Security Issues in the Middle East

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September 11 fundamentally changed U.S. national security and foreign policy. It is also having profound effects on many other states around the world, not least of which is Afghanistan. For this quarterly report on the Middle East, the question is what September 11 and its aftermath means for the states in that region and U.S. policy toward it. For the past three years, these quarterly reports have been analyzing security issues in the Middle East and highlighting recurring themes and ongoing dilemmas for policy makers. In many ways, the region is due for its once-a-decade catalytic event to change many of the patterns of interaction that seem to have become frozen over the past ten years. September 11 is that event. However, underlying geographic, economic, social, political, and military realities in the region will provide some continuity. The individual country chapters provide details about what has changed, what is likely to change, and what will remain the same. This overview attempts to provide a macro-perspective on September 11 and its aftermath.

A first point to keep in mind is that only three months have passed since the terrorist attacks on the United States. Despite the swiftness of the military victory over the ruling Taliban in Afghanistan, no one should assume that U.S.-led military action will come to a halt around the world anytime soon. While there is much talk about Iraq as Phase 2 of the campaign against terrorism (discussed fully in the Iraq chapter), in reality Washington has yet to make up its mind about what the next phase of the military campaign will be or exactly how many phases the campaign will entail. Given the nature of the al Qaeda network (see box) and its global distribution, the Bush administration does not yet know where else it may need to conduct military operations. Countries that have been talked about as possible next targets include Somalia, Sudan, the Philippines, and Yemen. That list is incomplete and will change depending on the actions that host governments take to close down terrorist cells, intelligence information, and the outcome of the battle against al Qaeda groups in Afghanistan. Military action is unsettling to markets and some governments and can have unintended consequences, regardless of how well it is planned and executed. Look for continuing, but not necessarily continuous, U.S. military action around the world after Afghanistan winds down. Expect short-term instability as a result although the long-term effects of U.S. military action should be stabilizing in terms of energy security.

A second point is that U.S. foreign and national security policy is likely to become even more brusque and categorical than before. The Bush administration came into office with a tendency to engage in plain talk and go it alone. September 11 has only confirmed that tendency and provided an underlying rationale for unilateral action and tough talk. Washington will prefer to have allies and coalition partners in all it does in its war on terrorism, but it will be disinclined to compromise much to get or keep them on board. This may result in some states, particularly U.S. allies in the Gulf, becom-
ing very uncomfortable and looking for ways to distance themselves from Washington. However, if Washington enjoys the type of success against future opponents in the war on terrorism that it has had against the Taliban, then these states will likely swallow their pride and move back into the U.S. orbit.

A final point in thinking about the ramifications of September 11 and after, particularly for stability and energy security in the Gulf. While military operations are garnering most of the headlines, they may not necessarily be either the only or most important variable that will effect stability in the region over the long run. The political dimensions of this crisis – both domestically in the Gulf states and internationally in terms of relations between the Gulf Arab states and the United States – could be just as critical to the long-term stability of the region and the free flow of energy. Those variables will take longer to be felt and will be more difficult to assess than military victory or defeat. Groups advocating violence in the Gulf will not disappear with Osama bin Laden, and Islamist groups will retain significant political clout in many Gulf Arab states. The Israeli-Palestinian issue will not be resolved easily, and even if some modus vivendi is miraculously reached, there will be those still opposed to any settlement. The questions about whether and how to open up the political systems in many of the Gulf Arab states will remain and will play themselves out in the context of how Islam, in all of its forms, is to be part of the political system. Similarly, relations with the United States will be political as well as security issues in all of these states, and Washington itself may decide that it needs to change the scope or nature of its relationship with the Gulf Arab states over time. None of this will happen in the near-term, but the impact of war, internal crackdowns to apprehend terrorists, and an increased (but not necessarily enhanced) level of discourse about Islam, politics, and relations with the West, will play out over the next several years.
Security Issues and
Saudi Arabia

Saudi Arabia at a Crossroads
The September 11 suicide attacks against the United States have generated tremendous domestic and external pressures on Saudi Arabia. As the past quarterlies have repeatedly stressed, Saudi Arabia faces an unenviable strategic dilemma. On the one hand, Riyadh is compelled to side with Washington in the war against terrorism in order to secure America’s longer-term security commitments to protect Saudi Arabia from external threats. On the other hand, the Saudi government must deflect growing domestic and regional opposition to the ruling family’s support of the United States. The terrorist acts have severely accentuated this contradiction that has been simmering just beneath the surface of apparent tranquility.

A Reluctant Partner
Riyadh’s support for the United States after the attacks was half-hearted at best. Despite open claims and promises to cooperate fully following President George Bush’s highly symbolic declaration of war against terrorism, the kingdom proved far more circumspect in its actions. As the United States geared up for a military response, Riyadh repeatedly distanced itself from the impending conflict. The kingdom’s foreign minister, Prince Saud al-Faisal, cautioned Washington to pursue justice rather than vengeance, implying his disapproval on the use of force. The defense minister, Prince Sultan bin Abdul Aziz was even more blunt, stating that his government “will not accept the presence of any foreign troops on its territory to fight Arabs and Muslims.” These official positions raised worrisome questions over America’s possible use of its military assets on the kingdom’s soil.

It order to maintain the difficult coalition building process, U.S. defense secretary Donald Rumsfeld went to great lengths to reassure the world that Washington was satisfied with Saudi cooperation. Indeed, both sides had already agreed to the terms of military cooperation behind the scenes. While the level of Saudi involvement in America’s military operations remains a tightly held secret, it seems almost certain that no combat sorties have been or are being flown out of Prince Sultan Airbase in deference to Saudi sensitivities. However, the United States probably secured rights to use the airbase as: 1) a launching pad for other support aircraft (such as transports, aerial refueling tankers, and airborne early warning systems); 2) a transportation hub for personnel and materiel; and 3) a major operations center for command, control, and communications. Nevertheless, the damage had been done. Many in the United States believed that at a time of supreme crisis, America’s ally appeared to have gone wobbly.

The U.S.-Saudi Media War
The tepid support of the Saudis for the war and anti-terrorism efforts generated a slew of media analysis in the United States. The mood of resentment and disappointment was particularly palpable. It seemed that the country was rudely awakened to the uncomfortable reality that it had to cope with a seemingly repugnant ally whose territorial sovereignty and survival the United States had rescued and continues to defend. America’s scathingly critical media blitz, including a series of exposes on Saudi Arabia, proved highly embarrassing for the kingdom. As one observer noted sardonically, “Fortunately America’s longtime ally Saudi Arabia, with whom it fought a war ten years ago, rushed to its defense—with absolute silence.” Commentators have noted that Osama bin laden and many of the hijackers were Saudis citizens. Government officials in Washington apparently leaked evidence reportedly demonstrating that sympathizers in Saudi Arabia, including members in the highest ranks of the royal family, funneled money to bin Laden. One observer declared, “Today the dominant fact of the U.S.-Saudi relationship is that this ‘friend’ is a principal source of funding for al Qaeda.” While some of these views may be mere media sensationalism, they no doubt resonate with the broader public in the United States. Moreover, it provoked a backlash.

The Saudi media quickly responded in kind. Influential news outlets became increasingly critical of the military campaign. One source predictably blamed Israel for the September 11 attacks. In reference to conflicting statements among top U.S. officials regarding the war, a newspaper accused the United States of conducting “psychological ter-
terrorism.” Yet another paper expressed doubt about American intentions in the war, suggesting that Washington has been driven primarily by its geopolitical ambitions. Given the government’s tight control over the media, the top leadership must have approved these provocations. Indeed, Crown Prince Abdullah, apparently stung by the unfavorable reporting, lashed back and accused the Western press of “a ferocious campaign of hatred toward the Islamic system.”

The intensity of these attacks and, sometimes, the lack of media standards on both sides have brought to the surface a yawning perception gap between the two nations. Moreover, these tit-for-tat recriminations have raised the worrisome specter that public opinion might spill over into the policy realm on both sides. What is one to make of this?

Back to Basics

To fully appreciate the complexity of this situation, it is worth revisiting the historical, religious, and economic context within which Saudi Arabia and the United States has reached this impasse. First, the Islamic radicalism that motivated the terrorist attacks was partly a homegrown phenomenon and an export commodity of the kingdom over the past two decades. During the Soviet-Afghan war in the 1980s, the Saudi intelligence apparatus funneled tremendous amounts of financial support to the Mujaheddin. The kingdom permitted and even actively encouraged its citizens to participate in the war, among them, Osama bin Laden. At the same time, Saudi Arabia channeled funding to Pakistan’s religious schools, the Madrasahs, which became a fertile training ground of Islamic fundamentalist thought. These institutions would later produce the future leaders of the Taliban and recruits for al Qaeda.

Riyadh’s apparent enthusiasm in the war effort on behalf of its beleaguered Afghan brethren was far less altruistic than meets the eye. Saudi Arabia’s export of its Wahhabi faith—a particularly strict sect of Islam—was essentially a convenient venting mechanism to purge radical and thus the most destabilizing elements from its society. However, the veterans of the struggle against the Soviets in Afghanistan, including bin Laden, who became further radicalized by the war, returned home to haunt the House of Saud. The corruption of the regime became a rallying call for many. After the Gulf War, Riyadh’s decision to allow the continued stationing of American troops furthered their disillusionment. Indeed, it was bin Laden’s outspoken opposition to the U.S. military presence that led to his exile. In the 1990s, the kingdom unabashedly backed the Taliban. This was in part motivated by its geopoliti-
themselves, a thinly veiled reference to the Saudi leadership.

Third, the kingdom faces severe economic challenges. The persistence of low oil prices since the collapse of the oil market has severely blunted the generation of wealth. While the kingdom’s economy remains enviable by regional standards, per capita income has dropped to $7,000 over the past two decades, which is about half of what the Saudis enjoyed in the 1980s. Demographic realities have compounded the economic decline. With a birth rate of 3.5% in the last twenty years, economic growth has not been able to keep up with the ballooning population. Moreover, the Saudi youth are joining the workforce in an era of painful economic reforms. The transition from a welfare state to a market-oriented economy has slashed many public sector jobs. The shrinkage of work opportunities has left 15% of the population unemployed. As a consequence, young human capital remains untapped. Beyond the negative economic impact, hordes of discontented citizens have now turned to religion, further exacerbating the challenges noted above. Rampant corruption among the thousands of profligate princes within the royal family has drained the kingdom’s financial resources and severely undermined the legitimacy of the regime.

It is against this backdrop of a multi-pronged internal challenge that the Saudis must cope with the current crisis. The fragility of regime legitimacy and festering internal problems have exercised (and will continue to exert) a powerful constraint on Riyadh’s freedom of maneuver. The balancing act between its alliance with the United States and the appeasement of the domestic audience may have worn thin for the casual outside observer. But for the al Saud ruling family caution is a matter of survival. At what point will the kingdom collapse on the weight of its own contradictions? And, more importantly, has this crisis irremediably harmed the Riyadh’s uncomfortable alliance with Washington?

What’s Next?

To put it bluntly, oil is thicker than blood in Saudi-U.S. relations. The kingdom sits on twenty-five percent of the world’s oil reserves, by far the largest global share. While the United State imports only ten percent of its oil from Saudi Arabia, price stability and supplies to American allies in the Asia-Pacific have made the kingdom an indispensable partner. Moreover, there is a persistent fear that radical Islamists would fill the vacuum in the wake of the royal family’s collapse. The al Saud family has not failed to recognize this danger and has exploited the anxieties that this potential generates to gain American support. Saudi Arabia for its part still needs America’s security guarantees. While Iraq has been severely weakened by the decade-long sanctions, it maintains the potential for a rapid resurgence. The kingdom still eyes Iran with great wariness despite moves toward a rapprochement in recent years.

It is also important not to let the media obscure or exaggerate reality. The Saudis have constructively contributed to this anti-terrorism effort despite all of its internal challenges. Riyadh has decided to sign the United Nations International Convention for the Suppression of the Financing of Terrorism after years of foot dragging. Saudi authorities have cooperated with Americans in the investigations on the hijackers and have provided intelligence to the CIA and FBI. As mentioned above, the kingdom has quietly kept Prince Sultan Airbase open for support operations in the military campaign. The royal family, initially hesitant, closed ranks and warned Islamic leaders not to issue inflammatory remarks. With the support of Pakistan, Saudi Arabia has drawn up peace plans that envision the deployment of Muslim troops in Afghanistan in the post-Taliban era. The Saudi leadership has publicly praised the Bush administration’s halting moves to become more involved in the Israeli-Palestinian conflict. And most importantly, the kingdom has agreed to keep oil prices stable (wartime footing tends to drive up prices). In sum, the picture is not entirely gloomy.

Contrary to stereotypical media depictions of a completely insular state that remains mired in medieval traditions, change is afoot in the kingdom. The new demands of the global economy in the twenty-first century have gradually changed the face of Saudi Arabia. Crown Prince Abdullah, who has managed the day-to-day affairs of the state after his half brother King Fahd fell ill, has pursued a range of economic and limited political reforms. Recognizing the benefits of economic openness as well as the importance of Western technology and know-how, he has awarded major contracts to foreign companies to develop the kingdoms natural gas resources. Despite the potential political backlash, Abdullah has also been fighting corruption within the royal family.

At the same time, the unfolding conflict has unveiled the stark reality that the status quo is no longer sustainable. The military posture of the United States in the Persian Gulf region will likely be the first to feel the immediate impact of the war on terrorism. The political fallout between Washington and Riyadh prior to and during the military campaign have no doubt accelerated plans to further diminish American presence on the kingdom’s soil. At present, over 4,500 military personnel rotate through Saudi Arabia, concentrated in Prince Sultan Airbase, at any given time. The United States could
shift to an “over the horizon” posture similar to the pre-Gulf War configuration. This could mean that military forces would be structured and readied to deploy from the high seas or directly from the continental United States. These forces could draw on pre-positioned equipment placed afloat on ships or barges. The capacity of Diego Garcia, a strategic island in the Indian Ocean and home to an air base and storage facilities, could be further expanded. However, the scale and pace of these changes will depend on whether Iraq becomes the next target in the coming phase of the war against terrorism. The lessons learned from this military campaign could also have broader impact on longer-term U.S. defense planning. Political restrictions such as those imposed by Saudi Arabia have affected America’s military operational flexibility. The haggling behind the scenes with the Saudis and events like the USS Cole bombing have underscored the vulnerability of forward basing in a contingency. As such, the emphasis on long-range, stealth, and precision-strike as called for under the 2001 Quadrennial Defense Review will gain greater political weight within the defense community.

No matter how distasteful, the United States and Saudi Arabia are in an inescapably codependent relationship. The sobering reality is that these two radically different societies with their divergent value systems are bound by a set of tangible core interests that both sides share (oil and security). The tensions arising from these contradictions are inevitable. And the fragile alliance will remain vulnerable by unexpected shocks. Yet, both sides, at least for the moment, concur that the bilateral ties are vital for their national interests. However, the sustainability of these ties will depend largely on how the Saudi regime copes with its internal constituents. As history has repeatedly demonstrated, the domestic dimension of any nation is the least predictable and the most difficult to control once critical mass is reached. The bottom line is that close scrutiny of Saudi Arabian politics remains a crucial task for any observer of the Middle East.
Turning the Economic Screws on Saddam...Sort Of

With victory over the Taliban seemingly at hand, and with the hunt on for al Qaeda fugitives, many observers have begun to ask where the next blow in the war on terrorism will fall. Most of the speculation swirls around Saddam Hussein’s Iraq, with vocal elements in the United States – most recently former CIA director James Woolsey, writing forcefully in the Washington Post - calling on the Bush administration to rid the world of Hussein’s regime. And there are some signs that George W. Bush does indeed intend to launch a strike in the not-too-distant future. In late November 2001, the president publicly enjoined Iraq to permit UN weapons inspections or pay the price of its intransigence. What that price would be, however, Bush left unsaid – suggesting that the administration either has not decided on an Iraq strategy or, less likely, does not want to alert Baghdad to its plans for a surprise attack. Whatever the case, the president clearly meant to brandish the mailed fist, if for no other reason than to paint Saddam as a megalomaniac bent on threatening the West and his neighbors with weapons of mass destruction.

Meanwhile, Washington sought to step up the economic pressure on the Iraqi regime while at the same time burnishing its image in the Arab and Muslim world. The unprecedented show of amity during Russian president Vladimir Putin’s mid-November visit to Washington, D.C., and Crawford, Texas, had fueled hopes that U.S.-sponsored “smart sanctions” would be enacted in their entirety. First introduced last summer, the draft smart-sanctions resolution sought to (a) thwart oil smuggling, which is thought to produce enough revenues, free of UN oversight, to fund illicit Iraqi arms programs; (b) nail down precisely which dual-use items Iraq is forbidden to import; and (c) show the world that Hussein, not the West, is responsible for the privations endured by the Iraqi people. (Refer to just about any previous quarterly report for a discussion of how Baghdad has used the UN sanctions to poison relations among the Western states.)

None of these goals were achieved. So the results of the UN Security Council’s semiannual haggling over the oil-for-food program were disappointing from the American standpoint. In Resolution 1382 (2001), passed on November 29, the council unanimously renewed the oil-for-food arrangement in its current form. In so doing it rejected U.S. proposals designed to choke off the smuggling trade with Iraq’s neighbors, not to mention the American bid for approval of a tightened list of dual-use equipment and supplies – a “goods review list” in UN parlance. However, a draft goods review list was appended to Resolution 1382, accompanied by language committing the UN to implement the list next summer. Because of the strong wording this element of smart sanctions will almost surely pass next June, when the Security Council once again deliberates on the Iraq sanctions. However, it is unclear whether other key elements of the UK/U.S. proposal of this past summer, including the closing off of oil smuggling routes and the positioning of UN inspectors at key airports and ports outside of Iraq to check for contraband, will be included in any new resolution in June.

So there were some grounds for cheer amid the gloom surrounding the latest setback of smart sanctions. What benefits flowed from this modest progress towards adopting the U.S. vision of Iraqi sanctions? First, and most obviously, securing the agreement of the council to tighten procedures designed to halt illicit exports to Iraq would be no small matter. Second, the Security Council also agreed to clarify its pledge, enshrined in Resolution 1284 (1999), to suspend the sanctions once Baghdad readmitted weapons inspectors and cooperated with them in all respects for a 120-day period. Third, the United States could engineer a crackdown on smuggling even without joint action by the Security Council - say, by pressuring Syria into shutting down the flow of oil through the Iraqi-Syrian pipeline. (Given its lofty position on the U.S. State Department’s list of state sponsors of terror, and the attendant likelihood of its facing U.S. diplomatic and possibly military action, Damascus might prove to be more pliant than in the past.) Fourth, Washington is apparently on the brink of coaxing Moscow into supporting a major element of the smart sanctions – and, in the bargain, cementing Russia within the anti-terrorist coalition. The latest round of debate on the sanctions, then, left the U.S. administration hopeful that its proposals on Iraq would go forward in 2002.
Mulling How to Smite Saddam

In the meantime, the indifferent success of smart sanctions leaves only military means to step up the pressure on Saddam. One mildly surprising facet of the war on terrorism is the lack of overt U.S. action to organize and equip fighters working under the umbrella of the New York-based Iraq National Congress (INC). The Bush administration’s policy, even before September 11, was to pursue “regime change” in Baghdad by some combination of sanctions, air power, and guerrilla activity. Few in either U.S. political party objected to a policy geared to remove the Iraqi tyrant from power. Consequently, this would appear to be an uncontroversial, and cost-free, strategy for the United States to undertake while the Afghanistan campaign is underway.

There are several plausible reasons why Washington has forborne to take stronger action. First, the Taliban, while evidently in its death throes, is not yet defeated. Consequently, mop operations against the Taliban, combined with the hunt for al Qaeda, is consuming the attentions of the CIA and the special-operations personnel who would be assigned to administer the training and funding of Iraqi resistance fighters. Second, the administration probably harbors doubts about the near-term efficacy of the Iraqi resistance. And these misgivings are amply justified. Dozens of groups, often at one another’s throats, comprise the INC. Unity of purpose has been elusive under these circumstances in spite of the mutual hobgoblin provided by Saddam Hussein.

The startling success of Afghanistan’s Northern Alliance has bolstered arguments for relying on indigenous ground forces, backed by U.S. air power, to prosecute the war on terrorism. But much of this was happenstance and may not apply to Iraq. While it was unable to make inroads against the Taliban without American air support, the Northern Alliance at least had the advantage of being an experienced force in the field. Potential Iraqi resistance elements, by contrast, are scattered among the northern and southern safe areas, not to mention the United States and other Western countries. To date they have been unable to set aside their differences. And Congress and the administration have yet to pry open American coffers to provide the funds and arms without which even the most coherent resistance campaign will be for naught.

The Bush administration, then, is understandably reluctant to send its allies into the field to be slaughtered at the hands of Saddam’s army. Once the war in Afghanistan winds down, the administration will in all likelihood begin to ramp up support for the Iraqi resistance - regardless of the strategy Washington adopts for the next phase of the war on Islamic terrorism.

Which leaves the questions: When, and how? Whenever the United States gets around to taking on Iraq directly, it will almost certainly replicate the strategy that has brought down the Taliban. The Afghanistan formula exceeded the expectations of almost everyone, including officials in the Bush administration; why quarrel with success? The efficacy of U.S. precision weaponry such as cruise missiles and the Joint Direct Attack Munition came as little surprise after the experiences of Desert Storm and Kosovo. But air power, despite its potency, does not win wars on its own. The real question was whence the coalition would derive the land power needed to strike down the Taliban. Many (including yours truly) expected the United States to have to intervene on a modest scale - in brigade strength, or perhaps even greater - to supplement the efforts of indigenous Afghan fighters. Instead Washington had the luxury of refraining from landing a few hundred U.S. Marines until the matter was basically decided.

To say that the ability of the Northern Alliance to quell Taliban resistance came as a welcome surprise to American leaders is a considerable understatement. America may be able to attain victory without committing large ground forces of its own - and hazarding the lives of its fighting men. Or so it seems. The strategy unveiled for Enduring Freedom accords with the U.S. policy establishment’s pronounced aversion to casualties, a legacy of the Vietnam War that was consummated in the Gulf War, Somalia, and the Kosovo war. Individuals gripped by the Vietnam Syndrome insist that the American people will not stand for casualties in remote locations about which they know little. This fear is vastly overblown - especially now, with George W. Bush enjoying rock-star popularity and with a direct attack on the United States itself to justify the sacrifice of lives and treasure - but it remains influential within the Pentagon and the State Department. Should the Iraqi opposition prove unequal to the task of defeating the enfeebled Iraqi army, the United States will be compelled to escalate to a Desert Storm-like operation - albeit on a smaller scale that corresponds to the weakened condition of Iraqi forces.

Finally, the United States could opt to continue the stalemate on the Iraqi front while it pursues al Qaeda cells in locations as far-flung as the Philippines and Sudan. Temporary inaction on Iraq could actually be a fruitful course of action. The foremost benefit of standing pat is that it would not jeopardize the international solidarity that has been such a striking feature of the war on terrorism thus far. The Bush administration still has been unable to
amass compelling evidence of Iraqi involvement in the September 11 atrocities or the anthrax scare in the United States. While polls indicate powerful domestic support for widening the war to Iraq - ranging as high as three-quarters of Americans - a new U.S. strike against Saddam Hussein without proof of Baghdad’s complicity will not play nearly so well in Muslim and Western capitals as it does at home. By contrast, low-profile efforts to shut down al Qaeda would not be a magnet for international disaffection, as a new assault on Iraq would undoubtedly prove.

And the United States needs foreign cooperation for these activities, which run the gamut from intelligence gathering to squelching financial support for terrorism. It will have less need for outside military help – the crux of any campaign against Iraq. Warplanes operating from U.S. aircraft carriers, augmented by those based at the Turkish airfield at Incirlik, would probably be adequate for an air campaign against Iraq. Saudi and Kuwaiti cooperation will be less critical in this phase of the war on terrorism. A pause on the Iraqi front, then, will (a) preserve foreign support for counter-terrorist activities for which such assistance is indispensable; (b) allow President Bush to continue building a casus belli against Baghdad, for instance by persistently demanding the reintroduction of weapons inspectors (demands he knows Saddam will scornfully rebuff); (c) permit the CIA and FBI to continue efforts to unearth evidence sufficient to persuade the coalition to follow Washington’s lead; and (d) allow the United States some breathing room to weld together an Iraqi resistance able to do more than act as a nuisance to the Iraqi army.

For President Bush, then, relegating Saddam to the final stage in the war on terrorism - when holding the coalition together won’t be the overriding concern it is at present - could be a savvy move. Barren some unforeseen event, such as a clandestine acquisition of nuclear weapons, Baghdad will not grow substantially more threatening in the interim. So Bush can afford to wait. In all likelihood the United States will opt to root out terrorists in other nations for a few months - say, until late spring - and await a more fortuitous set of circumstances to unleash a sequel to Enduring Freedom.

Geostrategic Shenanigans?

Certain aspects of the looming campaign against Iraq must be disquieting for the Bush administration. Consider the erratic maneuvering of Russia. The mutual backslapping of Presidents Bush and Putin aside, Moscow has moved only grudgingly towards acknowledging its inescapable interdependence with the United States. Withdrawal of Russian forces from Tajikistan and the bilateral roundtable on Iraqi-Russian economic cooperation, Russian Deputy Foreign Minister Aleksandr Saltanov vowed to “develop and deepen” ties between the two nations. And several influential businessmen and lawmakers urged the president to block the U.S. smart-sanctions initiative using any available means. Like all statesmen, Putin is beholden not only to foreign factors motivating him towards Baghdad - and a prospective Russian trading partner. Compounding Washington’s unease are signs of an emerging rapprochement between Syria and Iraq, two states topping the U.S. list of state sponsors of terrorism. The convergence between the two sides, which have been at odds since Damascus fought in Desert Storm, antedates the current war on terrorism. Part of the reason for this is concrete self-interest. Saddam Hussein harvests illicit revenues both from the Baniyas pipeline, which extends from Iraq, across Syrian territory, and to the Eastern Mediterranean, and from smuggling across the border with Syria – trade which Damascus, for a suitable fee, is willing to turn a blind eye. In turn, this revenue (estimated as high as $1.5 million to $2 million daily) allows Hussein and his cronies to maintain...
a lavish lifestyle while secretly rebuilding Iraq’s unconventional arsenal. But the common threat of a U.S.-dominated anti-terrorism coalition also plays a compelling – perhaps decisive - role in the relaxation of tensions. While there is little prospect that the long-rumored axis among Iraq, Iran, and Syria will come to fruition, Damascus and Baghdad could work considerable mischief even without Iranian help.

What sort of mischief might this be? Most obviously, the two countries could cooperate even more closely to thwart the UN sanctions. The Bush administration’s smart-sanctions resolution, if ever passed in full, would require Iraq’s neighbors to crack down on the smuggling trade. And, until then, the administration will probably apply discreet pressure on Damascus both to stop its support of smuggling and to shut down the Iraqi oil pipeline. Pursuant to a détente with Saddam Hussein, Bashar el-Assad might balk at acting against Iraq – especially when his government profits handsomely from illicit trade relations with Baghdad. Now, would Syria line up beside Iraq to defend against a U.S. military strike? Probably not. Cooperation only goes so far, and Assad has no appetite to find himself in the American crosshairs. But, given its proximity to Israel and the traditional enmity between the two nations, Syria would be in a position to wreak tremendous damage in the Israeli-Palestinian peace process. Not a pleasant thought for U.S. officials.

Conclusions

What effect will these developments have on Persian Gulf energy security? First and foremost, because of Enduring Freedom, the Western military deterrent positioned in the region is even more potent than usual. It’s a safe bet – insofar as any bet is safe in the Middle East - that Saddam Hussein will not provoke the United States now, when George W. Bush would leap at a pretext to rally the world for a new tilt against Iraq. Second, as mentioned previously, a U.S. attack on Iraq would have unpredictable repercussions for energy security. Baghdad, for instance, might lash out at the Saudi and Kuwaiti oil fields in a – probably vain – effort to cow its neighbors. However, barring the extensive use of weapons of mass destruction, the weakened Iraqi army would have little capacity to inflict long-term damage on these facilities. Third, with respect to the UN sanctions, the Security Council’s decision to reauthorize the oil-for-food program unaltered averted the usual, tiresome Iraqi response of cutting off its oil exports in an attempt to destabilize world oil markets. The next confrontation on that front was postponed until next spring, when the world body will once again take up the question of the Iraq sanctions.
The Hammer Falls

At the beginning of December a string of suicide bombings by Hamas claimed twenty-six Israeli lives, all of them non-combatants, and wounded scores of others – flinging a huge wrench into the workings of American diplomacy. Palestinian militants justified the attacks as retribution for the Sharon government’s policy of “targeted killings” of militant leaders. In effect they insisted that butchering teenagers with nail-laden explosives was an appropriate response to Israeli targeting of those who had admitted – indeed, claimed - responsibility for terrorist acts. (Refer to the September 2001 quarterly report for an analysis of this policy.) The bombings, Prime Minister Ariel Sharon’s fiery response placing the blame squarely on Yasser Arafat, and Israeli Defense Force retaliation against Palestinian Authority (PA) facilities threw Tel Aviv’s predicament into sharp relief. Hoping to keep a lid on the intifada, a troublesome distraction from its war on terrorism, Washington had leaned on Sharon to refrain from killing militant leaders. In so doing, George W. Bush placed Israel in an impossible situation.

A policy of restraint by Israel, hoped the Bush administration, would damp the violence, relax tensions, and, after a suitable amount of American prodding, allow peace talks to resume. Indeed, in recent weeks the administration has gravitated towards outright support for a Palestinian state. But, should Prime Minister Sharon comply with American wishes, his government would be very limited in its ability to respond to deliberate terrorist attacks on Israeli civilians. Now - unable to maintain his previous posture in view of the viciousness of the Palestinian attacks - George W. Bush has performed an about-face, lining up behind Sharon’s demands for mass arrests and lengthy incarceration of Palestinian militants. In stark contrast with their responses to previous incidents, administration spokesmen have conspicuously failed to condemn what Sharon is calling Israel’s own war on terrorism. At this writing the situation remains extremely fluid – making analysis an even more perilous business than usual. Indeed, the Labor Party is threatening to desert the frail governing coalition – casting Sharon’s own political future into doubt – and the clock is ticking on Tel Aviv’s ultimatum for the PA to round up over thirty specific militant leaders.

The debate over the Arab-Israeli conflict swirls around PA chairman Yasser Arafat. There are two common views of Arafat: (1) as the mastermind who precisely calibrates the use of force to wring concessions from the Israelis when negotiation falters, and (2) as an unpopular, impotent leader, buffeted by Palestinian militants on the one hand and Israeli hardliners on the other. Also plausible is a third interpretation: that the PA leader’s visage du jour is purely opportunistic. He may genuinely desire a negotiated settlement, but be willing to turn a blind eye to terror, and the consequent political pressure it generates, when Israel bucks his demands. This isn’t a trivial debate. If Tel Aviv adopts the first model then it will likely escalate attacks on PA targets in order to compel the chairman to do Israel’s bidding. This thinking is consistent with Sharon’s bid to hold Arafat responsible for the warlike actions of Hamas. (If it inclines to the Arafat-as-opportunistic view, Israel would also resort to this strategy in an attempt to force the PA chairman permanently into the role of statesman.) If the Israeli government inclines to the second model, then it will strike directly at the militant groups that have claimed responsibility for suicide bombings. The latter strategy would promise a sanguinary interval of warfare, since it would require Israeli forces to root out militant fighters and confiscate their arms. That in turn implies searching Palestinian homes – an unpalatable approach that would expose Israel to even more charges of brutality.

What is certain is that Yasser Arafat has been talking out of both sides of his mouth – contributing to this analytical confusion. With Western audiences he plays the statesman trying to shepherd the more radical Palestinian elements towards a peaceful settlement. American diplomats, accustomed to believing in the goodwill and flexibility of all parties to a dispute, have generally accepted Arafat’s self-promotion. Away from Western cameras, however, the PA chairman has encouraged his people to believe that they will be able to extinguish the Jewish state. In Arabic-language broadcasts, he has insisted that Israel will be destroyed and lauded suicide bombers as martyrs; and he has looked the other way in the face of even more virulent attacks on Israel that have gone out over official Pales-
tinian airwaves. In short, he has painted himself into a political corner. Having inflated expectations among ordinary Palestinians and allowed Israel to be demonized, Arafat can hardly compromise – even when, as last summer at Camp David, an extremely generous offer is on the table. Indeed, he cannot even launch a crackdown on Palestinian atrocities for fear of sparking a civil war against his authority.

Unable to compromise – the hallmark of negotiation – and lacking the courage to back away from his maximalist posture, Arafat has surrendered to indecision and thereby consigned himself to irrelevance. That leaves the leading role to radical groups such as Hamas, Islamic Jihad, and the tanzim, or military, wing of his own Fatah party. If he can summon up the fortitude to suppress terrorist activity, Yasser Arafat may pull off a resurrection of his political fortunes, as he has in the past. But at this juncture it’s tough to see how.

Wider Ramifications

It beggars the imagination to contemplate in how many ways the intifada could damage American policy in the Persian Gulf, not to mention the U.S. war on terrorism. First, consider the Iraqi angle. Saddam Hussein, of course, has sought to position himself as a latter-day Saladin, and thus as the defender of the Palestinians. Saddam commonly threatens to drive the Israelis into the sea. And, for the first time, Iraq has specifically threatened to retaliate against Israel for any American attack. A senior diplomat claimed, improbably, that his nation has some 7 million men under arms waiting to “swallow Israel up” should the war on terrorism alight on Iraqi soil. The official also declared, more plausibly, that Kurdish groups in northern Iraq would suffer greatly should they cooperate with an American assault. Alas for hawks within the Bush administration, Baghdad is probably just hyperventilating. Saddam Hussein is acutely aware that George Bush is hunting for an excuse to launch a new assault on his nation. Iraq is the least of Bush’s worries, at least where Israel is concerned.

Iraq and Syria could be a bigger problem. In the aftermath of September 11, the two countries reportedly instructed their surrogates to call off any planned attacks on Israel for the time being. That could change. While it has no plans to engage the Islamic Republic directly in its war on terrorism, the United States may indirectly retaliate against Iran by helping the Israelis in their battle with Iranian-sponsored militant groups such as Hezbollah and Islamic Jihad. In turn, Tehran could step up its support for terrorism in the Holy Land and encourage further suicide attacks – triggering an even greater escalation of the fighting. For its part, Syria is a wild card that can influence events via its presence in Lebanon and its own status as a Hezbollah patron. Hezbollah militiamen could – on their own initiative or at the behest of Damascus – resume their harassment of towns in northern Israel, most likely by means of katyusha rocket attacks. Tel Aviv has threatened to retaliate against Syrian targets in Lebanon for any Hezbollah mischief – possibly auguring a wider regional war. That of course would be a nightmare scenario for Washington as it prosecutes the war on terrorism.

Also muddying the waters is the tie-in between the intifada and America’s hunt for al Qaeda. In the wake of September 11, Osama bin Laden roused a tremendous amount of sympathy in the “Arab street,” especially in the occupied territories, by claiming that terrorism was a legitimate response by the dispossessed to U.S. backing of oppressive Israeli policies. That, bluntly, is bunk. Bin Laden is a latecomer to the cause of Arab-Israeli peace. His main complaint is the presence of U.S. forces in Saudi Arabia, which of course is host to Mecca and Medina, the two principal Islamic holy sites. And the subtext of his “declaration of war” against the United States was not the intifada but American cultural penetration of the Middle East, exemplified by everything from U.S. sanctions on Iran and Iraq to the increasing availability of MTV. He is an opportunist.

In spite of his duplicity, the al Qaeda chief performed a valuable service to Arab governments inclined to balk at carrying the war on terrorism to Iraq, Syria, or other Muslim countries. How? In the past, many Arab governments friendly to the United States have deflected discontent with their rule by coddling Islamic militants such as bin Laden. Should these governments quail at the course of the American war on terrorism – say, if the war shifts to Iraq - they can point to bin Laden’s influence with the masses as a convenient excuse not to cooperate with Washington. They can simply plead self-preservation and, for reasons of Arab solidarity, refuse to go along with sanctions on Muslim countries so long as Ariel Sharon continues the crackdown on Palestinians. Such a ploy would be particularly effective should Sharon go after the militants directly.

It’s important, however, not to make too much of the al Qaeda leader’s shenanigans. When he was basking in the destruction of the World Trade Center and thumbing his nose at America, bin Laden was a more plausible hero to ordinary Muslims. Now that he is evidently cowering underground in Afghanistan, his message resonates less powerfully with the Arab street – witness the fall-off in mass demonstrations. Crushing military defeat has a way of
discrediting ideologues. Nonetheless, attention to this facet of the war on terrorism would repay the efforts of the Bush administration. While it is difficult to discern who would benefit by threatening energy security in the Gulf region, a desperate Iraq or Iran might do so in hopes of capitalizing on the resulting chaos.
In the wake of the September 11 attacks on the United States, the UAE has strongly denounced international terrorism while supporting Washington’s efforts against al Qaeda. However, the possibility of U.S. strikes against Iraq and the recent upsurge in Palestinian-Israeli violence has seen increasing criticism of Washington’s regional policies while causing Emiri leaders to question their country’s vulnerability to terrorist attack.

Reactions

UAE leaders were quick to denounce the September 11 attacks, and have supported Washington’s call to combat al Qaeda and terrorism worldwide. The Emirates continues to act as a logistical support point for American operations in the region, including aircraft and ships involved in combat operations in Afghanistan. While the U.S. – UAE security relationship remains strong, the UAE, given its vulnerability to international terrorism and Arab public opinion, are calling for the U.S. and the West to combat Israeli state terror equally and are urging caution vis-à-vis Iraq and restraint in Afghanistan.

The UAE, along with Saudi Arabia and Pakistan, was the only country prior to September 11 to recognize the Taliban as the legitimate government of Afghanistan. On September 22, Abu Dhabi was the first to break diplomatic relations with the Taliban, underscoring its support of U.S. – UAE relations. In addition, the UAE has taken measures to crack down on terrorist use of Dubai and the Northern Emirates for money laundering and operational support.

While certainly supporting Washington, the war on terrorism has underscored tensions between the UAE’s pro-Western leadership and its general populace. Popular opinion inside the Emirates reflects larger regional passions sympathetic to the plight of the Afghan, Iraqi, and Palestinian peoples, thus Abu Dhabi is having to balance its security needs – anchored in its U.S. relationship – against attempts by extremists to paint the conservative Gulf monar chies as Western lackeys. The Emiri leadership is extremely sensitive to efforts by extremists on all sides to paint American actions as a “clash of civilizations.” At a conference in mid-October Crown Prince of Dubai and UAE Defense Minister Shaykh Mohammed bin Rashid Al Maktoum publicly stated that Washington’s efforts are directed against terrorists and their sponsors, not Muslim or Arab peoples. The UAE has a longstanding cultural, commercial and political-military relationship with both Afghanistan and Pakistan. The relative success thus far of U.S. operations to limit civilian casualties and undermine the Taliban has quieted domestic criticism, but a failure to bring the campaign to a quick end coupled with the absence of effective humanitarian relief for the Afghan population would likely result in rising public pressure. Meanwhile, fears of civil strife in Pakistan due to the defeat of Islamabad’s Taliban ally have seen the UAE provide increased political – likely bolstered by financial and military aid – support to the Musharraf government. This concern about Pakistan’s stability, coupled with concerns that the United States will widen its campaign to include Iraq in addition to the upsurge in Palestinian-Israeli violence, continues to weigh heavily on UAE leaders.

Al Qaeda in the Emirates: A Closer Look

South Asia and the Persian Gulf have enjoyed a longstanding political, economic and military relationship. These ties have, in turn, led to the transfer of terrorist ideology, men, and material between the Middle East and the subcontinent. Terrorist actors have traditionally looked to the UAE – specifically Dubai and the Northern Emirates – as a relatively safe area from which financial, travel documentation, and personnel support can be channeled to operations worldwide. International airports in Sharjah, Dubai, and Fujairah offer access points into the Emirates and subsequent connecting flights to Europe and North America. It was only after UN sanctions against the Taliban in late 2000 that Abu Dhabi shut down operations by Ariana Airlines, used by the Taliban – and undoubtedly al Qaeda and other terrorist personnel – to enter and exit Afghanistan. Continued security gaps at air and sea-ports further complicate counter-terrorism efforts. Meanwhile, high value targets such as oil and gas facilities, as well as light industry and shipping in UAE ports, remain vulnerable to attack.

Although there is no known organized group of UAE nationals assisting bin Ladin’s activities, al
As the campaign against international terrorism continues to play out, America’s military presence and high profile security relationships with Gulf Arab states raises the likelihood of both U.S. and GCC interests being targeted by al Qaeda or those sympathetic to its ideology. At the same time, the global focus on bin Ladin may offer less-well-known actors to take advantage of gaps in intelligence coverage to conduct attacks against American or Emiri assets. Abu Dhabi’s traditional policy of not targeting extremists inside the UAE in hopes that they would not strike targets inside the country is now in jeopardy. As proven by the USS Cole bombing in Yemen, allowing terrorists to use a country as a safe haven is no guarantee against terrorist action within that country’s boundaries.

Investigations have implicated a UAE national, Marwan Al Shehi, as one of the hijackers involved in the September 11 attacks. This, combined with reports that two other hijackers transited and used UAE-based financial institutions to transfer up to USD 100,000 to a Florida account has spurred Emiri authorities to tighten controls over banks and money-changers operating in the country. The UAE Central Bank announced in October the formation of a 12-person Financial Intelligence Unit to monitor terrorist and criminal financial activity. Money exchanges have been directed to provide records of all persons transferring more than USD 500 dollars, while charitable institutions are not allowed to open bank accounts with prior government authorization. UAE officials raided Al Barakaat, a global Somali-origin money-changing organization tied to al Qaeda and targeted by U.S. counter-terrorism efforts in October.

Security Implications

With the increasing likelihood of terrorist attacks inside the UAE, security cooperation with the United States specifically intelligence sharing, financial tracking, and security assistance will increase. The UAE security and intelligence services are also intimately familiar with the socio-political realities in Afghanistan and Pakistan, something that will of particular use to the United States. Of particular concern to the UAE will be the protection of oil and gas production, refining, transportation and storage facilities in addition to U.S. warships and air assets staging out of the Emirates. If Washington chooses to target Iraq or other Arab states with overt military force, the Emiri position will become increasingly problematic. Abu Dhabi is already one of the most vocal critics of U.S. policy in Iraq and Palestine, and its rhetoric will reflect the success or failure of Washington’s ability to incorporate Arab concerns into the war against terror. At the same time, Abu Dhabi is a staunch ally of Islamabad and is deeply concerned over further destabilization of the nuclear-armed Pakistani state. Achieving the right balance will continue to be a challenge for Abu Dhabi. Regardless of Washington’s actions, the UAE leadership is unlikely to abandon its security and commercial ties with the U.S. Prior to September 11, the UAE was a major transit point for terrorists.

The U.S. is targeting the ancient, informal hawala system of money transfers. The system has been used for centuries to move money across distances and around legal and financial obstacles in Southwest Asia. Billions of dollars move through this largely anonymous financial network, and analysts believe that al Qaeda is using the system to support operations worldwide. While the hawala system has ancient roots, much of the present network emerged out of 1960’s and 1970’s gold smuggling in South Asia. To evade gold import restrictions, smugglers used boats to ship gold from Dubai and Abu Dhabi to South Asia. After selling the gold, they then needed to get the cash back home. The smugglers discovered a solution in the growing population of Indians and Pakistanis working in the Gulf states. These workers often sent remittances back home, but if they went through official banking channels it cost more than the hawala system set up by the smugglers. They developed an efficient system for moving money from expatriates in the Middle East, South-East Asia, the UK and even in North America back to families in Pakistan and India.
11, many in the UAE perceived that the status quo enabled them greater freedom to act outside of U.S. regional concerns. With the U.S. again taking an active role in shaping, for better or worse, the regional landscape, the UAE will – in the absence of reliable and capable alternative partners or a radical change in its foreign policy – look to the United States as its ultimate security guarantor while using any remaining political and rhetorical space to exert pressure on the American goliath.
The September 11 attacks on the United States resonated deeply in Kuwait. Given the emirate’s tenuous geopolitical position in the Gulf region and the fact that it is an Arab monarchy facing its own formidable Islamic challenge, Kuwait’s close relations with the United States are both crucial to survival and potentially damaging to long-term internal stability. In the wake of the catastrophic attack on its ally and friend, the Kuwaiti government took a strong position of support for the United States on the international stage. At the same time, however, the government has implemented programs and adopted policies to mitigate potential Islamic backlash and avoid derisive attacks that Kuwait is a puppet of the U.S., thus continuing the pattern of coherent strategies that have marked Sheik Sabah’s (de facto) leadership of the state. This leadership role has been magnified after the Emir’s stroke in mid-September. While such an event might have fundamentally shaken Kuwait in the past, the government of Sheik Sabah kept the nation steady, even during obviously trying times.

As the focus of the crisis has moved to the battlefields of Afghanistan, and the possibility of a wider war on new fronts becomes increasingly probable, the specter of a new conflict-and possibly a final reckoning-with Iraq may be in the offing. In Kuwait, the forces unleashed by the attacks hold the possibility of a dramatic shift in the regional security picture facing Kuwait and a major upheaval in the internal dynamics of Kuwaiti politics, both of which could hold great promise for the future of the emirate. However, the path to that transformed environment could be extremely dangerous.

Immediate Reaction: Stand by your Friends

The Kuwaiti government, like most of the world, reacted with shock and horror to the catastrophic attacks on New York and Washington. Its initial statement was one of expectedly strong condemnation of the attack and an equally strong affirmation of support for the United States. The government went so far as to publicly discuss the offer of Kuwaiti military assistance to aid the U.S. in whatever response it was planning (though this was clearly a symbolic gesture). A much more important move was the government’s pledge to keep oil supplies stable to minimize economic uncertainty (possibly panic) and reinforce U.S. markets. On September 13, the Kuwaiti government pledged that it would not only maintain existing levels of production, but that it would increase production to make up for shortfalls in the event of cuts by other states. Clearly, in taking such a decisive step early on, Kuwait effectively eliminated the possibility of any other countries taking advantage of the crisis to exploit the situation to drive up prices. At the same time, Kuwait put security and military forces on alert, focusing on the U.S. military installation at Camp Doha and civilian complexes in Kuwait City that currently houses approximately 8,000 U.S. nationals. Kuwait’s internal security and intelligence services have been on increased alert for some time against possible actions by Iraqi-back insurgents (as discussed in the fall 2001 quarterly), and ongoing threats of al Qaeda activities against U.S. targets in the region. The immediate arrest of 20 foreign workers for celebrating the attacks and the quick resolution of the shooting death of a Canadian man (originally thought to be the work of Islamic extremists but determined to be the result of a domestic dispute) illustrate the increased vigilance of Kuwait’s security apparatus.

Where to Now?

As the U.S. government moved to construct a global coalition to respond to the terrorist attacks, Kuwait immediately joined with its friend to stand against this global threat. Unilaterally, and within the GCC, Kuwait agreed to target extremists within its country and to begin to seriously crack down on flows of money to Islamic charities that serve as fronts (or at the very least supportive lenders) to al Qaeda and other extremist groups. Given the high levels of wealth in Kuwait, the emirate, like its neighbor Saudi Arabia, is viewed as a major source of illicit funds for Islamic terrorists around the world. The Kuwaiti government has pledged to dramatically curtail the funding of Islamic charities (there are over 100 such charities in Kuwait) that have ties to suspected terrorist groups and, more generally, regulate such organizations moving forward. This focus on Islamic charities has an important domes-
tic political motivation, as will be discussed further below, yet it is also critical to the objective of eliminating transnational terrorism, and Kuwait should be expected to play an important role on this front.

Soon after the bombing, the United States moved an additional 2,000 troops to Kuwait, raising the total U.S. military force there to approximately 7,000 troops, ostensibly to deter and Iraqi mischief while the U.S. undertakes operations in Afghanistan. However, the increased presence may also serve to facilitate an eventual buildup in the event that the U.S. does shift its focus to Iraq after its objectives in Afghanistan are achieved. Exhibiting a keen awareness of the dynamics of the region, the U.S. avoided publicly requesting the use of Kuwaiti-based assets in the attack against Afghanistan. While the problem of “the Arab street” is less intense in Kuwait, deciding to not push the issue in Kuwait was strategically wise for the U.S. given its ability to mobilize necessary assets without relying on the emirate.

Continuity in diplomacy...

In another key move, Kuwait came out in strong support of Secretary of State Powell’s November 21 speech on re-energizing the Israeli-Palestinian peace process, specifically Powell’s official recognition of the potential for a Palestinian state. The speech was seemingly drowned out by the ongoing military operations in Afghanistan, but Kuwait support for the position reflects the keen awareness that the government has of the need to support pan-Arab and Muslim issues even when working closely with the United States. Similarly, the Kuwaiti government has raised over $8 million in humanitarian aid for the people of Afghanistan and has repeatedly discussed the importance of helping that nation recover after the Taliban and al Qaeda are eliminated. Such policies reflect the kind of dual diplomacy that has really marked the leadership of Sheik Sabah. Strengthening ties within the region and throughout the world while remaining closely allied to the United States has proven an effective and prudent grand strategy.

The steady guiding hand of Sheik Sabah is the primary reason that the stroke suffered by the Emir, Sheik Jaber, caused natural concern on the part of the Kuwaiti people, but never threatened the stability of the regime. The Emir was transported to London where he was treated successfully for a brain hemorrhage, and is currently recovering back in Kuwait. While the Emir’s stroke once again underlined the inevitable major leadership shift that will face Kuwait in the near future (given the ages of the Emir, Sheik Sabah, and Crown Prince Saad who has remained largely in the background due to illness), the current leadership has performed well. Given the various problems facing Kuwait, it seems that the populace is content to defer worries about future leadership to another day.

The public reaction, mixed and complex

As may be expected in a predominantly Muslim country, public opinion was decidedly against the U.S. military action in Afghanistan. Though Kuwaitis still owe a debt of gratitude to the United States, it is clear that public sentiment is with the people of Afghanistan and against unnecessary civilian suffering (one poll showed over 80% opposed the military action). This is certainly different from supporting or condoning the terrorist acts. A more telling public reaction took place after the U.S. began bombing Afghanistan. In reinforcing Kuwait’s commitment to the international war on terrorism, the government took the significant step of revoking the citizenship of Kuwaiti Slaiman abou-Garth. Slaiman, an Islamic cleric, surfaced as a major player in the al Qaeda organization after appearing on videotape with Osama bin Laden, Iman al-Zawahri, and Mohammed Atef released by Qatar-based Al-Jazeera after the commencement of U.S. attack began. Slaiman was portrayed in the world media as the spokesman or press secretary of al-Qaeda, which came as a shock to many Kuwaitis. Even among many devoted Muslims, there is recognition of the importance of the United States to Kuwait’s security and an appreciation of continuing U.S. defense of Kuwait against Iraq. The idea of a Kuwaiti playing such an influential role in such a catastrophic act against its ally was deeply troubling. The move to strip Slaiman’s citizenship was widely supported, even in the Islamic party-dominated Parliament.

While much was made about public opinion polls that allegedly showed support for bin Laden (only 30% felt he was a “terrorist”), it is clear that Kuwait is not quite the same as its neighbors with regard to the intensity of fundamentalism in its population. Kuwait’s “street” is typically less volatile that those in Egypt or Jordan, for example. This is in large part due to Kuwait’s relatively open political system. The Islamic parties have an outlet and a voice which has the effect of diffusing much of the pent up anger and frustration that develops under more repressive regimes, and with a majority in parliament, Islamic activists can claim to have a say in the governing of the state. While controversial issues have lead to deadlock (the right of women to vote, adoption of Sharia or Islamic law) with the Cabinet, Kuwait still has one of the most open and relatively democratic political systems in the region, and its institutions are having a positive impact during this turbulent time.
The commitment of the government to seriously regulate and potentially end the flows of large amounts of money to Islamic charities operating in Kuwait is a major development. While the main purpose of such a policy is to starve terrorists (typically operating abroad) of funds, a second very important consequence could be to severely hinder the political prospects of Islamic candidates to parliament. Officially, Kuwait does not allow the formation of political parties (in the Western sense). Because of this, liberal candidates have often been at a significant disadvantage in running for office because, unlike Islamic candidates who have a large source of funds from these same largely unregulated charities and philanthropic groups, they have no natural base within the body politic. Therefore, many liberal politicians strongly support the crackdown on charities to effectively even the playing field in Kuwaiti electoral politics. It will be fascinating to watch the potentially dramatic political impact of these changes over the long term.

Iraq again, for the last time?
The U.S. attack on Afghanistan has repeatedly been placed in the context of a greater worldwide battle against terrorists and the states that harbor them. As discussed in detail in the Iraq chapter, Baghdad could be on the list of potential next targets for U.S. military action. This is not lost of the government or people of Kuwait. The Kuwaiti bourse, a psychological indicator like any other national stock market, began to slip as soon as the U.S. campaign began and has been volatile since. On November 11, UNIKOM reported that Iraqi forces had fire small arms and at least one mortar round at Kuwaiti security forces across the demilitarized zone. No one was injured, however this reflects the seemingly constant agitation by the Iraqi regime. The Kuwaiti coast guard boarded and seized a Malaysian tanker carrying smuggled Iraqi oil on November 17, less that two weeks after the U.S. had boarded an Iraqi tanker that eventually sank (leading to the loss of an American sailor). The removal of the perpetual Iraqi threat would be an enormously beneficial development for Kuwait, holding the key to its long-term security and prosperity. However, there are grave dangers presented by a final attack on Iraq, and Kuwait could suffer the brunt of an Iraqi “death spasm” should an attack be undertaken.

The dangers for Kuwait lie in the possibility of a preemptive Iraqi attack on the emirate and most likely Saudi Arabia. Given the focus of U.S. capabilities on the operations in Afghanistan, there would be a necessary shift in assets to the Gulf in order to launch a large-scale attack against Iraq. Clearly, the political dynamics leading up to such an attack would dictate the nature of the strategic environment. If between now and the end of the Afghan operation, Saddam relents and allows inspectors back in or makes other concessions, he may once again stave off his destruction. However, if he continues to defy the Bush administration and the UN, belligerent rhetoric on both sides increases, and the U.S begins moving assets toward the Gulf, Saddam may believe that a massive U.S. attack with the objective of removing him from power is fait accompli. This presents the most dangerous scenario for Kuwait. Hussein may decide, in a desperate last move, to invade Kuwait and potentially push down to Saudi Arabia in hopes of eliminating staging areas for U.S. counteroffensives. Due to the erosion of his conventional forces, he may rely on chemical or biological weapons (on missiles or via special operations) to strike U.S. installations in Kuwait, such as Camp Doha and allied air bases, as the initial phase of a “lightning strike” of armor and infantry into the peninsula. Such a strategy is clearly a risky gamble, and it may only delay the inevitable, but in Saddam Hussein’s mind, it may be the only option. If the Iraqi military was capable of pulling off such a bold maneuver, there is no reason to believe that a second Iraqi occupation would be any less brutal than the first, and given the fatalistic rationale for the operation, the damage to Kuwait could be catastrophic.

If the United States continues to reinforce Camp Doha and is capable of turning back or deter an Iraqi offensive with combined ground/air power, there is still the danger that Saddam would attempt to punish Kuwait by launching missile strikes on the emirate, potentially at civilian targets. Once again, the specter of chemical or biological weapons casts a large shadow. Large-scale civilian losses could result and critical infrastructure might be damaged. These two scenarios illustrate how vulnerable Kuwait continues to be to an Iraqi attack, yet the probability of either scenario happening and the resulting damage to Kuwait will be affected by U.S. efforts. The initial reinforcement of Camp Doha is most likely the initial move in a comprehensive U.S. strategy for deterring an Iraqi attack, or in the worst case, effectively defending against such a move. While the dangers to Kuwait remain, it should be understood that U.S. intelligence and military planners are already focusing on Iraq and all measures possible will be taken to avoid either of these grim scenarios.

Kuwait after September 11, 2001
Like the rest of the world, things have changed for Kuwait since the attack on America. Even with the success of the U.S. operations in Afghanistan, uncertainty and potential dangers exists ahead for
America and her allies around the world. Given its strategic location, and its political closeness to the U.S., Kuwait is an obvious target in this new war against international terrorism. The presence of U.S. military and civilian personnel makes Kuwait an inviting target for terrorists attempting to make a symbolic statement against the crushing U.S. effort in Afghanistan. As discussed above, Kuwait is still vulnerable to Iraqi aggression and could suffer serious human and material losses in the event of a U.S. attack on Iraq. However, the important changes that could take place when this new war is over hold great promise for Kuwait. The possibility of fundamental shifts in both the external security environment of the Persian Gulf region, and the domestic political dynamics of Kuwait could provide the emirate with a clear path toward the economic prosperity and social modernity that its leaders seek.

Prior to his visit to Washington to meet President Bush in early November, Sheik Sabah made clear Kuwait’s place in this new conflict, “...and for the U.S. to know that Kuwait will always be their ally. Kuwait and Washington are in the same trench in the fight against terrorism.”
Does the Islamic Republic Face Encirclement?

There are worries aplenty for Supreme Leader Ali Khamenei and the hardliners who operate the levers of the Iranian foreign-policy apparatus. At first blush the Islamic Republic seems to confront the nightmarish prospect of encirclement, which has transfixed geostrategists for centuries. What a difference a day can make. On September 11, 2001, tendrils of Iranian influence reached into the historically Muslim region of Central Asia, painstakingly cultivated by the conservative clerics who run the nation’s foreign policy. Now, however, mullahs contemplating the map seemingly find their nation ringed by countries aligned with Iran’s mortal foe, the United States. And the two exceptions - the basket cases in Iraq and Afghanistan, which have disgorged a tide of refugees, now clamoring for entry into the Islamic Republic - are of small comfort to them. Clearly, the September 11 attacks on the World Trade Center and the Pentagon jumbled up the regional order to the detriment of Iranian national interests.

But maps can be deceptive. The counter-terrorist coalition orchestrated by Washington isn’t a latter-day version of the muscular alliances circling the Soviet Union during the Cold War. Nor is it a standing great-power alliance, such as the Holy Alliance formed at the Congress of Vienna, that is devoted to suppressing disorder. Rather, the coalition is a tenuous agglomeration of dissimilar nations, united only by a common fear of Islamic extremism. If and when the threat is removed - or if al Qaeda lays low for awhile, giving the illusion of safety - the show of unity on display since September 11 could begin to dissipate. Should the United States assault Iraq, it will only aggravate the chore of preserving coalition unity. And it is highly doubtful that America’s new partners will support measures inimical to a leading Islamic power such as Iran. In short, encirclement is an illusory prospect – whatever the map depicts.

Look at the disparate makeup of the coalition. Along Iran’s northwestern flank, Turkey is a member of NATO and has pledged a contingent of commandos to the U.S.-led coalition; but Ankara has been an active player in the Gulf region since Desert Storm and has allowed the United States to use its airfield at Incirlik to enforce the Iraq no-fly zones. Nothing new or particularly worrisome there. Rather, the most striking aspect of the coalition-building effort has been the basing of a “phantom” American army in Uzbekistan, albeit well removed from the population, with the quiet blessing of Moscow. (Uzbekistan boasts the only road into Afghanistan that remains clear of ice and snow year-round.) Supreme Leader Khamenei, testifying to the importance of this development, has accused America of using the war on terrorism as a pretext for establishing a foothold in Central Asia. Khamenei need not worry overmuch. The United States will face the same Catch-22 in Central Asia that has bedeviled its relations with Saudi Arabia and the other Persian Gulf states. Specifically, the Central Asian states have Islamic terrorist problems of their own. This factor both prods them into defensive action and prevents them from throwing their wholehearted support behind Washington. For instance, the Taliban and al Qaeda have reputedly sponsored terrorist attacks on Uzbek soil. Tashkent is eager for a reckoning. Yet, for fear of terrorist retribution, it is acutely conscious of the threat to internal security posed by the militants. So Uzbekistan will have to perform a high-wire act to bring about an end to terrorist activity without fueling new subversion at home. So long as the United States continues its recent string of military victories, its newfound allies will continue to follow the American lead. But that support could be proffered only grudgingly.

Russia, owing to its residual influence in the Central Asian “near abroad” – and its eagerness to revive its clout in its historical spheres of interest - is another major piece of the puzzle along Iran’s northern flank. Summarily jettisoning his nation’s overblown fears of global American dominance, President Vladimir Putin has seized the war effort as an opportunity to cast his nation’s lot with the West after a decade of indecision. Putin hopes to secure Western support for his country’s accession to the World Trade Organization and to blunt criticism of the Russian campaign in Chechnya. In return for Western concessions, Moscow granted overflight rights to U.S.
aircraft; assented to American use of former Soviet bases in Uzbekistan and Tajikistan; thwarted an OPEC bid to boost world oil prices; and muted its opposition to NATO expansion. Russia promises to be a conduit projecting American influence into the region. Tehran’s geopolitical fortunes, then, hinge in part on whether the Russians remain squarely on the side of the United States in its battle with global terrorism.

But there are ample grounds for Iranian leaders to be optimistic with respect to Russian policy over the long term. While he has espoused a Western orientation for his nation, Vladimir Putin is also a savvy realpolitiker. Rejuvenating Russian influence in the Middle East is a top priority for Russian statesmen. Consequently, the president will continue to back the U.S. war on terrorism and reap the benefits of cooperation with the lone superpower. However, he is also positioning Moscow to take advantage of the situation should the United States falter in the Gulf region – say, if it suffers a setback in a new campaign against Iraq or otherwise alienates its Arab allies. Cultivating warm ties with the Islamic Republic (and Saddam Hussein’s Iraq) presents an ideal opportunity for Moscow to step into the potential breach.

To that end, not long before his November 2001 love-in with George W. Bush in Washington and Crawford, Putin’s government inked a $4 billion deal to supply Iran with advanced fighter aircraft, surface-to-air missiles, and a host of lesser systems. Even more troubling for U.S. policy-makers was Moscow’s announcement that it would proceed with deliveries of nuclear reactor vessels to the Islamic Republic – over the objections of the Bush administration, which has heatedly urged Russian officials to cut off support for Tehran’s nuclear research programs. While the reactor vessels are crucial components for nuclear power plants, and thus have legitimate uses, American officials rightly point out that such plants could easily serve the dual purpose of supplying the weapons-grade material needed to build nuclear warheads. So far, however, their protests have fallen on deaf ears despite the new East-West rapprochement.

So Russia wins either way. It can establish itself as a key player in the Middle East if the United States wavers in the war on terrorism, or it can play the role of the faithful ally so long as the U.S. military campaign advances Russian interests. All in all, not a bad performance by President Putin.

But for Iran, the most immediate problem spawned by the new regional geometry was less a realignment in the north than warding off a new tide of refugees from Afghanistan. The country already plays host to some two million Afghan and Iraqi refugees who fled previous bouts of war and repression. With the flow of refugees has come the scourge of drug smuggling, imposing costs far exceeding the annual $1 billion chore of providing food, shelter, and medicine to destitute Iraqis and Afghans. Tehran estimates that fighting between the security forces and well-armed smugglers has claimed 3,000 Iranian lives. Since the Taliban has abetted the lucrative narcotics trade - most recently by authorizing Afghan farmers to resume opium production should the country be attacked - Iranian officials have blamed Kabul for conniving to destabilize the Islamic Republic’s eastern frontier.

In an attempt to stave off a massive new burden the British government forecast that an additional 400,000 Afghans would be displaced by the fighting, and that was probably an underestimate - Iran sealed its 900-kilometer-long border with Afghanistan, established camps to house the refugees on Afghan soil, and opened a corridor across the border to funnel aid to the camps. International relief agencies such as the Red Crescent, the World Food Program, and UNICEF, buoyed by $295 million in U.S. aid, have delivered 100,000 tons of flour to the beleaguered country, along with 1,300 tons of medical supplies. Tehran has also accepted its share of an additional $25 million designated by Washington to help the countries adjoining Afghanistan. Finally, and most strikingly, it has granted the United States Agency for International Development access to Iranian territory for food deliveries - evidencing the urgency it attaches to the refugee question.

Clearly, there is no love lost between the Islamic Republic and the Taliban. Tellingly, representatives of President Muhammad Khatami quietly urged Western diplomats not to leave the job unfinished in Afghanistan, as the U.S.-led coalition supposedly did in 1991. (Saddam Hussein’s post-Desert Storm crackdown on Shiite unrest saddled Iran with a previous wave of refugees.) While Tehran will continue its studied practice of hurling venom at the United States in public, then, Iranian leaders privately welcome the prospect that the West will rid them of the Taliban. After that, the Islamic Republic will in all likelihood distance itself from the coalition.

Iran Won’t Find Itself in U.S. Crosshairs... But Hezbollah Might

“Iran is off the table,” said Bill Richardson, former U.S. ambassador to the UN, on Fox News when asked where the war on terrorism would alight next. Richardson was right. However things develop in Central Asia, Tehran need not worry about having to fight against the United States. Despite the stunning success of the Northern Alliance, U.S. and British
officials have admitted that the hunt for al Qaeda – their main political objective for the war – could drag on well into 2002. Iraq is the next likely target, and a bid to oust Saddam Hussein could consume additional months or years. And, most importantly, the Islamic Republic would prove a far tougher nut to crack than Afghanistan or an enfeebled Iraq - a point that won’t be lost on Washington. Even a Bush administration emboldened by victory over the Taliban and Hussein’s Iraq would likely quail at the prospect of such a mammoth task.

Why? Because, first and foremost, Washington will run headlong into a political wall should it try to rally support behind military action unrelated to the September 11 atrocities. It’s one thing for Muslim governments to go along with strikes against those directly responsible for slaughtering thousands of innocents. But it’s quite another to lash out at all terrorist organizations with “global reach,” as George W. Bush put it in his September 20 address, when many of those groups had no proximate role in assaulting the United States. It would require an extraordinary feat of persuasion to unite the coalition behind strikes that reek of settling old scores. Unless President Bush is prepared to go it alone – not something to be ruled out, given his performance to date - his statesmanship will face a stiff test.

Over the years, secondly, Tehran has stridently denied sponsoring terrorism and has taken other measures to insulate itself from criticism. Supreme Leader Khamenei and President Khatami publicly condemned the September 11 attacks and have vowed to support a UN-led war on terrorism. (An empty promise, since they also demand that such a campaign be free of U.S. influence, and they have tagged America and Israel as the world’s main terrorist states. But their statements are useful from a political standpoint.) Iranian support for the resolution of the Organization of the Islamic Conference tacitly backing the war in Afghanistan will also help Iran to ward off U.S. accusations. And the United States will hardly be able to turn its guns on a former partner in the relief effort - especially if, as seems likely, Tehran provides the coalition with intelligence for its campaign in Afghanistan.

Should it decide to act against the Islamic Republic, then, the Bush administration will face a dilemma: whether to disclose the sources and the gee-whiz methods used by the U.S. intelligence community to prove Iranian guilt, or to simply plead for coalition leaders to take President Bush at his word. The former would jeopardize future counter-terrorist activities; the latter would be a flimsy, and probably untenable, basis for Middle Eastern governments to endorse operations - presumably with the unlimited objective of replacing the government - against one of their number.

Third, the Islamic Republic could fling a wrench in the works for the United States in the Arab-Israeli conflict, where conditions are bad enough already. Iran has lavishly funded Hezbollah, the militant group that made things so uncomfortable for Israel in southern Lebanon. Indeed, that sponsorship is the prime reason the Islamic Republic remains a fixture in the U.S. State Department’s annual report on Patterns of Global Terrorism. (Indeed, Iran tops the list in the most recent edition of Patterns of Global Terrorism.) New Hezbollah mischief, such as *katyusha* missile raids into northern Israel at Iran’s behest, would trigger massive Israeli reprisals and threaten a regional war. For obvious reasons, the Bush administration would be reluctant to undergo that risk.

Fourth, and finally, there are pragmatic concerns. The Iranian armed forces can inflict far greater damage on Western forces than can the nonexistent Taliban military or the rusty forces of Saddam Hussein. While Tehran’s military buildup has never realized its hoped-for potential, the armed forces nonetheless deploy Russian-built attack submarines, guided-missile-armed surface warships, and batteries of surface-to-surface missiles able to menace shipping in the Strait of Hormuz. Iranian capabilities will swell further as Russian arms deliveries continue. (The recent arms deal will total $300 million of military hardware annually.) While the Islamic Republic could never hope to prevail over Western forces in an all-out engagement, Iran could exact a high - and, perhaps, politically unacceptable - price from American warships and aircraft that ventured near its shores. Furthermore, a U.S. attack is one of the few things that might provoke Iran into threatening energy security in the Gulf - and damaging the economic interests of the coalition partners.

What other options does the United States have? Short of using military force, the Bush administration could clamp down on enforcement of the Iran-Libya Sanctions Act, which levies sanctions on firms that invest more than $20 million annually in the oil and gas industries. To tighten up the economic pressure, the administration would also press its newly compliant European allies to rein in their firms that have stepped up investment in the Iranian petroleum sector. Still, the president’s expansive rhetoric casting the war on terrorism as a clash between good and evil - and implying that regimes siding with terrorists will pay the ultimate price - will make it difficult to settle for applying economic pressure on these wicked governments.

But that doesn’t mean Iranian interests will escape the war on terrorism unscathed. Given the
recent surge in violence between Israel and the Palestinians, the United States may well give Tel Aviv the go-ahead to assail Hezbollah and the other Iranian-sponsored militant groups that have tormented the Jewish state. A direct armed clash between the United States and these groups is well-nigh unthinkable. However, Washington can provide abundant non-military support, from intercepting sources of financial support, to supplementing Israeli intelligence-gathering activities with satellite imagery, to leaning on Damascus diplomatically to reduce its own support for Hezbollah. Will this peripheral confrontation impinge on energy security in the Gulf region? Not likely. Tehran has little appetite for a stand-up fight with the United States – especially now, when extra U.S. forces are in the region for the campaign with Afghanistan. And closing the Strait would further damage Iran’s own economic health.

1989, 1968, or Neither?

Is the Islamic Republic ready to plunge into some sort of democratic revolution, spearheaded by President Khatami’s followers in the 2nd Khordad movement and fueled by the anger of impoverished youth? And, if so, will the revolutionaries meet with a stern military riposte such as that meted out by the Soviet Union in the 1950s and ‘60s, or with an abrupt collapse of the regime, as in Eastern Europe in the late 1980s? A big part of the question centers on whether Khatami can mollify potential revolutionaries before their numbers – and frustration – reach critical mass. Never one for radical change, the president has sought to reform the system incrementally from within. But his lofty words could pave the way for more drastic action against the conservative-dominated government. The safest bet is that social revolution, if it occurs, will have to await some triggering event.

The latest tokens of unrest came from an unlikely fount of revolutionary sentiment: soccer fans. Before the defeat of the national team in a World Cup qualifying match on October 21, and after the team fought to a tie four days later, Reza Pahlavi, son of the late shah of Iran, broadcasting from radio and television stations in Los Angeles, called on Iranians to take to the streets. Although the shah’s reign is scarcely a fond memory for Iranians, and there are few monarchists in the country, many citizens went along with Pahlavi’s exhortations. In some quarters, miscreants of opposite sexes openly held hands and – horror of horrors – danced with one another. At this writing over 1,000 youthful Iranians remain in prison around the Islamic Republic – signifying the determination of Supreme Leader Khamenei and his henchmen to preserve the blanket of stifling social controls.

Why the show of defiance by rank-and-file Iranians? For a litany of reasons, many listed in previous quarterly reports. First, government actions betrayed their lack of political and personal liberty. Two reformist lawmakers, for instance, were recently jailed for delivering speeches disagreeable to hardliners (“contrary to Islam,” of course, is the usual formulation). And the Council of Guardians and other conservative-dominated watchdog groups continue to block any relaxation of the Islamic Republic’s puritanical social laws. Second, the economy remains in the doldrums, stymieing the economic fortunes of an estimated 40 percent of Iranians. Under these conditions, latent social turmoil can easily bubble up to the surface. While economic hardship is certainly a propellant of Iranian discontent, however, it is important not to overemphasize material factors in the recent strife.

The main wellsprings of the people’s ire seem to be oppressive social restrictions and the ability of a few conservatives to thwart their democratically expressed will. Iranians have no more love for Big Brother than anyone else does. After electing President Khatami and a reform-minded parliament, with 70 percent support, Iranians reasonably expect the government to be responsive to their wishes. Their disgust is general. Citizens loathe not only the conservatives’ open flouting of the public will, as expressed at the ballot box, but also Khatami’s policy of appeasing the supreme leader. The inability of reformers to surmount hardline resistance and deliver on their extravagant promises of greater freedom, then, could spell trouble for 2nd Khordad.

How can the deadlock be broken? It’s tough to say. Given the nature of the nation’s religiously based constitution, which defies amendment or reinterpretation, it is difficult to see how Khatami’s disciples can achieve incremental goals within the system. Yet the thought of open rebellion must dismay reformers. The Islamic Revolution is only two decades old, and many – probably most – clerics retain their ideological fervor. Unlike the Soviet Union, which had suffered ideological rot by the 1980s, the Islamic Republic would not simply acquiesce in its own demise. Indeed, the dinosaurs will continue to resist even the modest liberalizing program pushed by President Khatami. To say that the course of Iranian politics remains cloudy is an understatement.

Conclusions

With violence raging both in Afghanistan and in the Holy Land, both regions of vital interest for Tehran, forecasting the course of events in Islamic Repub-
lic is an even more hazardous business than usual. If some domestic upheaval threatens the survival of the regime, if the current Arab-Israeli fighting convulses the Gulf region, or if George W. Bush does something outlandish such as order a military attack on Iran, then all bets are off. Barring such an unlikely turn of events, however, it seems highly improbable that Tehran will menace energy security in the Middle East.