.S. intelligence agencies received credible information of threats to American targets in Saudi Arabia and Kuwait. The United States subsequently raised the alert status of its forces throughout the region to the highest level.

As host to the largest American air contingent (estimated at 5,000 personnel) in the Persian Gulf, the success of the attack severely heightened Saudi fears. Past terrorist acts directed against Americans in Saudi Arabia compound this worry. In November 1995, a car bomb in Riyadh killed five Americans involved in training Saudi security forces. Most prominently, the 1996 Khobar towers bombing killed 19 American servicemen. The attack forced the United States to relocate its forces to a less visible air base. The case remains frustratingly unresolved due largely to Saudi refusal to permit a joint investigation with U.S. authorities.

Terrorism poses a vexing problem for the United States and host nations in the Gulf. American casualties and destroyed property increases the political costs of sustaining military presence in the region. The divisive debates about whether the attack on
the Cole could have been prevented and the accusations on the question of responsibility in Washington attest to the power of terrorism. Terrorism also serves to underline domestic and regional opposition to the host nation's complicity in prolonging American presence. The subsequent embarrassment and pressure could weaken the country's resolve to permit future U.S. deployments.

Moreover, the incentives for resorting to such tactics outweigh the potential costs. As an asymmetric strategy, terrorist tactics compensate for resource (both human and material) inferiority, particularly against the conventional military prowess of the United States. Terrorism produces political and psychological effects that reverberate disproportionately than the attack itself. Indeed, even a failed terrorist attack could send a useful signal. Terrorist acts are also difficult to predict, defend against, and defeat. The elusive nature of terrorism and the high probability of plausible deniability make investigation and retaliation against those responsible very difficult. The involvement of amorphous non-state actors magnifies these highly problematic characteristics. The success of the USS Cole bombing could accelerate the growing reliance on asymmetric warfare against American targets and host regimes in the Gulf. Given the powerful impact of a successful attack, the threat of terrorism in the region will persist.

How will the incident affect American military presence in Saudi Arabia and the region more broadly? In mid-November, U.S. Defense Secretary William Cohen toured nine nations in the Middle to discuss bilateral defense issues. While in Bahrain, Secretary Cohen underscored America's long-term and enduring commitment to the region. He stated that, "The Cole attack is part of an effort to try and drive the United States away from its global commitments and out of the region. And that's simply not going to take place." Cohen then declared, "The United States is going to remain engaged globally, our security depends on it, and we intend to take whatever measures are necessary for force protection but also to apprehend those responsible and hold them accountable...we're not leaving." These blunt statements clearly demonstrate American determination to remain engaged in the Middle East. As a global power, the United States recognizes and accepts the costs of pursuing its global interests. In short, Washington will not be deterred by this setback.

Notwithstanding American willingness to bear the costs of its international commitments, pressures within the host nation could undermine U.S. forward presence. Saudi Arabia's political dilemma is particularly acute. The conservative regime remains obsessed over internal security and highly attuned to its reputation abroad. The large presence of American troops has already sparked public worrying and broader Arab discontent that continues to simmer. Successful terrorist attacks could exert tremendous pressure on the Saudi Arabia. A severely shaken regime could un hinge its resolve to permit base access. The USS Cole attack no doubt underscores those risks for the kingdom.

Saudi Arabia therefore must contend with two opposing impulses. On the one hand, American presence represents a fundamental cornerstone of Saudi national security strategy. So long as the Iraqi threat persists, the kingdom will need to rely on U.S. military assistance and support. Indeed, the UN sanctions and the no-fly zones provide a convenient political cover for rationalizing the American air base on Saudi soil. The uncertain future path of a resurgent Iran also necessitates a security hedge. More generally, American forward presence generates a stabilizing balance of power in the region. On the other hand, Riyadh must weigh the political balance between the external threats and the internal pressures. Should the rapprochement with Iran proceed smoothly and Iraq remains contained, the Saudis might not feel compelled to sustain the current level of American presence at the expense of domestic stability. Indeed, the kingdom could renegotiate its arrangement with the United States for a draw down or even a complete withdrawal of forces.

Given the existing threats and genuine anxieties, Saudi Arabia will continue to support U.S. commitments in the region in the near term. In the longer term, the outcome is less certain. Decreasing fears over its security environment could encourage Riyadh to promote a new defense relationship with the United States that resembles the pre-Gulf War era. In essence, U.S. forces would maintain minimal to no presence on the kingdom's soil. Washington would have to rely on its strategic power projection capabilities to move forces rapidly into the region during crisis. The United States has yet to develop such a large-scale capacity to deploy its forces quickly. However, in anticipation of future problems in gaining access to bases abroad, the military services (besides the omnipresent Navy) have instituted far reaching reforms to become less dependent on the goodwill of host nations over the next decade. The Air Force will be able to deploy a complete set of air combat platforms, called the air expeditionary force, from the heartland of the United States while the Army will be transporting a much lighter and agile force to any part of the world on short notice.
Terrorism at Home

A series of terrorist acts within Saudi Arabia have once again threatened to shatter the kingdom’s image as a sanctuary of security. These incidents underlined the regime’s political vulnerability to terrorism. In mid-November, a car bomb killed a British hospital worker and injured his wife. In the same week, another explosive device in a car wounded three Britons. Two of them worked for a defense-related firm. These incidents targeting British citizens came on the heels of a bomb lobbed at the British embassy in Yemen a day after the USS Cole attack. No one has yet claimed responsibility for the bombings and it remains unclear whether they are related to the violence in Israel. Local authorities involved in the investigation have refused British participation. American-based analysts on the region have strongly disputed Saudi claims that the acts were driven by personal motives. Both American and British embassies have warned expatriate residents in Saudi Arabia to exercise vigilance.

One month earlier, two men hijacked a Saudi airliner on route to London from Jeddah and forced it to land in Iraq. The Iraqi authorities managed to negotiate the surrender of the hijackers without incident. The Saudis identified the two men as security officials. While Interior Minister Prince Nayef bin Abdul Aziz ruled out political motives for the hijacking, the two men reportedly denounced Saudi human rights practices, opposed U.S. hegemony over the kingdom, and slammed American and British military presence. A diplomatic tug-of-war subsequently ensued after Iraq refused Saudi requests to extradite the hijackers. Predictably, both sides have insisted that they would not compromise.

The bombings and the hijacking underline Saudi Arabia’s vulnerability to acts of terrorism. Despite tight security in the kingdom, elusive non-state actors continue their activities. For a nation that places the highest premium on internal stability, these incidents are extremely embarrassing for Riyadh. While the Saudi authorities have yet to link political motives to these acts publicly, any connection to those opposed to the kingdom’s policies could be especially damaging to its reputation. Until more information emerges from the investigations, particularly on the bombings, it will be difficult to ascertain motives and causality. Unfortunately, given the secrecy that usually shrouds Saudi Arabia’s internal security, there is a high likelihood that little will be made known to the rest of the world. In fact, Riyadh will suppress any compromising information.

Rumblings from Iraq (Again)

Since September Iraq has gradually stepped up its diplomatic broadsides against Saudi Arabia and Kuwait. Baghdad has accused both countries of jeopardizing the security and stability in the region “in the service of their US and British masters.” On November 22, Baghdad blasted Saudi Arabia’s defense of continuing American presence on the kingdom’s soil. The remarks were apparently directed at Prince Sultan’s joint statement with Secretary Cohen during his visit. At the news conference, Sultan insisted that, “We don’t have any American troops in the Kingdom. What we have now is only the embargo planes which were put in place by coalition countries” to patrol the no-fly zones over Iraq. Later that month, Saddam Hussein gave an impassioned speech that lashed out at Israel, the United States, and other Arab nations for the continuing intifada. He even threatened Arab leaders who do not adequately support the Palestinians. He declared that the Gulf War had not ended and that Iraq was still in a state of hostilities.

As the political will within the international community to sustain the sanctions continues to crumble, Iraq has predictably become increasingly defiant. This trend will likely drive the Saudis to support American policy toward Iraq and the region. Indeed, despite Prince Sultan’s earlier criticism of U.S. support to Israel, he praised American efforts in the peace process during Secretary Cohen’s visit to the kingdom. Sultan claimed that until Iraq complied fully with the UN resolutions, Baghdad would not be allowed back into the Arab fold. He also openly opposed Russia’s recent maneuvers to ease or end sanctions. The about face reflects the two opposing forces that have pulled the kingdom’s policies in different directions. On the one hand, America’s perceived blind support for Israel irks Riyadh. On the other hand, Saudi Arabia is compelled to endorse U.S. policy to counter the Iraqi threat. This dilemma explains Sultan’s mixed signals.

But how does one reconcile this contradiction? Given the genuine existential threat that Iraq poses to Saudi Arabia, Riyadh’s support for UN sanctions will take precedence. Baghdad’s appetite for weapons of mass destruction presents a much graver threat to the kingdom. The collapse of the inspections regime since Desert Fox heightens these fears. In contrast, Saudi reactions to the Palestinian-Israeli confrontation have been and will be largely symbolic. As long as Baghdad’s ambitions remain in question, Saudi Arabia will continue to support American military presence aimed at smothering the Iraqi threat. However, as mentioned above, Saudi complicity in American regional initiatives are
not unconditional. The incentives for maintaining American troops will shift depending on Riyadh’s assessment of its security environment. The kingdom may press for U.S. withdrawal should its threat perceptions of Iraq and Iran diminish over time.
With the Palestinian-Israeli fighting heightening tensions, Kuwait is finding itself in a tough position vis-à-vis the Arab world given its close ties to the United States. Iraq’s ongoing moves, in concert with Baghdad’s European and Russian “friends,” to destroy the sanctions regime has met with increased concern inside Kuwaiti circles. While hoping for a Bush victory in the U.S. presidential imbroglio, Kuwaiti leaders continue to face a host of regional and domestic issues that will shape Kuwait’s domestic landscape and international relations.

Regional and International Concerns

As long as Saddam Hussein holds power, Iraq will remain Kuwait’s primary threat and continue to create periodic crises to destabilize its southern neighbor. Thus, Kuwait’s robust defense spending will continue. In addition, the government will attempt to protect its northern border by involving western oil companies in production there while tying in western – mainly U.S. – governments further into Kuwait’s security structure. Kuwait will also look to continue building relations with Tehran to offset Baghdad; of interest is Kuwait’s plan to purchase Iranian gas, to be delivered via pipeline. As long as the U.S. force presence in the region remains, however, Kuwaiti security is unlikely to be compromised.

The Kuwaiti’s voiced strong concern over the October 12, 2000 attack on the USS Cole. This was heightened by the alleged discovery of an explosives cache and subsequent arrest of several extremists in Kuwait following the bombing in Yemen. This was linked to the Osama bin Laden network, but, given the presence of Shia extremists under the sponsorship of Iran – Kuwaiti Hezbollah – as well as the presence of other potentially anti-al-Sabah and anti-U.S. factions in Kuwait, the real identity and linkages behind these extremists remains uncertain. American military encampments at Camp Doha, Kuwait, and presence at various Kuwaiti military installations, are inviting targets for a number of terrorist groups. Of concern is a seeming increase in Kuwaiti membership in militant anti-western, and especially anti-American, groups. While this impression may be due more to Kuwaiti government successes in apprehending such militants – the government has twice recently uncovered and arrested local citizens who were caught with illegal possession of weapons, explosives, and detonators – the heightening of anti-western rhetoric is of concern regardless.

For these reasons, as well as for what was revealed in the course of their interrogation, it appears that the suspects had decided to become militant towards Americans and other westerners. What is uncertain is whether their militancy is rooted in the angst of Arabs practically everywhere over what is happening in Israel and the Palestinian territories or in a more macro-focused condemnation of much that is associated with western ideas and values.

Kuwait’s strong ties to Washington and dependence on American troops for protection are being complicated by the renewed Palestinian-Israeli conflict. The Arab world’s condemnation of the U.S. for its pro-Israeli policies has caused friction between Kuwait and its Islamic brethren. Kuwaiti organizations are donating money to the Palestinian cause, and some Palestinian wounded are recovering in Kuwaiti hospitals. That said, ties with the U.S. may be downplayed but are unlikely to be decreased in any substantive manner.

The presidential election in the United States is of particular concern to the Kuwaiti leadership. With the memories of George Bush’s father and his role in the Gulf War fresh in their minds, the al-Sabah are certainly hoping for a Bush victory. Throughout the region a Bush victory is seen as being more in the interest of the Arab world than a Gore administration. However, the al-Sabah undoubtedly realizes that even if George W. Bush prevails, Washington is unlikely to significantly alter its policy towards the Palestinian-Israeli issue. However, as American credibility in Kuwait and the rest of the Arab world has waned since the Gulf War, a significant component of the Kuwaiti Parliament is becoming increasingly nationalist and anti-western. In this regard, of particular concern is that a sizeable number of deputies remain strongly opposed to proposals that western energy firms be allowed to invest in Kuwait’s northern oil fields.
The Domestic Agenda

The National Assembly continues to be dominated by various factions that make cooperation difficult as well as straining relations between the Assembly and the ruling family. The majority of the problems stem from differences over the shape and pace of political and economic reform. The lack of consensus on these issues will delay or even prevent the passage of legislation in many areas, prolonging the sense of policy paralysis and further widening existing rifts.

One of the issues most likely to polarize opinion in the short term is women’s political rights. With the next parliamentary election due in 2003, female activists are determined to gain the right to vote and stand for political office. Although the ruling family, the cabinet, and many liberal Assembly members support this, the presence of a strong religious element in the legislature has blocked previous reforms and continues to make this a hot issue.

The economic front also faces political uncertainty, particularly regarding the role of foreign firms in the expansion of oil production under Project Kuwait (the formal title for the planned expansion of the petroleum sector). Some members of parliament, particularly those who are wealthy merchants, do not want lose out on the chance for profits because of the introduction of U.S. or other western participation in the project. The Sabah family, which currently manages much of the petroleum sector, stands to profit regardless of whether it teams with locals or international companies. It is possible that the ruling family will attempt to strike a delaying deal with conservative Islamic elements over women’s rights in return for their support of continued Sabah predominance regarding Project Kuwait.

Another point of concern is pending legislation that aims to introduce income taxes for the first time in Kuwait’s history. Given the relative lack of taxation thus far, this promises to be a highly contentious issue and may, given the likely infighting that will occur, tempt the Kuwaiti Emir – Sheikh Jaber al-Ahmed al-Jaber al-Sabah – to dissolve parliament once again. While such action would prevent disruptions in the decision-making process, it would undermine Kuwait’s political liberalization, drawing criticism both from domestic and international actors.

As stated in September’s quarterly, the potential for disputes over succession and power sharing remain. Most of the family’s senior members are either elderly or suffering from ill health. This has exacerbated concerns over the transition of power and led to uncertainty over the post-Sheikh Jaber political order. The current Emir has ruled Kuwait for the past 23 years, but is now 74 years old and suffering from health problems. The crown prince and prime minister, Sheikh Saad Abdullah al-Salem al-Sabah, is rumored to have colon cancer; many of his duties have reportedly been delegated to the First Deputy Prime Minister and Foreign Minister Sheikh Sabah al-Ahmed al-Jaber al-Sabah. In the absence of established rules governing succession, the choice of ruler could be based on precedent, which would see the appointment of either Sheikh Sabah or Sheikh Salem al-Salem al-Sabah, the current Defense Minister and most senior member of the Al-Salem branch of the al-Sabah family. Another option is to introduce someone from a younger generation, raising questions of how such a generational shift would be handled.
As the UAE leadership celebrates its 29th Independence Day, the increasingly frail health of Abu Dhabi ruler and UAE President Sheikh Zayed bin Sultan Al-Nuhayyan will likely soon provide a test of the country’s political stability. Meanwhile, high oil prices continue to boost Abu Dhabi’s economy, increasing the political stakes even further. While the Clinton administration has moved forward on several key issues vis-à-vis the UAE, Abu Dhabi undoubtedly prefers a Bush win in the U.S. presidential elections. A recent return to heightened rhetoric in the UAE’s dispute with Iran over three islands in the Strait of Hormuz is motivated more by intra-Arab politics as well as concerns over Tehran’s hegemonic ambitions.

International Outlook

Relations with the United States are expected to remain strong, although Abu Dhabi will continue to pursue a more independent track concerning Iraq and Israel. The UAE leadership undoubtedly perceives that it has the upper hand in dealings with Washington given the large U.S. commercial – and growing defense – stake in the country. Although Crown Prince Sheikh Khalifa bin Zayed al-Nuhayyan is more pro-European than his younger ambitious half-brother, military Chief of Staff Sheikh Mohammed bin Zayed al-Nuhayyan, it is unlikely that he would move to undermine relations with Washington.

Given the centrality of the U.S. to UAE and Gulf Cooperation Council (GCC) security, a marked pro-Bush sentiment resonates throughout the country. George W. Bush, and particularly his running mate Dick Cheney and likely Secretary of State Colin Powell, are seen as having more insight and experience in the region whereas Gore and Lieberman – as with Clinton – are viewed as simply seeking to assuage the GCC with arms sales and favorable business terms in exchange for Arab quiescence on the Arab-Israeli front. Moreover, a Bush administration is perceived as being more Arab-friendly – specifically in support of the UAE’s position against Iran – and less open to pressure from pro-Israeli factions in Washington. As the legal process continues in Florida, Abu Dhabi undoubtedly is paying close attention to the Bush team’s informal transition process and cabinet selection.

Security Issues and the UAE

Abu Dhabi expressed outrage over the attack on the USS Cole, but has reason for concern as potential linkages between the bombers and the UAE exist. The perpetrators allegedly had received operational instructions from a contact in the Emirates. In addition, the boat used in the attack was reportedly purchased in the UAE. As flights from Kandahar, Afghanistan as well as Iran occur weekly, the potential for terrorist use of the UAE – particularly Dubai and the Northern Emirates – as a staging area or supply point is high.

The renewed fighting in Israel and the Palestinian territories has, however, angered many in the UAE and GCC. Abu Dhabi has dispatched medical teams to the occupied territories to care for Palestinian wounded, and Sheikh Zayed has received Yasser Arafat in the UAE to discuss the current situation. A potential sign of this anger has been a slowing of government payments on contracts involving American and other Western firms. Slow payment is nothing new, but some have characterized the current situation as being an indirect attempt to influence Washington. This may have unwanted repercussions on Lockheed Martin’s recently inked deal to sell 80 F-16 Desert Falcons to Abu Dhabi. The contract continues to be a sensitive issue in both countries, and Lockheed officials are seeking to insulate it from any political problems to ensure fulfillment of UAE contractual obligations. The planes and their armament are scheduled to be delivered from 2004 to 2007, and will mark a significant qualitative leap forward for the UAE Air Force while helping Lockheed sustain production capacity at its Fort Worth, Texas facility. As Lockheed – America’s largest defense contractor – has been facing tough times as of late, any impact on the UAE deal could adversely affect the firm’s fortunes.

Standing By on Iraq

The UAE is pushing to position itself to take advantage of business opportunities in a post-sanctions Iraq. Emirates Airlines has already signed an understanding with the Iraqi Civil Aviation Authority, under which it will operate Baghdad airport after sanctions are lifted. To support these efforts, the UAE embassy in Baghdad was reopened earlier this
year; Iraq subsequently opening its mission in Abu Dhabi. Given the widespread destruction of Iraqi oil, power generation, and related infrastructure during and since the Gulf War, untold billions are to be made in the rebuilding of Iraq.

Rhetoric Rising Again with Iran

On December 2, 2000, the 29th anniversary of the UAE’s foundation, Sheikh Zayed stated that Iran was defying a judgment of the International Court of Justice (ICJ) by refusing to return disputed islands – Abu Musa and the Greater and Lesser Tunbs – in the Strait of Hormuz. Iran hit back, saying that Zayed’s accusations were baseless as the islands were part of Iran; Tehran seized the islands in 1971 – with London’s tacit approval – following Britain’s withdrawal from the Gulf.

While the UAE would certainly like to see a reversion of sovereignty on the islands, intra-GCC politics are at play as well. Abu Dhabi, concerned by the growing rapprochement between Tehran and Riyadh, views the islands issue as a way to pressure Saudi Arabia for more favorable terms in its bilateral relations with the UAE.

Domestic Issues

As the various factions in the Emirates jockey for position in a post-Zayed scramble for power, succession politics will remain the focus both of the street and expatriate community as well as the UAE elite. Sheikh Zayed, estimated to be 86 years old, recently underwent a kidney transplant and, while convalescing at a U.S. hospital, suffered a hip fracture. He also reportedly suffers from a painful nerve disorder and prostate condition.

The future succession of Crown Prince Khalifa to the position of Abu Dhabi ruler as well as UAE president seems assured. Increasingly, it is Khalifa who represents the Emirates at international forums, most significantly those held by the GCC. However, the rivalry between he and Sheikh Mohammed bin Zayed al-Nuhayyan, is never far beneath the surface. Sheikh Mohammed still hopes to contest for the position of crown prince, threatening Khalifa’s brother and close ally Deputy Prime Minister Sheikh Sultan bin Zayed al-Nuhayyan.

Mohammed may attempt to exert pressure by highlighting Khalifa’s relative unwillingness to provide additional funds to support development of the UAE’s resource poor Northern Emirates. Sheikh Mohammed has increasingly strong ties with the crown prince of Dubai and UAE Defense Minister, Sheikh Mohammed bin Rashed al-Maktoum. The two Moodhams support an enhanced federal structure and increased investment throughout the UAE, including the direct participation of foreign firms.