Great Powers and Regional Orders

The United States and the Persian Gulf

Edited by

Markus Kaim

GREAT POWERS AND REGIONAL ORDERS

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Chapter 1

U.S. Policy and the Regional Order of the Persian Gulf: The Analytical Framework

Markus Kaim

The contributions in this volume all share the same starting point – a stunning empirical puzzle: In academic circles, as well as among journalists and international observers, it has become commonplace to characterize the role and the standing of the United States in today's international system with different terms, which share some general characteristics: The U.S. has been conceptualized as a "hegemon",[1] as "empire",[2] as "benevolent empire",[3] as "superempire",[4] even as "hyperpower".[5] These terms suggest that Washington is an almighty, omnipotent power in international relations, which can force all other states to do what the U.S. wants. On the other hand, it has become evident that U.S. policy in several regional orders is not able to reach its goals, and even well-meaning observers have to diagnose the failure of American influence: The United States has for years pressed Israel and the Palestinians to a comprehensive peace agreement – without success; Washington is obviously not capable of permanently pacifying Iraq and creating a self-sustaining Iraqi state; Iran successfully resists U.S. attempts to prevent Teheran developing a nuclear weapons capability; and discussions about the creation of a Free Trade Area of the Americas have faltered with little hope for any real progress to be achieved in the foreseeable future – to mention only some of the failures of U.S. policy in specific regional orders. It is more than obvious that the United States is much "weaker" on the regional level of international relations than in the international system as such. However, the

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1 Christopher Layne, "America as European Hegemon," *The National Interest*, No. 72 (Summer 2003), pp. 17-29.

2 See for example Eberhard Sandschneider (ed.), *Empire* (Veröffentlichungen der Deutschen Gesellschaft für Politikwissenschaft; Vol. 23) (Baden-Baden: Nomos, 2007); Thomas Bender, "The American Way of Empire," *World Policy Journal*, 23/1 (2006), pp. 45-61; Niall Ferguson, *Colossus. The Price of America's Empire* (New York: Penguin Press, 2004). For an excellent review of the "American Empire" debate see Daniel H. Nexon and Thomas Wright, "What's at Stake in the American Empire Debate," *American Political Science Review*, 101/2 (May 2007), pp. 253-71.

3 Robert Kagan, "The Benevolent Empire," *Foreign Policy*, No. 111 (Summer 1998), pp. 24-35.

4 Bernard Porter, *Empire and Superempire. Britain, America and the World* (New Haven, Conn.: Yale University Press, 2006).

5 Hubert Védrine, *L'hyperpuissance Americaine* (Les Notes de la Fondation Jean-Jaurès; No 17) (Paris: Fondation Jean-Jaurès, 2000).

notion that the U.S. is powerful and influential on all levels of international relations seems ineradicable among political scientists.

The debate about the role of the U.S. in the international system after the end of the Cold War suggests general characteristics of U.S. foreign policy. Yet, a closer look at U.S. action – and inaction – since the 1990s demonstrates that such labels and analytical approaches rarely fit specific regional conditions and circumstances. Besides globalization, today's international system is simultaneously shaped by processes of regionalization, particularly with regard to security.[6]

To fully grasp American foreign policy, it is therefore necessary to look at U.S. roles in various regional contexts. Hence, this introduction starts with the assumption that different regions can be conceptualized and compared by certain modes of order. Second, it is argued that American policy goals and their implementation depend on certain variables, particularly those reflecting the conditions of the American political system and the "quality" of regional orders. Washington is engaged in regional contexts to promote specific goals reflecting its priorities and values.[7] Yet, the outcomes very much depend on the variables just mentioned. They determine if the U.S. can be influential in a regional order, when and under which circumstances.

The Concept of Regional Orders

The terms "global system" or "international system" suggest that world politics should and can be understood in its entirety. For a couple of issues, such an approach is appropriate. But in the case of U.S. policy towards the Persian Gulf a different analytical perspective is needed. Already during the East-West conflict several scholars argued that the bipolar structure of the international system did not affect every part of the world in the same way. Despite the superpowers' rivalries, the Cold War in Europe looked totally different in comparison with the Middle East, South Asia, sub-Saharan Africa or parts of Latin America. The autonomy and the political room for manoeuvre of the regional clients have been very different as well. By introducing the concept of "regional subsystems" these academics tried to cope with different regional dynamics and the way they influenced the potential of external powers to penetrate and even remake the region according to its interests.[8]

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6 Galia Press-Barnathan, "The Changing Incentives for Security Regionalization: From 11/9 to 9/11," *Cooperation and Conflict*, 40/3 (2005), pp. 281-304.

7 For the Persian Gulf see Martin Indyk, "U.S. Policy Priorities in the Gulf: Challenges and Choices," in The Emirates Center for Strategic Studies and Research (ed.), *International Interests in the Gulf Region* (Abu Dhabi: ECSSR, 2004), pp. 103-130.

8 For the concept of a penetrated regional system see Leon Carl Brown, *International Politics and the Middle East. Old Rules, Dangerous Game* (Princeton, N.J.: Princeton University Press, 1984). One of the first articles referring to the region as a analytical level between the state and the international system has been Leonard Binder, "The Middle East as a Subordinate International System," *World Politics*, 10/3 (1958), pp. 408-29. Groundbreaking has also been the work by Cantori and Spiegel, which presents a framework for the analysis of international politics in regions, which is elaborated conceptually and then applied to five "subordinate systems", i.e. regions. See Louis J. Cantori and Steven L. Spiegel, *The*

After the end of bipolarity, such a perspective makes even more sense. Buzan and Waever have introduced the term "regional security complexes".[9] Proposing the concept of amity-enmity-patterns", they have offered a political criterion for a definition: regions can be determined by the interactions of state and non-state actors concerning security issues. According to this criterion, Europe as defined by the EU can be described as a process of *integration*, a mechanism for safeguarding peace among its members, whereas the Persian Gulf should be considered a *balance of power* system. In general, five different categories of regional orders can be identified, which are characterized by specific guiding principles:

In those regions, where the actors engage (or are ready to engage) in conflicts by the means of military *violence*, the state of *anarchy* is predominant.

If regional powers have realized that – for various reasons – war is no longer a rational option for their foreign policy, a regional *balance of power* has emerged: The parties remain in confrontation with each other; yet they are resigned to the fact that the military and territorial status quo can be changed at unacceptable and intolerable costs. Still, intra-regional relations are widely dominated by the logic of "hard power", i.e. military deterrence.

The appearance of "rules of behaviour" is indicative of the formation of a *regional concert of powers*. Accepting such guiding principles and common goals – informal or formalized ones – means that the actors now engage in avoiding military confrontation and preserving the territorial status quo. This allows cooperation on a certain level and the joint containment of regional conflicts. A further step in advancing the regional order would be the formalization and codification of rules of behaviour to a degree that intra-regional arrangements are feasible according to international law.

Based on growing cooperation and mutual dependencies (e.g. in economic, social, technological, or resource issues) common institutions can develop. When regional relations have achieved this quality of interaction, one can call it interdependence. In this case, the regional parties deliberately develop and thus accept mutual "sensitivities and vulnerabilities". Under such conditions the parties concerned actively work towards preventing mutual conflicts.

The most developed stage of regional order is exemplified by the European Union: In a multi-level system of shared sovereignty, in which specific national rights and policies have been transferred to a supranational body, integration has been reached. Common institutions and common policies – based on a shared set of values (democracy, human rights, and market economy) – are the guiding principles.

International Politics of Regions. A Comparative Approach (Englewood Cliffs, NJ: Prentice-Hall, 1970).

9 Barry Buzan and Ole Wæver, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2003). Their argument relies on earlier work by David A. Lake and Roger Morgan (eds), *Regional Orders. Building Security in a New World* (University Park, Pa.: Pennsylvania State University Press, 1997) and Louise Fawcett and Andrew Hurrell, *Regionalism in World Politics. Regional Organization and International Order* (New York, N.Y.: Oxford University Press, 1995).

With the exception of the EU, no region in the world has managed to achieve such an advanced quality of regional order.

Externally induced rule formulation/adherence and institution building accordingly can be understood as a deliberate promotion of a respective regional order to a higher level. The U.S. policy in regional orders in the international system can therefore be conceptualized as a structure and process of U.S. engagement to promote its interests and values in a region by improving the quality of the regional order. The process of European integration and U.S. policy emphasize the point. The American post-World War II policy created the framework for political, economic and military reconstruction in Western Europe. The institutions emerging from that process, the European Union and NATO, served as important instruments for the permanent transformation of the regional dynamics and for securing U.S. influence.

The Four Levels of Analysis

In order to "measure" the capacity of an external power to influence or remake the quality of a regional order according to its interests – here the U.S. and the regional order of the Persian Gulf – a set of four variables has to be taken into consideration. They determine, if, how and when the external actor might become influential, can sustain its influence or might lose it again.[10] Needless to say that for the sake of analytical clarity those four factors will be introduced as ideal types, knowing that they cannot be separated clearly in political reality and that they are closely interlinked, influencing each other.

The Representation of the Regional Order in the Political System of the External Power

In all political systems the shaping of foreign policy depends – to different degrees – on the characteristics of the decision-making process. Such an engagement obviously has to be supported by a high degree of domestic consensus. Yet, this precondition poses at minimum a threefold "demand" toward the political system:

First, it requires that the political actors are able to agree on the policies and politics of the U.S. in and towards a specific region. Usually the institutional incentives for finding common ground for consensus are rather low in the U.S. political system, in which the checks and balances between the different institutions mostly prohibit such a consensus. Second, the political actors have to adopt a pragmatic approach of policy-making. Ideological controversies would not only paralyze the decision-making process, but they would also undermine U.S. influence in a regional order. Third, there has to be a lasting consensus on the political costs, which arise from such an engagement. That can only reached if the goals of such a regional policy are

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10 For an extended elaboration of these variables see Helmut Hubel, Markus Kaim and Oliver Lembcke, *Pax Americana im Nahen Osten: Eine Studie zur Transformation regionaler Ordnungen* (Baden-Baden: Nomos Verlagsgesellschaft, 2000); idem, "The United States in Regional Orders: Pax Americana as an Analytical Concept," *American Studies*, 46/4 (2001), pp. 593-608.

deeply rooted within the national values of the United States and are supported by major societal groups and institutions. Three major factors that influence the foreign policy decision-making and, hence the level of consensus vital for a continued and effective U.S. engagement are (1) cooperation between Congress and the President, (2) the degree of partisan and ideological controversies. With regard to U.S. policy towards the Persian Gulf there has been and still is, despite short-term tensions, a broad strategic consensus within the U.S., which includes the preferences for a guaranteed supply of oil at reasonable prices, a containment of Iran and its hegemonial ambitions, an American troop withdrawal from Iraq and the development of self-sustaining political institutions in the country. There is also (3) the influence of societal forces, predominantly manifested in the existence of specific interest or lobby groups: They represent in diverse ways one or several foreign states inside the U.S. political system, be it as a loose organization of people having immigrated from that country/those countries or be it as a highly organized lobby group which seeks to influence U.S. politics with the support or at least consent of a foreign government. Those lobby groups ensure that U.S. foreign policy decision makers consider a particular regional order as important and see to it that the United States engage in that region permanently.

Intra-regional Dynamics

When considering the repercussions of intra-regional dynamics on U.S. foreign policy, one has to bear in mind the fact that regionalization has been one major trend in international relations since the end of the Cold War. In addition to its global presence, the U.S. seeks to implement its goals and project its power to different regions of the world by influencing regional powers. Yet it would be a mistake to assume a general U.S. approach to regional orders. On the contrary, it is obvious that U.S. policy in a specific region heavily depends on intra-regional dynamics, i.e. the quality of a given regional order. Therefore, U.S. actions can be understood as a response to intra-regional patterns of power and influence and the way the regional parties cooperate with, or confront, each other. Thus, the U.S. administration has to adjust both its political and strategic goals and the instruments to implement these objectives to the specific regional conditions, which can be further or constrain U.S. influence. The regional setting has to be understood as the independent variable, determining the degree of American influence in different regions of the international system.

This analytical approach comprises two different perspectives: First, an extra-regional power, able and willing to influence intra-regional politics and thus to "penetrate" a regional order down to the local level; and second, regional parties, either trying to resist to this influence, thereby constraining the hegemony of the outside power, or to use it for their own purposes.

Second, U.S. policy in different regional orders can be considered a response to a specific regional order, which makes every U.S. regional policy unique in its goals and its instruments. On the other hand, the underlying interest of American regional policy is similar in every region of the international system: to shape a regional order in which the United States induces the regional parties to transform

their relations from a less developed to an advanced stage – for the regional order of the Persian Gulf that transformation would be from the current pattern of balance of power politics to a concert of powers, in which all parties share at least an interest in stability and accept a set of rules to achieve and protect the absence of intra-regional armed conflict.[11]

A closer look at some regions illustrates the relationship between the intra-regional dynamics and the U.S. regional approach.[12] Five different U.S. roles can be differentiated: If the state of the regional order is characterized by anarchy and the permanent threat of violent confrontation, the U.S. is reduced to the role of the *security guard*, preventing further hostilities, but not being able to transform the regional pattern of interaction to a more advanced level.

If the regional states have accepted a minimal set of rules guiding their relations, a balance of power structure or even a concert of powers may emerge. Under such conditions, the actors accept their mutual existence and territorial integrity avoid the use of military force and tentatively engage in bilateral and multilateral negotiations, although regional cooperation is marginally developed and remains fragile. Under such conditions Washington's policy is reduced to structure the regional order in a way that the framework for intra-regional cooperation is not substantially threatened by any state or group in the region or by any extra-regional power. In this role of a *stabilizer*, Washington ensures a minimal form of cooperation and prevents renewed confrontation between the regional parties.

In case the regional parties have developed a relationship of interdependence, accepting mutual sensitivities and vulnerabilities, the quality of the regional order has reached a new level. Then the U.S. can play two roles: it can act as a *broker*, becoming directly engaged in the negotiations between regional actors, or it can act as a (less committed) *facilitator*, giving incentives for continuing cooperation between the regional states. The more intra-regional cooperation has developed into an interdependent relationship, the more Washington can restrict itself to the role of the facilitator – a position U.S. administrations prefer most, since the political costs for the U.S. a marginal and the benefits are immense.

The most advanced form of regional cooperation, the integration of specific policy fields and the delegation of sovereignty rights to a supranational body, secures enhanced inter-state relations as well as permanent transnational bonds between the societies of the participating states. In this case, the U.S. has reached its goal of implementing a regional framework which secures peace and stability among the member states and projects these achievements to neighbouring regions. This is the only case in which the U.S. has developed into a *partner* of the regional actors.

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11 See Jon B. Alterman, *Iraq and the Gulf States. The Balance of Fear*, Special Report No. 189, United States Institute of Peace (Washington D.C. 2007), available at http://www. usip.org/pubs/specialreports/sr189.pdf; and Michael Ryan Kraig, *Forging a New Security Order for the Persian Gulf*, Policy Analysis Brief, Stanley Foundation (Muscatine, Iowa 2006), available at http://www.stanleyfoundation.org/publications/pab/pab06pg.pdf.

12 For a recent overview see Marc J. O'Reilly and Wesley B. Renfro, "Evolving Empire: America's 'Emirates' Strategy in the Persian Gulf," *International Studies Perspectives*, 8/2 (2007), pp. 137-51 (143f.).

Significantly, it does not play a crucial role inside the regional institutions any more, as the intra-regional order resembles the guiding U.S. principles; also, the political systems of the individual states have developed according to the U.S./Western model of democracy and market economy. The U.S. policy towards European integration illustrates that case.

When influencing the dynamics of a regional order, the United States uses different instruments, which are dependent on the quality of the regional order as well: The more anarchical and violent the intra-regional relations are, the more the U.S. has to refer to security-related measures, such as military deployments, bilateral defence arrangements with regional parties, informal security commitments and military aid.[13] The more advanced the regional order, the more traditional "hard power" instruments of superpower policy lose importance and the more the U.S. is able to use instruments and mechanisms of "soft power".[14] Under such conditions Washington sets the political agenda of the region, offers a framework for intra-regional cooperation and thereby influences the policy of specific players, e.g. by providing financial aid, supporting bilateral negotiations and furthering intra-regional economic cooperation.

Domestic Politics of Regional Players

The U.S. regional policy does not only encounter regional dynamics, which might alleviate or exacerbate Washington's "transformational capability". Evenly important and effective are constraints, which are rooted in the domestic politics of the regional players, e.g. a dominant political party in parliament, which pursues a policy directed against the U.S.; a constitutional provision, which could hinder a government to implement a certain policy; the domestic public opinion at a given time; an ideological or political movement outside parliament, which the government has to take into account etc. Those factors are multiple and diverse and hard to cope with, as the U.S. has only limited possibilities to influence domestic politics of other states – even more, if Washington has to deal with a non-democratic state, whose foreign policy decision-making process is hidden from the public and whose society is secluded from external influences. The domestic politics are highly volatile, difficult to predict and way beyond the influence or even control of the U.S. Therefore this factor is probably the one, which prohibits U.S. influence in a certain region the most.

The International System

The transition from the structure of bipolarity to a – at least temporary – unipolar structure after the end of the Cold War seemed to facilitate U.S. regional policy, as major powers were either weak or had still to adjust to the changed environment.

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13 See Kurt M. Campbell and Michael E. O'Hanlon, *Hard Power. The New Politics of National Security* (New York, N.Y.: Basic Books, 2006).

14 See Joseph S. Nye, Jr., "Soft Power and American Foreign Policy," *Political Science Quarterly*, 119/2 (Summer 2004), pp. 255-70.

An intensive and undisputed U.S. policy in several regional orders around the globe has been the result, which led to some successful regional transformations, e.g. the Middle East peace process of the 1990s, the end of several regional and intra-state wars in sub-Saharan Africa. Although the United States can therefore be considered to be the most dominant and capable player in today's international system, U.S. regional policy nowadays faces not only constraints and resistance by the regional parties in every regional order of the world, but might also conflict with and be compromised by other major states of the international system, e.g. Russia and China, or international organizations such as the European Union or the United Nations. Since the turn of the century certain players have dramatically risen as major powers in the international arena (China and, to a lesser degree, the European Union) or have regained their strength (Russia). Therefore U.S. regional policy has to take into account the regional policies of those other extra-regional powers – either Washington might try to undermine their policies and to restrain their influence in order to transform the regional order or it might offer incentives to those states to cooperate with the U.S. and create an institutional arrangement for perpetuating cooperation.[15]

The outline of the volume follows the analytical framework laid out so far. The first section's five contributions analyze the historical roots of U.S. Persian Gulf policy, its three main features (security, oil, democracy promotion) and the domestic politics of U.S. Gulf policy.

Phebe Marr assesses the long-term development of U.S. Gulf policy and concludes that no strategic framework for the Persian Gulf devised by the United States has lasted more than a decade; all have failed to keep the peace. Disruption and instability have sometimes been due to global and regional political changes, like the collapse of the Soviet Union or the Iranian revolution, but the failure has also been due to the difficulties in devising a coherent strategy. These included inherent contradictions between the ends and means of policy; problems in accommodating the interests of regional powers with those of the U.S.; and deep seated contradictions among the Persian Gulf states themselves.

When charting U.S. security strategy in the Persian Gulf *James Russell* also notes conflicting messages from Washington that at various times emphasized democracy, transparency and human rights and at other times demanded security cooperation. He diagnoses that the United States is in a weakened position politically and militarily as a result of the war in Iraq. It remains unclear whether the U.S. will be able to recover. As a result, the regional elites are investigating alternative arrangements to deal with regional insecurity. In short, he sees the Persian Gulf on the brink of an era of strategic insecurity that may see the end of the regional security architecture as we know it since the beginning of the 20th century.

Gawdat Bahgat examines one of the main features of U.S. Gulf policy, the sustainable flow of crude oil at reasonable prices, and the current efforts to reduce its dependence on the Persian Gulf region. Rhetoric aside, he argues that the calls to

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15 See e.g. Martin Ortega, "Euro-American Relations and the Gulf Region," in Christian-Peter Hanelt, Felix Neugart and Matthias Peitz (eds), *Future Perspectives for European-Gulf Relations* (Gütersloh: Bertelsmann Foundation, 2000), pp. 35-45.

achieve "U.S. energy independence" are unrealistic. The United States does not have enough oil to meet its growing demand. Domestic measures such as greater energy efficiency, deep-water exploration and the development of oil deposits in the U.S. might temporarily slow down Washington's dependence on foreign supplies but the direction is inevitable – increased dependence on foreign supplies.

Steven Cook explores the primary question confronting the United States as Washington seeks to promote reform in the Middle East, specifically the Persian Gulf: How can the United States balance its immediate short-term interests related to energy security, counter-terrorism, and the reconstruction of Iraq, which all require the assistance of existing Arab leaders, with the long-term objective of democratic transformation of the Middle East? He argues that the promotion of reform and the maintenance of U.S. interests should not be seen as an either-or proposition. Rather, reform should be seen as the best way to ensure U.S. interests. In the end, however, the process of political reform in the Gulf, and the region in general, will be the result of internal political dynamics.

Lars Berger examines the inter- and intra-branch dynamics of the U.S. political system that relate to Washington's policy toward the Persian Gulf, especially Iraq. Summarizing the relationship between President and Congress during the Clinton administration he detects a pattern of rhetorical congressional leadership. This changed dramatically when the events of September 11, 2001 resulted in a sharp increase in public support for an administration that had a clear view on how to proceed in the region. While the results of the 2006 election and the continuing voter dissatisfaction with the war in Iraq raised the spectre of more muscular congressional involvement in U.S. policy toward the Gulf region, President Bush and his foreign policy staff can count on the fact that the constitution provides them with enough leeway to conduct the war as they see fit until Congress overcomes the major hurdle of establishing veto-proof majorities to end the funding for the war.

The chapters of the second section analyze some of the determinants of U.S. Gulf policy, which derive from the intra-regional dynamics:

Carola Richter analyzes the perception of U.S. policy in the Persian Gulf region and the concept of public diplomacy as a tool of influencing public perception. Her findings are disillusioning: U.S. public diplomacy and U.S. foreign broadcasting in the Middle East denies Arab reality. Overcoming the language gap, presenting the news with an American spin, and looking at the positive stories rather than at the negative, is simply not enough for a successful public diplomacy campaign. Isolated media discourses that focus only on convincing the "other" with a subjective truth instead of integrating the "other's" views and questions into the mediating process will lead to a constantly increasing distortion of the mutual perception.

Henner Fürtig defines the traditional regional order in the Gulf as a circular model of which the inner circle is shaped by a triangle of states, i.e. Iran, Iraq and Saudi Arabia. Although the balance within this triangular system has been very fragile, there has been a proven method to uphold it: If one of the mentioned countries gains too much weight, the other two will try to compensate. The Third Gulf War resulted in a dysfunction of the traditional system and the emergence of a new, "artificial" triangle comprised of the U.S., Iran, and Saudi Arabia/GCC. But the solution to the grave problems does not seem to lie in a complete replacement of the old triangular

system. History, tradition, and geography are among the many factors that favour the persistence of the system's specific shape.

In order to explain the development of transnational terrorist networks in the Persian Gulf, we need a shift in paradigms, states *Guido Steinberg*. While it is true that *al-Qa'ida* has global aims, many have ignored the local agenda it follows. While these local goals are well-defined, their international ambitions remain rather diffuse. As a consequence, in order to understand transnational terrorist networks, we first have to analyze their relations to their respective home-countries. Their only well-defined goals aim at their respective governments, while their global agenda, although seemingly obvious, remains rather diffuse. Therefore, the fight against terrorism should basically be one against the militant parts of the (among others) Saudi, Egyptian, and Jordanian Islamist opposition movements. It will be decided in Riyadh, Cairo, Baghdad, and Amman, not in Madrid, London or New York.

The contributions of the third section discuss by means of two case studies (Saudi Arabia and Iraq) the effect of domestic politics on U.S. Gulf policy:

Joshua Pollack starts from the assumption that as the guarantor of security in the Persian Gulf, the United States is the most important foreign ally of the Kingdom of Saudi Arabia. Extensive common interests bind the two countries together. Yet the Kingdom's social and economic situation tends to undermine the willingness of Saudi leaders to cooperate with their American counterparts, as the dysfunction of Saudi Arabia's economy and society, and the continuing anger and dissatisfaction of young Saudis, give no signs of abating. These factors will continue to perturb Saudi relations with the United States and the transformation of the regional dynamics of the Persian Gulf according to U.S. interests.

Iraq has been a state since the early 1920s, but it has never been a nation, *Liam Anderson* emphasizes. As a consequence, nation-building in Iraq adds layers of complexity that previous nation-building efforts were never forced to confront. To succeed in Iraq, the U.S. must rebuild Iraq's infrastructure, economic, physical and social, virtually from scratch while simultaneously ushering into place and nurturing a political system that is democratic, pluralistic and tolerant. But as the occupation has proceeded, the U.S. has found itself increasingly locked into a series of vicious cycles from which there is no obvious escape. The most immediate of these is that the continued presence of occupation forces seems to fuel the insurgency, yet their withdrawal would almost certainly tip the country into full-scale civil war. Such an outcome would have disastrous consequences for Iraq, the broader Gulf region, and future U.S. strategic interests in the Middle East.

Finally, the chapters of the fourth section discuss the influence of other states` Persian Gulf on the U.S. role in that regional order:

Bjørn Møller offers an analysis of the relationship of Europe with the Persian Gulf. He emphasizes that the EU and its member states have long-standing relations with the region and that they have clear interests in the region which also present challenges to Europe. To the credit of the Europeans they have, both as individual states and via the European Union adopted quite moderate policies in pursuit of these interests and as responses to the perceived challenges. One might certainly want the Europeans to play a much more central role in the region, which is after all much

closer to Europe than to America – and which will become next-door neighbours of the Europeans, once Turkey is, hopefully, admitted into the EU.

Stephen Blank explores the constant and multiple contradictions of Russian foreign policy in the Persian Gulf. Russia increasingly presents itself as an open rival of American ambitions in the Gulf and the Greater Middle East. Until at least 2004 the official line was that partnership with America superseded disagreements e.g. regarding Iraq. Despite all of this, Russia's current role in the Gulf is limited and, furthermore, it seeks strong economic ties with Israel and opposes an Arab-Israeli war. Nevertheless, Moscow still seeks to be the provider of weapons to Arab states and Iran that will be used precisely to incite or resume these wars. It also simultaneously seeks to block U.S. anti-terrorism and anti-proliferation campaigns in the Middle East. Those ambivalent policies pose a couple of final and unanswerable contradictions.

China's growing oil import dependence and rising concerns about energy security have brought its interests and those of the United States into closer contact, *John Calabrese* explains. The Persian Gulf is the commercial and geopolitical centre of gravity of this relatively new and consequential dimension of Sino-American relations. He discusses whether China has adopted pragmatic policies towards this vital yet volatile region and which, if any, aspects of Sino-Gulf relations are likely to present a challenge to the United States, either in the immediate or in the longer term. He sees the United States and China not unavoidably heading towards a collision in or over the Persian Gulf. Given the stakes that both countries have in the stability of the region and in a stable relationship with each other, prudence suggests that Washington and Beijing look for ways to avoid making their respective policies in the Gulf the catalyst of a new cold war, or allowing their fast-accumulating number of other policy disputes transform the Gulf into a primary theatre of political-military rivalry.
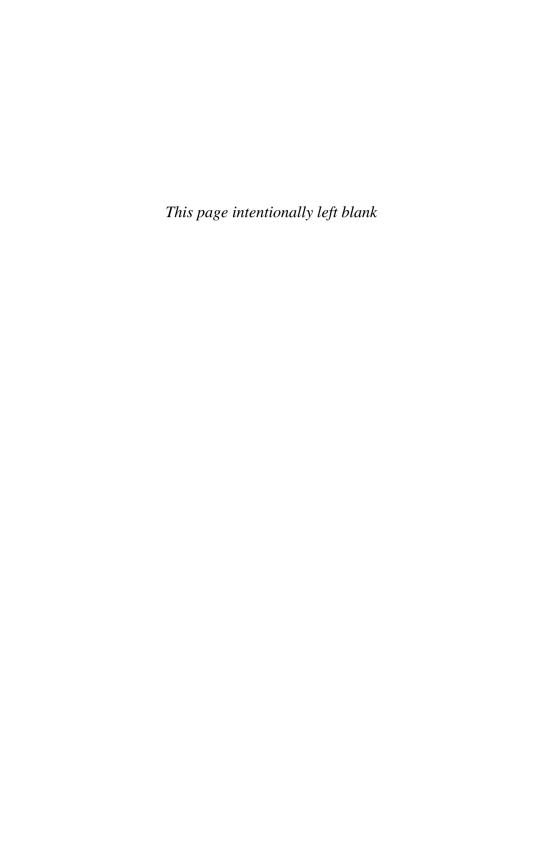
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U.S. Strategy towards the Persian Gulf: From Rogue States to Failed States

Phebe Marr

Introduction

Since the 1970s, when America assumed responsibility for Persian Gulf stability in the wake of the British departure, no strategic framework devised by the United States has lasted more than a decade; all have failed to keep the peace. Disruption and instability have sometimes been due to global and regional political changes, like the collapse of the Soviet Union or the Iranian revolution, but the failure has also been due to the difficulties in devising a coherent strategy. These include inherent contradictions between the ends and means of policy; problems in accommodating the interests of regional powers with those of the U.S.; and deep seated contradictions among the Persian Gulf states themselves, where conflicting territorial and ideological interests make a local condominium difficult, if not impossible. The current crisis is no exception. In the wake of 9/11, the new U.S. strategy was ambitious, even revolutionary, encompassing many new goals and instruments: pre-emptive war, the use of military instruments to achieve regime change, and the spread of democracy in the region. However, despite bold statements and actions, the contradictions between ends and means (using the military instrument to bring democratic change), between regional and U.S. aims ("occupation" vs. "liberation"), and intra-regional contradictions (pro- and anti-U.S. regimes) soon became glaringly apparent. In the face of hard facts on the ground in Iraq, the U.S. administration has had to scale back its aims to accord with the reality and faces serious pressures to withdraw its troops. How much of its bold new strategy will remain is uncertain. Some of the outcome will depend upon the next administration in Washington; more will depend on the realities on the ground. Some of the radical new agenda will, of necessity, remain – the need for nation-building in Iraq and Afghanistan as well as the pressure for reform, now defined as moderation, in the Gulf – but the strategy is likely to become more realistic and less visionary over time as the costs of regime change and unilateralism mount.

Prelude to the 1990s

To understand the shifts in U.S. strategy that have taken place since 1990, a brief review of the pillars of the previous strategy may be helpful. As is well known, the

bedrock of U.S. policy in the Gulf has always been the free flow of oil at reasonable prices, however those may be defined. During the 1970s, the U.S. sought to achieve this goal through the Nixon Doctrine – the so-called "Twin Pillar" policy. This strategy left Gulf security in the hands of local powers with U.S. forces essentially "over the horizon".[1] In the Gulf, the key pillar was the Shah's Iran. A weaker regional power, Saudi Arabia, constituted a second pillar. Both countries, like the U.S., were bent on containing a new, aggressive Ba'th regime, which had come to power in Iraq in 1968.

By the end of the 1970s, the twin pillar policy had collapsed – for several reasons. One arose outside the Gulf. In 1979, after domestic turmoil in Afghanistan, the USSR occupied that country and installed a ruler of its own liking. This action brought America's main adversary to the outskirts of the Gulf and raised fears of a Soviet threat to U.S. and global oil security. Even more dramatic was the overthrow of the Shah, America's chosen instrument, in a revolution in 1979-1980 and his replacement by a radical, shi'ite theocracy. The new state became virulently hostile to the U.S., manifested in a 444 day hostage crisis, which henceforth poisoned U.S. bilateral relations with Iran. Moreover, the new Islamic government tried to export its revolution to neighbouring states – Bahrain, Kuwait, Saudi Arabia and Iraq – raising the spectre of wide-spread instability. The collapse of the main pillar of U.S. policy resulted in a scramble for a new strategy. One response was the Carter Doctrine of 1980, which declared the Persian Gulf a "vital" U.S. interest which the U.S. would defend by any means necessary. The U.S. revised its force posture, developing a new rapid reaction force able to gain entry during emergencies and beginning a slow build-up of prepositioned equipment and access agreements in Arab Gulf states.[2] Another response was the formation of the Gulf Cooperation Council (GCC), a collection of the Arab Gulf states closely allied with the U.S. and increasingly willing to host U.S. forces for their own protection – now against two aggressive regional powers, Islamic Iran and Ba'thist Iraq. The third answer was the containment of Iran under a collection of policies which included a break in diplomatic relations (never restored), freezing Iranian assets in the U.S., and a stringent set of trade sanctions that varied in extent over the years.[3]

The 1980s were taken up with two regional wars that set the stage for the problems of the 1990s. The first, of direct relevance for current Gulf policy, was the guerrilla war conducted by Afghan *mujahidin* (Islamic warriors) against their Soviet occupiers. Supported militarily by the U.S. and financed largely by the Saudis, much

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1 This was an unabashed "balance of power" strategy designed to preserve stability, allow open trade, and prevent any hostile power (the USSR or a regional power) from controlling the oil supply – and thereby prices – or denying access to oil.

2 Amitav Acharya, *U.S. Military Strategy in the Gulf* (London: Routledge, 1989), pp. 49-57. Eventually this force became a full fledged command, Central Command, headquartered in Tampa, Florida.

3 These included a ban on military equipment and spare parts, imports of crude oil, all U.S. exports and imports, and restrictions on travel. After the hostage crisis, some of these restrictions were relaxed but a number were later re-imposed based on evidence of Iran's participation in terrorism. See Kenneth Katzman, *Iran: US Containment Policy*, Congressional Research Service Report, 11 August 1994, p. 8.

of this aid was channelled to Bin Laden and his organization, later known as al-Qa'ida. Over time, Afghanistan became the classic example of a "failed state", soon to be dominated by the repressive and anti-Western Taliban. The war also created the growing network of "Afghan" *jihadis* (Islamic warriors), Arab and non-Arab, that would turn their attention to other targets – the U.S., Saudi Arabia, Chechnya, Kashmir – once the Soviets were defeated. The Afghan *jihadis* developed a cult-like character and metamorphosed into the global terrorist threat we know today. U.S. failure to identify this threat and the "failed state" syndrome which helped produce it and to deal with them in a timely manner is largely responsible for our current strategic environment.

In the Gulf itself, the Iranian revolution and the breakdown of the previous balance of power soon led to an eight year war between Iran and Iraq – a war more devastating and persistent than any in this century. It was also a war in which chemical weapons (CW) were used, drawing renewed attention to weapons of mass destruction (WMD) and their spread to the Gulf. While the war ended without any tangible gains for either country, both Gulf giants emerged greatly weakened demographically, militarily and above all economically. The war blunted Iran's Islamic messianism; henceforth it turned its attention more to husbanding its national interests. Iraq failed to deal with the costs of war and, in a fatally flawed decision, invaded Kuwait in 1990, inaugurating a new cycle of violence in the Gulf.

The Iran-Iraq war threatened Gulf shipping and oil supplies and ended by dragging the U.S. militarily into the Gulf itself. Initially, the U.S. remained neutral in the war but before long, especially after 1982 when Iraq was pushed back across its borders, the U.S. "tilted" to Iraq, providing it with intelligence and other help. By the end of the decade – 1987-1988 – the U.S. was reflagging and protecting Kuwaiti tankers and engaging in fire fights with Iranian naval forces. When the U.S. accidentally shot down an Iranian civilian airliner, Iranian leaders reportedly decided they could not "win" against the U.S. and finally ended the war in 1988.

At the end of the war, the U.S. was faced with a new situation in the Gulf – two weakened countries – Iran and Iraq – with regimes still hostile to the U.S. It continued to contain Iran, but having tilted to Iraq during the war, the U.S. continued this policy in its aftermath, hoping to change Iraqi behaviour and gradually moderate the regime. That policy failed signally. In August 1990, Saddam Hussein invaded Kuwait, ushering in a decade of new challenges.

The Sea Change of the 1990s

The 1990s brought three fundamental changes to the U.S. strategic position in the region. The first was the end of the Cold War and the collapse of the Soviet Union. In 1989, the USSR withdrew from Afghanistan, and, in the same year, an opening of the Hungarian border signalled the end of Soviet control over its clients; not long after the Berlin wall was breached and an empire had crumbled. A belt of new, weak states took shape in the Caucasus and Central Asia on the northern tier of the Middle East. This global shift led to the end of a strong force (the USSR) which had been used by Iraq, and to a lesser extent Iran, to balance the West. The U.S. was left the

unquestioned sole superpower and the main outside arbiter of Gulf affairs. Instead of worrying about keeping the Russians out, it could impose its own *Pax Americana* on the region, although it still preferred to do so indirectly, from "over the horizon".

A second, much less noticed trend in the 1990s was the rise of Sunni Islamic fundamentalism. It is not easy to date this phenomenon, which began well before 1990, or to bound it territorially, much less to pinpoint its multiple and complex causes. Although Shi'ah in nature, the Islamic revolution in Iran, may have spurred this development. Although most adherents to these movements were peaceful, a minority were radical and violent. In Egypt, militant groups rose to the fore in opposition to the regime. Everywhere, Islamic practices and dress codes, often discarded by the older generation, were adopted by the younger. Even in Saddam Hussein's Iraq, the movement gained strength, until, in the mid-1990s, he adopted it in his own "faith campaign". In the Gulf, especially in Saudi Arabia, the conservative tenets of "Wahhabi" Islam were strengthened and spread as a way of giving support to the regime, while the Saudis financed mosques and schools teaching their narrow brand of Islam abroad, in part to counter Iranian influence and to allay criticism of laxities in their own regime.

In Afghanistan, these two trends coalesced. Here, a failed state allowed a truly xenophobic and fundamentalist form of Islamic leadership, the Taliban, to come to power, although their exercise of control throughout the country was weak and they continued to face opposition. More important, the foreign *mujahidin*, who had gathered under Bin Laden to combat the Soviets, now had a protected base. They soon turned their attention from the USSR to other targets, including the Saudi regime whence many came, and then against the U.S. and its allies. Among the reputed motives was the U.S. military presence in Saudi Arabia, Bin Laden`s homeland and the seat of Islam's holiest sites. In 1993, radical Islamic forces made their first attempt to destroy the World Trade Center in New York. In November 1995 they bombed U.S. facilities in Riyadh. In 1998 came the spectacular bombings of U.S. embassies in Kenya and Tanzania and in 2000 the attack on the USS Cole outside the port of Aden in Yemen. Numerous other attempts, from the Philippines to Los Angeles, were thwarted. However, this new, major threat that would change our world failed to be appropriately identified and addressed by the U.S.

The third development is what gained most of the world's attention – Iraq's occupation of Kuwait and the 1991 war which expelled Iraq and defeated its army.

The story of this war and its denouement is too well known to need repeating. The U.S.-led coalition, consisting of over 30 states, a number of them Arab, declined to occupy Iraq and remove Saddam Hussein from power, although they hoped Iraqis themselves would do so. The U.S. allowed a rebellion to be repressed by Saddam. In a messy ending, the coalition left some, but not all of his military in power, certainly as a potential balance against Iran and also as a mechanism for keeping the country together. Instead, they imposed draconian sanctions on the country and a stiff weapons inspection regime, designed to root out Iraq's WMD program and prevent its renewal. In the north, the territorial integrity of the country was partially compromised by an arrangement which allowed Kurdish political parties to govern themselves in three provinces. To monitor Saddam's army and to prevent any future attack on Kuwait – or on the Kurds in the north – the coalition instituted two no-fly

zones over the north and south of the country, restricting Saddam's most effective forces to the centre. These measures, over time, eroded Iraq's sovereignty and greatly weakened its society and economy.

Dual Containment

The policy of containing Iran and Iraq, both deemed hostile to U.S. – and Western – interests in the Gulf was finally officially enthroned and given the awkward name of *Dual Containment* by the Clinton administration in 1993, although it had already been in effect for some time. It characterized U.S. policy toward the Gulf in the 1990s. Its main features are well known, but several general observations may be made about it. *Dual Containment* was designed to deal with "rogue states" (Iran, Iraq) and a balance of power in the Gulf deemed unfavourable to U.S. and Western interests. While the economic instrument – sanctions – was paramount, there was also a military component. Militarily, the U.S. had to rely on the much weaker GCC – essentially Saudi Arabia – to support a force posture designed to constrain their larger neighbours. It was not only the U.S. and the West which felt threatened, however. All three components of the Gulf felt threatened by one another. After eight years of war, Iran and Iraq were intensely distrustful of one another. The Arab Gulf states worried about Iran's spread of revolution to its shores or its attempts to dominate the Gulf by its size. After Iraq's invasion of Kuwait, the GCC also distrusted Iraq. Hence, while a rapprochement – to say nothing of a regional security architecture – among these states would have been a preferable way of keeping the peace, this was not likely while the current regimes were in power. Hence, the U.S. stepped in to assume a more direct role.

Another contradiction in this policy emerged in this period, but was little noticed. The policy was designed to contain two strong states, or potentially strong states, capable of acquiring WMD which might threaten their neighbours and the U.S. condominium over the Gulf. But the measures taken to contain Iran and Iraq were gradually weakening these states – particularly Iraq – to the point where they could, in the future, fail, creating an entirely new and different threat. Meanwhile, the growing U.S. military presence in the GCC left these new and fragile Arab Gulf states open to domestic instability and made them a fertile recruiting ground for the newly emerging threat of Islamic terrorism, generated in nearby Afghanistan.

The policy of *Dual Containment* barely survived the decade. In Iraq, containment, with its severe sanctions on oil exports and military imports and the intrusive inspections of weapons programs, gradually weakened the state and its institutions rather than the regime. The once flourishing middle class gradually left the country or became impoverished. This humanitarian issue created such widespread opposition to the whole containment policy that it was difficult to maintain, and its constraints were gradually loosened. By the end of the decade, virtually all restrictions on non-military imports into Iraq had been lifted, oil exports were flowing and weapons inspections ended after the strikes on Iraq in 1998. However, a hostile regime remained. It was this state of affairs that gave rise to renewed calls, inside the U.S., for a change of regime.

Earlier attempts to support a change from inside Iraq in the mid-1990s – one through a coup, the other through action taken by opposition forces in the north of the country – had failed. Pressure now came from Congress, which passed the Iraq Liberation Act in 1998 and then appropriated funds to arm and train an exile "liberation force". The Clinton administration acquiesced in these measures but never really put teeth or resources into them, giving priority to sanctions. By the end of the Clinton tenure, the policy, now called "Containment Plus", was in disarray.[4]

In Iran, containment was much more modest and limited mainly to U.S. laws which restricted trade and investment as well as sales of military equipment. The U.S. naval presence in the Gulf was designed to keep sea lanes open and prevent the closure of the Strait of Hormuz by Iranian missiles. In 1996, the *Iran Libya Sanctions Act* (ILSA) was signed into law. It prohibited U.S. companies from doing business in Iran and attempted, with little success, to prevent others from investing in Iran's energy industry. Iran was also prominently featured on the U.S. terrorist list, making trade difficult, if not impossible. The continuance of this hard line on Iran persisted, even after favourable trends appeared inside Iran in the late 1990s. The emergence of a more moderate faction among the clerics; the holding of several parliamentary elections in which reformers won resoundingly; and the opening of society in terms of social mores and freedom of the press met with little U.S. response. Despite a few gestures from the Clinton administration late in its tenure, containment remained intact and ILSA was renewed by Congress in 2001.[5]

In Saudi Arabia and the GCC states, the policy of *Dual Containment* also had repercussions. Containment of Iran, but more particularly of Iraq, now required a direct injection of U.S. forces into the Gulf. The need to enforce the no-fly zone over southern Iraq (to protect Kuwait) required bases for U.S. and British planes; high tech equipment for early warning in Saudi Arabia and Kuwait; an enhanced naval base in Bahrain – on land, not just off shore; prepositioning of military equipment in Qatar, Oman and elsewhere; and additional facilities in the UAE. The military footprint grew more visible and repeated attacks on Iraqi sites created increasing tensions within the Gulf. Sensitivity to foreign forces and charges of "infidels" on the soil of the country protecting Islam's holiest places increased Islamic and nationalist hostility to the policy, and before long the troops became a target of terrorism (the Riyadh and al-Khobar bombings.) Thereafter these troops were kept in desert barracks and out of sight, but their existence still provided a propaganda target for extremists.

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4 Although the policy was officially called Containment Plus Regime Change, one author has noted that officials often referred to it as Containment Until Regime Change, a more accurate reflection of reality. See Joe McMillan, "U.S. Interests and Objectives," in Richard Sakolsky (ed.), *The United States and the Persian Gulf: Reshaping Security Strategy for the Post Containment Era* (Washington, D.C.: National Defense University, 2003), p. 35. This volume gives an excellent exposition of the Dual Containment policy and its change after 9/11.

5 For more analysis of sanctions on Iran, see Phebe Marr, "US Policy of Sanctions: Prospects for Revision," in Sven Behrendt and Christian-Peter Hanelt (eds), *Bound to Cooperate: Europe and the Middle East* (Gütersloh: Bertelsmann Foundation 2000), pp. 273-77.

Meanwhile, Saudi Arabia and some of the other Gulf countries fell on hard times, although this term is relative. Military expenditures rose, while the price of oil fell and the population burgeoned, making it difficult for the younger generation, bred on an atmosphere of plenty, to find jobs.[6] In the 1990s, Saudi Arabia had a three percent population growth and over half of its population was under the age of twenty, creating a huge demographic bulge without job creation. The population was predicted to double in twenty years.[7] While a small group of Western educated liberals grumbled over a lack of political empowerment, the real opposition came from the Islamic quarter, where fundamentalists – often in tune with Bin Laden – fulminated against the West, the U.S., the troops and the regime. In Saudi Arabia, the spectre of unrest and Islamic opposition began to rear its head, with a number of Islamist groups calling for change.[8] Until 9/11, however, the Saudis apparently felt they had deflected this opposition by conservative Islamic policies at home and generous funding for Islamic causes which mirrored its own conservative ideology abroad. In short, the policy of *Dual Containment*, designed to constrain the rogue states in the Gulf, ended by weakening, not only the rogues, but one of the United States' key allies, Saudi Arabia.

The 1991 war had one other policy component. In return for their support in this war, the U.S. promised Arab states to vigorously pursue the Arab-Israeli peace process. Recognizing this problem as the key element of friction between the U.S. and the Arab world, the U.S. convened the Madrid Conference in October 1991. Europeans followed up with the Oslo process and for much of the decade this process appeared to move the conflict toward a possible resolution. It is here that the Clinton administration put its focus, not on the Gulf. Although the process ultimately failed, it helped reduce tensions throughout the region.

It is also noteworthy, however, what containment did not do. It did not make any effort to change the domestic status quo in the friendly Arab Gulf states. Although the Clinton administration came into office being interested in spreading democracy, in the Middle East this was relegated to the margins. In Kuwait the ruling family was returned to power, although the U.S. did push successfully for the return of parliament and elections. While much rhetoric was devoted to regime change in Iran, little movement was made to help reformers; in Iraq, the one serious effort made to support a coup failed, and, despite rhetoric, little muscle was put behind the policy thereafter. This was even truer in Saudi Arabia and the GCC, where regime support

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6 The oil bubble burst in 1986 when Saudi Arabia decided to cease underwriting OPEC's lack of discipline and regain market share, flooding the market with oil. Oil prices dropped to ten dollars a barrel. While prices rose somewhat during the nineties, they dropped, again, to that level in 1998-1999. See Leonardo Maugeri, "Not in Oil's Name," *Foreign Affairs*, 82/4 (2003), pp. 169-71.

7 Judith Yaphe, "Gulf Security Perceptions and Strategies," in Sokolsky (ed.), *The United States and the Persian Gulf*, p. 41.

8 On this subject, see David Long, "Revolutionary Islamism and Gulf Security in the Twenty-First Century," in David Long and Christian Koch (eds), *Gulf Security in the Twenty First Century* (Abu Dhabi: Emirates Center for Strategic Studies and Research, 1997).

for the military presence was essential. Instead, realism and a fear of unleashing instability prevailed. This stasis allowed fundamentalism to flourish.[9]

Winds of Change

The year 2000 began with one major change, not in the Persian Gulf, but in the U.S.: the election of a new President, George W. Bush. Initially, it was not clear what this would mean for foreign policy, particularly in Iraq and the Gulf, but the appointment of a group that has come to be identified rather broadly as "neoconservative" in key security positions, especially in the Pentagon, provided the first indication of a new orientation. These included Secretary of Defense Donald Rumsfeld, Deputy Secretary Paul Wolfowitz, Undersecretary for Policy Douglas Feith, and in the office of the Vice President, I. Lewis ("Scooter") Libby. The Vice President himself was a leading member of this group. This contingent was balanced, however, at the State Department where, under Secretary of State Colin Powell, the more traditional views of the realist school prevailed.[10] In the first nine months of the new administration, there was no significant shift in Gulf policy, but the tone and direction of the new administration took shape. In general, this direction can be characterized as tough and muscular with a strong unilateralist bent. In foreign policy, the new administration focused on issues of national power with a strong emphasis on hard power (military reorganization), rather than soft power (economic and social development) which had been a particular focus of the Clinton administration. In general, the administration accepted America's unrivalled power in the world, and, despite the President's admonition during the campaign that the U.S. should be "humble", advocated using its power to shape a new global environment in its favour.[11] The thrust gave rise to a spate of articles and books, many favourable, on the "new American empire" and its consequences. Much of the administration's early focus was on the Great Powers (with an emphasis on Asia) and on developing an explicit strategy of preventing competition from any future rivals, such as China.

A second early trend in evidence was a willingness to undertake unilateral actions, even at the expense of alienating allies, on issues the administration considered in the U.S. national interest. This could be seen in a series of steps: repudiating the Kyoto Treaty on the environment, scuttling the 1972 Anti-Ballistic Missile Treaty, rejecting the Comprehensive Test Ban Treaty, and making an issue of U.S. refusal

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9 This trade-off is clearly spelled out by one of the architects of the policy, Martin Indyck, former Assistant Secretary of State for Near Eastern Affairs, in "Back to the Bazaar," *Foreign Affairs*, 81/1 (2002), pp. 75-88. Moderate Arab states agreed to provide bases to contain "rogues" in return for efforts to the resolve the Arab-Israeli conflict. In return, the West would not exert significant pressure for change.

10 The best description of the foreign policy group which came to assert power under the Bush II administration is James Mann, *Rise of the Vulcans: The History of Bush's War Cabinet* (New York: Viking, 2004). Not all of them were neoconservative, but most were.

11 For this view, see the second 2000 Gore-Bush debate, cited in Ivo Daalder and James Lindsay, *America Unbound, the Bush Revolution in Foreign Policy* (Washington, D.C.: The Brookings Institution, 2003), p. 193.

to participate in the International Criminal Court.[12] Reorganization of the military for the new challenges of the twenty-first century – a Herculean task but one which was necessary – was another major priority. Indeed, this is where most of Secretary Rumsfeld's efforts went – into pushing missile defence, restructuring U.S. forces, and attempting to create a more agile, flexible military. Perhaps most notable was what was absent – any concern for or interest in nation-building or coping with failed states. Indeed, the President had come to power determined not to get bogged down in nation-building – in Bosnia or elsewhere. The administration likewise studiously avoided any involvement in the Arab-Israeli conflict, despite the eruption of the new Palestinian *intifada* (uprising) in September 2000. Nor was there much, if any, talk of spreading democracy or changing regimes. Even "terrorism" got little public attention.

In the Persian Gulf, despite a review and some discussion of policy, there was little change. In fact, events there took a back seat to other issues. If anything, policy in this area moved, at first, in favour of the internationalists and the realists. Despite the fact that neoconservatives wanted regime change in Iraq, the State Department, under Powell's leadership, advanced an initiative to strengthen containment policy. Recognizing the U.S. inability to hold the line on sanctions, Powell put forth the so-called "smart sanctions" proposal, designed to loosen up on imports to Iraq but tighten up on border controls to prevent smuggling of military and dual use items. While this initiative failed in the UN, it indicates the administration's early priorities. On Iran, despite increased evidence of domestic change in favour of reform and divided councils in the administration between those interested in an "opening" to Iran and those interested in clamping down, sanctions were maintained. In 2001, ILSA was renewed. Little changed in policy toward Saudi Arabia and the GCC. In defence circles, there were rumblings of unease from realists and area specialists. They recognized that the build-up of a substantial military presence in the Gulf might be destabilizing a key ally – Saudi Arabia – and the centre of the West's oil supply. Not only a new force posture, but a new look at the strategy was called for by some Gulf military analysts.[13] Again, the contradictions between the threats (rogue states) and the means to contain them (military force; unwelcome sanctions) were resurfacing.

9/11: The World Transformed

9/11 fundamentally changed U.S. perceptions about its strategic environment, as well as the policies of the Bush administration. While the events of that day did not change the various strands of thinking already present in the administration, they allowed some to come to the fore at the expense of others. The result was a shift in direction, tone and priorities that have been critical. The difference was made by President Bush, who was now willing to listen to the hardliners in his

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12 James Rubin, "Stumbling into War," *Foreign Affairs*, 82/5 (2003), p. 58.

13 See, for example, Richard Sokolsky and Joseph McMillan, "Policy Recommendations," in: Sokolsky (ed.), *The United States and the Persian Gulf*.

administration, to an extent that he had not been before.[14] (It may also have shifted the position of Vice President Richard Cheney much further in the direction of the "neo-" conservatives.)

For most Americans, particularly those involved in the policy making apparatus, 9/11 was transformational. For the first time in decades, America felt vulnerable to attacks at home and this time from an entirely new and unanticipated threat. Initially, the threat was murky, difficult to identify, and even more difficult to deter and defend against, much less defeat. Unlike previous threats from the Soviet Union or lesser "rogue states", this non-state threat was embedded in many countries, possibly even at home. The immediate reaction by the U.S. administration was threefold. The response would be a "war on terrorism", not simply counterterrorism, designed to treat the problem as a criminal activity. The country would be put on a war footing and the Pentagon given the lead. Second, not only terrorists, but those who harboured them – host nations – would be a target. And a line was drawn between those on our side and everyone else. This may well have been a tactical necessity designed to get fence sitters to take action, but it also alienated allies needed in the struggle. The President also drew a commendable line between Islam as a whole and the extremists who were engaged in terrorist activities.

The terrorist attack on the U.S. also had two broader repercussions with profound affects on strategy. 9/11 represented a new kind of threat to U.S. security and added a new "aim" or "interest" to its lexicon in the Middle East. Previous threats (the USSR, rogue states) had been seen as impacting oil flows from the Gulf or U.S. traditional support for Israel; both were regional threats that could be dealt with by regional instruments. The new terrorist threat, though it emanated from the region, was global in scope and aimed directly at the U.S. homeland, not just at its allies and interests in the area. The attack also dramatically shifted the focus of U.S. attention back to the Gulf. The Middle East and the Islamic world now became the central focus of policy, and it is likely to remain so for a period as far as one can see in the future. At the heart of this focus was Saudi Arabia (from which most of the hijackers originated), Afghanistan, where al-Qa'ida had its headquarters, and Iraq and Iran, now characterized as part of an "axis of evil."

In the immediate aftermath of 9/11 the source of the attack was identified – Bin Laden and his cohorts. The Taliban regime in Afghanistan sheltering him was given an ultimatum to deliver him and it refused. The U.S. decided to go into Afghanistan to remove the regime and capture Bin Laden, essentially on its own, but it did turn to the international community for support and received it, indicating some willingness to work through multilateral channels. Despite its suddenness, the Afghan strategy

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14 This is, essentially, the line of reasoning taken in several well documented books on the subject: Daalder and Lindsay, *America Unbound*; Todd Purdum, *A Time of our Choosing, American's War in Iraq* (New York: Henry Holt, 2003); and Bob Woodward, *Plan of Attack* (New York: Simon and Schuster, 2004). In an article in *Foreign Affairs* in 2000, Condoleezza Rice devoted only eight lines to Iraq and concluded that Saddam Hussein had been "severely weakened" and that the U.S. should mobilize resources, including opposition forces, to remove him, but the issue had little urgency. (Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs*, 79/1 (January/February 2000), p. 60.

worked reasonably well. The justification for removing a regime hosting the perpetrators of an attack on the U.S. and U.S. willingness to incorporate allies in the post-war Afghan solution blunted war criticism.

Then, before anyone could blink, the U.S. focused on Iraq as the next target in its war on terrorism. Why, when and how this decision was made has been subject to intense debate and scrutiny. Numerous books, such as those by Bob Woodward and former counter-terrorism czar Richard Clarke, have been revealing but have not ended the debate either on the justification for the war or the decision making process which led up to it.[15] This article will try to deconstruct the decision; the strands of thought and conceptualization that went into it, and most important, what came out of it in terms of a strategic framework for the future.[16] It will then try to decipher where the policy may go in the face of the realities in Iraq.

National security appears to have been the key factor in making this decision – not preserving the flow of oil, U.S. hegemony in the Gulf, or even spreading democracy, which came later. The destruction of the World Trade Center and the attack on the Pentagon were not the only threats at the time. It is often forgotten that the U.S. was also in the grip of an anthrax attack of unknown origin which killed five people and affected 19 others and emptied out congressional offices several times.[17] The U.S. was unable to pinpoint the origin of that threat or its connection to states in possession of WMD, especially Iraq.[18] This new threat environment, the confusion surrounding it, and the feeling of vulnerability to an attack on the U.S., is part of the backdrop to the decision. It did not create the idea of regime change in Iraq, but it afforded an opportunity for groups and ideas to come to the fore that had previously been marginalized. It was no secret that many – Democrats as well as Republicans – wanted to overthrow Saddam Hussein, regarded him as a threat to the region and his own people, and had aggressively advocated this policy to the President.[19] Up to this time, they had not succeeded. On 17 September, barely a week after the attack, the President quietly ordered military planning for Iraq to begin. The events of October solidified his conviction that Iraq should be folded into the war on terrorism and the

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15 Among the best accounts of this process are Purdum, *A Time of our Choosing*; Daalder and Lindsay, *America Unbound*, and F. Gregory Gause II, "September 11, the Second Gulf War and the Problems of American 'Hegemony' in the Persian Gulf" (unpublished paper, ISA Annual Convention, Montreal/Canada, 17-19 March 2004).

16 At present writing, the public debate on this decision is ongoing, adding more information and clarification on the decision. Hence, this deconstruction must be tentative.

17 Daalder and Lindsay, *America Unbound*, p. 118.

18 There were no clear links between Iraq and the 9/11 attacks. However, in a briefing to President Bush in the last week of October 2001, CIA chief George Tenet told Bush that Iraq topped the list of countries that could help al-Qa'ida get WMD. This assessment reportedly "sent the President through the roof." See Daalder and Lindsay, *America Unbound*, p. 119.

19 Chief among these were Paul Wolfowitz, Donald Rumsfeld, and Douglas Feith in the Pentagon; Richard Armitage in State, and Richard Perle, James Woolsey, William Kristol and Robert Kagan among neoconservatives outside the administration. They, and others, had signed a public letter to President Clinton in February 1998, calling for a comprehensive strategy to bring down Saddam's regime. The letter can be found on the website of the Center for Security Policy (http://www.centerforsecuritypolicy.org/Iraqclintonletter.htm).

regime in Baghdad changed. When the actual decision was made is not yet clear, but it may have been in the fall or winter. Although that "train" could have been derailed at many points in the future, it left the station late in 2001 and did not return.[20]

The Several Strands of Policy

Most important in assessing the direction of U.S. policy are the various strands of thinking about Iraq in the new context of the "war on terror" and the role they played in the decision to go to war in Iraq. Among the chief advocates of removing Saddam Hussein and his regime were two schools of thought. Best known was the neo-conservative school, dubbed "Wilsonians of the right" by some, who not only regarded him as a threat to the region and to U.S interests, but who had long desired to move Iraq in a more democratic direction.[21] A number of them had advocated this position for years, going back to 1991. Influenced by exile Iraqi opposition leaders such as Ahmad Chalabi, they came to believe that the bulk of the population would actively support U.S. "liberation" and that the task would be relatively easy. Although hawkish on national defence, many neoconservatives were idealists on international affairs, committed to Wilsonian ideas of democracy and human rights and ideologically motivated in their zeal to bring these changes about. They gradually propagated the view that the terrorist threat from Bin Laden was due, at base, to a "freedom deficit" in the region and that a new regime in Iraq could act as a catalyst for change throughout the entire region. Thus, in time, change in Iraq could shift the balance of power in the West's favour in an area that was a continuing source of instability. The chief spokesman for this school of thought was Paul Wolfowitz.

A second strand of thought, sometimes referred to as the Jacksonian school, was more focused on U.S. national interests and the use of power to achieve national ends.[22] This group worried about Saddam's possession of WMD, his threat to the neighbourhood, and, above all, the possibility of his collusion, now or in the future, with the netherworld of terrorist networks. The evidence of linkage between Saddam and Bin Laden may have been thin, but they were unwilling to take a chance on a future connection. They were less concerned with remaking Iraq than with removing a WMD threat. For this school, changing the regime would remove a menace to

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20 It should be noted that planning for an option does not mean making a decision to follow it. Afghanistan had to be dealt with first. The successful operation in that country encouraged the administration to take on Iraq and make it "phase II" in the war on terror. This progression of events is dealt with by Woodward, Daalder, Purdum, and the paper by Gause as well as *The 9/11 Commission Report* (New York: W.W. Norton & Co., 2004), pp. 334-36.

21 This term has been coined by Walter Russell Mead. An astute analysis of these various strands of neoconservative thinking is found in two books by Mead, *Mortal Splendor and Special Providence; American Foreign Policy and How it Changed the World* (New York: Alfred A. Knopf; 2002); and *Power, Terror, Peace and War: America's Grand Strategy in a World at Risk* (New York: Alfred a. Knopf, 2004). For a critique of Mead's position, see Joseph Nye, Jr., "US Power and Strategy after Iraq," *Foreign Affairs*, 82/4 (July/August 2003).

22 This term has also been coined by Mead to refer essentially to the populist nationalist strain in U.S. thinking. In the current context they are essentially unilateralists.

the neighbourhood (Saddam); eliminate WMD in Iraq and its future potential for blackmail or intimidation; and deliver a demonstration of U.S. power that would deter terrorists worldwide – as well as any regimes inclined to harbour them. They gave little thought to the aftermath. Vice President Cheney, as well as Rumsfeld, soon appeared to speak for this school.

But going after the regime also generated support among a more pragmatic group of strategists in Washington. Chief among these were defence analysts who had some reservations about the occupation of Iraq but on balance came to favour it.[23] This group pointed to the unravelling of containment and the inability of the U.S. to maintain sanctions or prevent Iraq, over time, from acquiring WMD. The U.S. did not want to see a North Korea on the Tigris and Euphrates. Moreover, containing Saddam required a force posture that was putting strains on Saudi Arabia, more important than Iraq to the global oil supply. Most of these analysts were realistic about the risks and costs and potential negative outcomes, but on balance thought it might be worth the effort. Some, however, were less sanguine about the timing of the attack as well as about the U.S. ability to "go-it-alone," and a number thought that the threat from Bin Laden should be dealt with first.

These various strands of thinking all came together in a new National Defense Strategy published in September 2002, the best summary of the new Bush policy up to that point.[24] It reveals a mix of motives and objectives but represents a clear shift from the pre-9/11 policy. Several elements stand out. First is the ascendancy of the Wilsonian school – at least in the philosophy and justification for the policy. The strategy statement begins and ends with a ringing declaration in favour of striking a global balance in favour of democracy and freedom. Spreading democracy is now a – if not the – major aim of U.S. policy. Unspoken is the assumption that the major cause of terrorism in the Islamic world is a freedom deficit. The ideological, idealistic tone of the Strategy Statement is remarkable, particularly in view of the more realistic statements made by the administration in its early months. It proclaimed:

> The United States possesses unprecedented and unequalled strength and influence in the world. Sustained by faith in the principles of liberty, and the value of a free society, this position comes with unparalleled responsibilities…The great strength of this nation must be used to promote a balance of power that favors freedom….The U.S. national security strategy will be based on a distinctly American internationalism that reflects the union of our values and our national interests.

The new strategy was also noteworthy for its advocacy of the "pre-emptive strike". While "striving to enlist the support of the international community", it made clear that the U.S. would "not hesitate to act alone, if necessary…by acting preemptively"

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23 Among the chief advocates of this thinking were Kenneth Pollack and a group of strategists at the National Defense University, including Joseph McMillan and Richard Sokolsky. Pollack's book, *The Threatening Storm: The Case for Invading Iraq* (New York; Random House, 2002) was influential in making the case. See also Sokolski, *The United States and the Persian Gulf*, especially the concluding chapter by Sokolsky and McMillan.

24 *The National Security Strategy of the United States of America*, September 2002, available at http://www.whitehouse.gov/nsc/nss.pdf.

against threats. This clearly indicated the continued strength of the Jacksonians and the unilateralists.[25]

But the strategy statement was not all pre-emption and unilateralism. It also made a considerable departure from previous policy in its support of nation-building and the use of non-military instruments of power. It recognized that weak states, like Afghanistan, could pose a threat and a danger as well as rogues states (both were included, however). In a nod to economic and social instruments, the administration recognized the need for aid and increased it, including help for Africans on HIV and a Millennium Challenge Fund to help countries demonstrating the capacity to move ahead on development and democracy. It admitted it could not meet the challenge alone and said it would rely on multilateral institutions. Eventually this strand of thinking came to include the Greater Middle East Initiative, designed to encourage reform across a broad front – economic, social and political – including Saudi Arabia, where the conservative regime was seen as part of the 9/11 problem.

One school of thought appeared to have lost out in the Strategy Statement: the realist school. This group included some traditional Republicans associated with the Bush I administration (Brent Scowcroft, James Baker, Henry Kissinger), but within the administration they were cantered in the State Department and the CIA and included Colin Powell. Seasoned diplomats, intelligence analysts, and regional specialists in academia were sceptical about adding Iraq to the target list from the start. While agreeing on Iraq's potential threat as a nuclear power, they questioned whether the timing was appropriate and saw Iraq as weaker than did the hawks. And they had great scepticism about the nation-building project, fearing protracted civil conflict and a collapse of the state or the eventual emergence of another anti-American regime. They dragged their feet on the regime change project from the start and ended by being cut out of the decision loop.

Several other motives for the war on Iraq need to be addressed, even if only to dispense with them. One is the supposition that protection of Israel was at the core of the decision. While there is little doubt that Israel's well-being was considered – this is a core pillar of U.S. policy and has the support of all political groups – there is little evidence that this consideration was front and centre. Although a shift in focus away from the Arab-Israeli conflict would benefit the Israeli Prime Minister, then Ariel Sharon and relieve pressure on Israel for concessions to the Palestinians, there is scant evidence that these were major considerations in the decision, and they played almost no role in the extensive discussions on the war in Washington, a capital where there is political gain to be made in supporting Israel.

The oil factor has also been over-emphasized in discussions, particularly abroad. In general, oil is fundamental to U.S. concerns in the Gulf region and protection of global supplies has been a cornerstone of its policy for decades. Western dependence on oil is the single most important reason why the U.S. has been concerned with

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25 Some have claimed that the preemption option was not a revolutionary change from the past, since previous presidents had also recognized the option of taking such action when necessary. However, this was the first time preemption had been made a declaratory policy. See Madeleine Albright, "Bridges, Bombs or Bluster," *Foreign Affairs* 82/5 (September/ October 2003), p. 4.

instability in the Gulf. But beyond that self-evident truth, "oil" did not figure in the debate about the Iraq war, in contrast to 1991. While U.S. oil companies undoubtedly would like access to Iraq's rich fields, there is little evidence that this factor influenced policy, and post-war U.S. actions on oil did not provide advantages to U.S. oil companies.[26] Some have claimed that fears over long term oil supplies, of future instability in Saudi Arabia, and the need to bring on line a new, rich source of oil in Iraq influenced the strategy. But again there is little evidence of this reasoning in the public debate. If oil factors had played a role in the decision, one would expect to find them cited in the administration's Energy Strategy, published in May 2001, but they are absent there. [27] Indeed, it could be argued that 9/11 changed the oil equation in important ways. It now focused U.S. attention not on a regional threat (rogue states) and how they might affect oil, but a global threat – terrorism, which could directly strike at the homeland.

Where Are We Now?

The occupation of Iraq and its denouement are too well known to need repeating. A swift military victory, with relatively few casualties or much opposition from Iraq's armed forces toppled the regime in a few weeks. It is the aftermath which has been most troublesome and caused the severest test for the strategy and ideas outlined above. It is not too much to say that the failure to stabilize Iraq has resulted in the desegregation of the disparate components of the strategy (people and ideas) and an increasingly divisive debate on its costs and its rationale in the United States.

At least four elements of the aftermath were essential in causing the unravelling of Iraq's stabilization, and they all go back to flawed assumptions in the creation of the strategy and the policy. First was the looting, unanticipated and unprevented, due mainly to a military which was too lean to maintain order, and a lack of concern in the Pentagon for the war's aftermath. Looting caused irreparable damage to Iraq's reconstruction. Second was the decision to destroy the institutional underpinnings of the state. The top four layers of the Ba'th party – some 30,000 to 40,000 officials responsible for administering the country – were removed and the army, reputedly close to 400,000, was dissolved, leaving the country's security and defence entirely in the hands of coalition forces. These resources were far too few and ill-trained to run a foreign country. Both of these decisions can be traced back to excessive reliance on optimistic assessments from exile Iraqis but also to the unrealistic assumptions, especially of the Wilsonian neoconservatives, who expected a positive Iraqi response to their "freedom and democracy" agenda. A third factor was the early growth of the insurgency and the failure to stem its tide. While some opposition to the occupation was to be expected, inadequate troops on the ground and an inept occupation helped it grow. By the end of 2004, the insurgency posed a major threat to

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26 For a well reasoned account of the "absent" oil factor see Gause, "September 11". The sweeping privatization laws issued by the CPA in Iraq early in its tenure pointedly excluded the oil sector.

27 Gause, "September 11", pp. 18-19. The Energy Report can be found on http://www. whitehouse.gov/energy/summaries.pdf. It contains less than a page on the Gulf.

the entire enterprise. Some of this outcome can be laid at the feet of the unilateralists who had earlier refused to accommodate allies, from whom additional resources might have been garnered. The absence of any border control now allowed an influx of terrorists from abroad, thus giving Iraq – and the U.S. – a new terrorist problem it did not have before. Fourth is the growth of anti-American sentiments, inside and outside Iraq, exacerbated in part by the occupation and in part by events like the Abu Ghraib prison scandal. While this sentiment certainly predated the war, the failure of the U.S. to produce an acceptable outcome in Iraq and its descent into a maelstrom of ethnic and sectarian violence played into the hands of U.S. adversaries. As a result, U.S. "soft power" has diminished and with it the ability to accomplish its broader aims.

In addition to the failure of stabilization, the major rationales behind the war have disappeared. No WMD has been discovered (the main justification for the war). No credible prior link to al-Qai'da has been found, but Iraq now poses a new terrorism threat of its own. Finally, the democracy project has been seriously discredited. Stabilization and "reconciliation", much more modest goals, have come to the fore while justifications for continuing the military mission are now increasingly couched in negative terms. The U.S. needs to avoid failure, frequently defined as a "failed state". Meanwhile, the costs in U.S. and Iraqi lives and treasure mount daily.

Challenges to the Strategy

The new U.S. strategy has now increasingly been challenged by the American public, first in an election in 2006 which returned a Democratic Congress, and second by a growing debate, inside and outside the Congress on the need for an exit strategy and the withdrawal of troops from Iraq. While the outcome of this debate is not yet clear, it has thrown all elements of the new strategy into question.

First, unilateralism has been increasingly criticized, most notably by the bipartisan Iraq Study Group, headed by Republican James Baker and Democrat Lee Hamilton. Their report, issued in 2006, urged a vigorous diplomatic effort with Iraq's neighbours, including U.S. adversaries Iran and Syria, as well as the larger international community to help stabilize Iraq.[28] Their views are increasingly echoed by politicians on both sides of the aisle – for example, Senators Joe Biden (D), Richard Lugar (R), Chuck Hagel (R) – and by various policy commentators. The costs of failure to secure international support are high and increasingly recognized, even in the Bush administration.[29] The administration turned to the UN to regulate its status in Iraq in a series of resolutions, notably UN Resolution 1546 of 8 June 2004, and to supervise elections in 2005, and it has called several international conferences designed to help Iraq's new government, most recently in May 2007 in Sharm al-Shaikh, Egypt. The State Department has even initiated official talks with Iran in

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28 James Baker, III and Lee Hamilton (Co-Chairs), *The Iraq Study Group Report* (N.Y.: Vintage Books, 2006), pp. 41-58.

29 One of the most striking examples is an op ed piece in the *New York Times* on 20 July 2007 by the U.S. Ambassador to the UN, Zalmay Khalilzad, strongly calling for increased UN involvement in Iraq to "help internationalize the effort to stabilize Iraq."

Baghdad, although at a low level, breaking a 27 year taboo. On the Iranian nuclear issue, the U.S. has firmly stuck to the international diplomatic track, although it has still kept a unilateral military option on the table. The reasons for seeking international support are obvious. The U.S. does not have the resources to administer the country alone and is not getting much help from an Iraqi government mired in civil strife and split on ethnic and sectarian grounds. Nor has it yet received much help from neighbours who are more interested in supporting an outcome favourable to themselves. Meanwhile, the U.S. and NATO must look to nation-building in Afghanistan, which is again under attack from the Taliban. A new administration would probably go much further in the direction of internationalization, but it is not clear how much international support it would get, especially in Iraq. Reversing the effects of unilateralism in Iraq will prove difficult and time consuming, even under a new administration.

Second, the doctrine of pre-emptive war has come under attack with Iraq as a clear test case for the new strategy. In contrast to Afghanistan, where there was a clearer justification for an attack, as well as a prior warning to the Taliban government which had sheltered perpetrators of an attack on the U.S., Iraq was a "war of choice", designed to pre-empt a potential future threat from a nuclear-armed Saddam Hussein. The war itself and its original justification are now clearly divisive issues in the U.S. although the decision to go to war is still defended by some proponents of the strategy (a diminishing group) who argue that the dismal outcome in Iraq is due not to strategic goals or the misassessment of the risks associated with them but rather to the inept way in which the policy was carried out. Indeed, as shown in the emerging debate on Iran and what to do about its nuclear program, "preemption" is not yet dead. Strikes on Iran's nuclear facilities are still part of a muted discussion inside the administration although it is clear that this option faces an increasingly difficult hurdle in terms of risks and costs, including the political costs of lack of support for the potential fall-out from this option at home. Hence, the military preemption portion of the strategy is also increasingly circumscribed.

Along with pre-emptive war, the use of the military instrument to produce "regime change" also faces a severe challenge. Regime change in Iraq, as well as an inept military occupation, has not only created a collapse of government and a failing state in Iraq, but violence on a level not seen there before, in which the U.S. military seems endlessly mired. Public reaction to this circumstance is escalating. The congressional election of 2006 produced a Democratic victory, seen as a repudiation of the war and the policy of the administration. The escalating public debate during the presidential campaign of 2008 has focused on withdrawal of U.S. troops from Iraq. Despite mounting opposition to the policy, however, the administration has refused to draw down troops and in January 2007 even implemented a military surge, presumed to be temporary, aimed at defeating indigenous and other terrorist forces and providing security for the local population. But even the military commanders and diplomats carrying out this mission admit that, even if successful in curbing violence, U.S. forces are only a temporary palliative. The only self-sustaining solution is political, that is, a resolution of the power struggle, peaceable or otherwise, among the Iraqis themselves. The U.S. military instrument appears ill equipped to produce that outcome.

Indeed, the issue of regime change itself as an answer to perceived threats, rather than a change of regime behaviour through a variety of instruments, is receiving increased attention.[30] This harks back to the old debate over the efficacy of "dual containment". While it is too late for this in Iraq, it is still an issue in Iran, where many of the U.S. proponents of the new post 9/11 strategy hanker for "soft regime change", presumably through support of various activities, including help for local opponents of the Iranian regime. Appropriations voted by Congress in June 2007 for efforts in Iran may have contributed to the incarceration of several Iranian-American scholars and activists by the Iranian government in the spring and summer of 2007. Nor has the strike option in dealing with Iran's nuclear facilities been taken off the table although the likelihood of such a strike has receded for several reasons, including the costly involvement of the military instrument in Iraq and Afghanistan and the fear of international repercussions from such a strike in increased anti-American sentiment and terrorism in the region, in Europe and at home. The gradual removal of many (though not all) of the neoconservative advocates of this strategy from key defence positions has also diminished, but not eliminated, this option.

Third, the establishment of democracy in Iraq and its gradual spread from there to the rest of the area is a concept that has lost credibility among much of the U.S. public, although the administration – especially the president – continues to use this concept (with less frequency) to rally support.[31] A series of Iraqi elections in 2005, which produced a parliament and a constitution, was a high point in this process, but the outcome, apparent by 2006, was a weak and ineffective government based on communal identity (mainly Shi'ah and Kurdish with a rump Sunni component) unable to deliver services or security as well as unprecedented ethnic and sectarian violence, government by local militias, an increasingly vicious Sunni insurgency and massive population displacement. This outcome has discredited the democratic experiment in the eyes of many, especially in the region (although not those who acceded to power in Iraq). Mounting chaos in Iraq has even forced some shift in goals by the administration; more emphasis is now put on stability, reconciliation and better, even if not entirely democratic government. Some opponents of the strategy are even focusing on a partition of the state along ethnic and sectarian lines.

These sentiments have spilled over to the debate on reform where there has been a retreat from the Greater Middle East Initiative after a chorus of opposition from Middle Eastern states on imposed solutions.[32] Little has been said about democracy

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30 For an excellent study of this issue, see Robert Litwak, *Regime Change, US Strategy through the Prism of 9/11* (Washington, D.C.: Woodrow Wilson Center Press, 2007).

31 The National Security Strategy of March 2006 reinforced many of the conclusions of the 2002 strategy. It gave a ringing endorsement of support for democracy, the work of generations, as the chief pillar of U.S. strategy, despite backtracking on the ground, indicating little ideological change by the administration. It reiterated the right, if necessary, to take preemptive action against emerging threats. While it downplayed unilateral action, it emphasized that the U.S. must lead, by deed as well as example, and said it planned to continue to do so. *The National Security Strategy of the United States of America*, March 2006, available at http://www.whitehouse.gov/nsc/nss/2006/nss2006.pdf.

32 Marina Ottaway and Thomas Carothers, *The Greater Middle East Initiative: Off to a False Start. Policy Brief* (Washington, D.C.: Carnegie Endowment, March 2004).

in Egypt despite the backsliding on democratic reforms there, or in Saudi Arabia, because the support of both countries is now needed to bolster the U.S. position in the Gulf, especially in containing Iran.

Lastly, hubris is out of fashion and talk of "the American Empire" has faded. The discussion has now shifted to an exit strategy for the U.S. in Iraq and the "costs" of hegemony in the Persian Gulf. How this debate will end, however, is uncertain. While the aftermath of the Iraqi venture has been a set-back to the Bush II strategy, much will depend on the outcome of the 2008 presidential election, the situation in Iraq, and challenges from Iran, now looming as the next focus of U.S. attention. For the moment, the neoconservatives may be down, but it is too soon to say that they are out.[33]

Where does that leave future U.S. policy toward the Gulf? The situation is still too fluid to make any hard predictions but some trends are suggestive.

In Iraq, the U.S. is in an untenable situation. A continuing, if reduced insurgency is preventing stabilization, reconstruction and a return to normalcy, much less democracy. The fear is now that Iraq may become a failed state with very high risks and costs to U.S. interests in the region and its on-going struggle against Islamic terrorism. All responsible policy analysts recognize that there are no good solutions to the Iraq conundrum. The issue is currently enjoined between those who favour some U.S. "presence", military as well as diplomatic, remaining in Iraq long enough to prevent a complete collapse and to help rebuild the economy and government – efforts likely to take at least a decade – and those who want a full withdrawal and redeployment to enable the U.S. to concentrate on other issues. Much of the discussion on Iraq is now focused on damage control – how to prevent worse scenarios from occurring. Uncertainty reigns, but the Iraqi experience has already discredited much of the 9/11 strategy. In the meantime the U.S. needs to internationalize its efforts, focus more on diplomacy than on the military, get outside help and persuade many more Iraqis to support its new and evolving government.

In Iran, the current U.S. strategy is also facing tests. At one level, the U.S. is dealing with Tehran as a rogue state, now emerging as the main regional threat to U.S. interests, especially since the election of a more radical Islamist president, Mahmud Ahmadinajad in June 2005. The main U.S. concern is Iranian acquisition of nuclear weapons, now closer to realization. Second is U.S. concern for Iranian support for extremist movements such as Hizballah in Lebanon and Hamas in Palestine, as well as support for Shi'a extremists in Iraq who are destabilizing the government and attacking U.S. forces. Lack of support for an Arab-Israeli solution comes third. But there have been some interests on which the two countries have been able to cooperate in the past. One was the overthrow of the Taliban in Afghanistan and Saddam Hussein in Iraq, both of which benefited Iran as well as the U.S. Iran has

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33 Even without a foothold in power, the neoconservatives have institutionalized themselves in the policy community through journals like *The Weekly Standard*, edited by William Kristol; think tanks like the American Enterprise Institute, and institutions like the Project for the New American Century and the recently reactivated Committee on the Present Danger. According to Walter Russell Mead, they also have a powerful hold over portions of the population. See Mead, *Power, Terror, Peace and War*, p. 195.

also favoured the emergence of a Shi'a government in Iraq currently supported by the U.S. But these common interests have their limits. The U.S. now fears an Iranian attempt at regional hegemony and the Iranian potential for destabilizing Iraq (as well as Lebanon and the Palestinian Authority). Meanwhile, inside Iran, hardliners have made gains, greatly restricting reformers and providing little with which U.S. advocates of democratic reform can work. In Washington, the emergence of the nuclear issue in Iran has sharpened the debate between hardliners, who want regime change in Iran, and internationalists who favour engagement.[34] However, in the attempt to prevent Iran from going nuclear, the U.S. has been compelled to work with the international community, especially Europe. Iran's nuclear program and its potential for causing trouble in Iraq have raised the profile of the Iranian issue. Tensions between the U.S. and Iran are more likely to rise than subside.

In Saudi Arabia and the GCC, the U.S. has had to pull back from its post 9/11 attacks on Saudi Arabia for its role in fostering religious extremism to a more realistic position. King Abdallah has undertaken some modest steps toward reform and tightened control over Muslim extremists, a threat to the Saudi regime as well as to the U.S. There has also been a reformulation of the Broader Middle East and North Africa Initiative. A collection of components including development of the private sector, empowerment of women, literacy, and constitutional progress, the initiative has folded in a number of programs already in existence, and fundamental democratic change has taken a back seat.[35] The reasons are not difficult to see. In the absence of an increase in the Iraqi oil supply, Saudi Arabia and the GCC remain the bedrock of U.S. oil security. Even more to the point, Saudi Arabia itself is now needed to face rising threats from Iran and a possible Shi'a-Sunni conflict in the region. Meanwhile, Saudi Arabia is a natural ally of the U.S. in facing spill over from al-Qa'ida and Sunni extremists from Iraq and is cooperating with the U.S. on curbing financial and other support for terrorist groups. At the same time, U.S. military planners have successfully addressed one major concern connected with the containment strategy: they have shifted most of the U.S. military presence out of Saudi Arabia. Qatar now serves as CENTCOM's regional headquarters, while a reorganized U.S. force posture is more diversified with new bases in Eastern Europe and Central Asia.

Conclusion

In response to a profound, transformational crisis – the 9/11 attacks on the U.S., the Bush administration produced a bold, new strategy for its "war on terror." This included scuttling the previous *Dual Containment* policy toward the Gulf in favour of "regime change", long talked about but never seriously implemented. Within the space of two years, the U.S. moved to occupy, control, and reshape two Islamic countries in the region, Afghanistan on the rim of the Gulf and Iraq in its heartland. These actions were taken, not only to remove threatening regimes, but in the name

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34 Howard Lafranchi, *Christian Science Monitor*, 22 July 2004.
35 Ottaway and Carothers, "The Greater Middle East Initiative."

of a new ideological goal, bringing democratic systems to an area where they had never been practiced. The absence of democracy was now advanced as the key cause of the new phenomenon of Islamic terrorism. Both actions were taken, for the most part, unilaterally, with only a few attempts to get international support and using the military instrument where the U.S. had overwhelming superiority. The strategy also committed the U.S. to nation-building, although little was said about the long-term commitment in resources this would take.

The aftermath of these occupations has shown the seriousness of the miscalculations made by the administration and the lack of realism that went into devising the strategy. One unexpected result, ironically, may be a new strategic reality emerging in the Persian Gulf. Increasingly, the U.S. is no longer focused on strong states ("rogues") and the U.S. inability to "contain" them. Rather, U.S. attention has shifted to "failed" – or "failing" – states, the spread of the instability they create, and the impetus they can provide for the growth of Islamic extremism. This is now the case in Afghanistan, the original model of a failed state, and Iraq, in the throes of instability created by the U.S. occupation. Meanwhile, the U.S., largely on its own, is saddled with two huge nation-building projects, and its military – the main instrument of the new policy – is gradually eroding. The vision behind the strategy – democratization – while laudable, is also in retreat, and the administration which devised the strategy is under attack at home. The question now is how long the U.S. can reasonably keep large numbers of troops in Iraq, whether and how it can get international support for these or for any future initiatives, and how much cooperation it can muster to deal with the remaining "rogue" state Iran, as it moves toward nuclear weapons capacity. In these circumstances, one may ask how much – if any – of this strategy is likely to last through the decade, or whether it may meet the fate of its predecessors even earlier.

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Chapter 3

Charting U.S. Security Strategy in the Persian Gulf

James A. Russell[1]

In the spring of 2007, veteran Middle Eastern analyst and former Clinton Administration official Martin Indyk characterized the Middle East as being turned "upside down" in the aftermath of the U.S. invasion of Iraq.[2] It is hard to argue with his assessment. The invasion and its aftermath have unleashed a wide-ranging re-ordering of the internal and external dynamics of regional security that could see the region plunged into a prolonged period of strategic instability.

External politics have been altered in important ways. The political empowerment of the Shiite majority in Iraq, accompanied by the loss of influence by Iraq's Sunni power structure and the establishment of an autonomous Kurdish region has profoundly affected the regional balance of power. Iraq no longer serves as the Sunni bulwark against Shiite and Iranian expansion, and the Sunni Gulf State monarchies (and Jordan) now find themselves as frontline states against an emerging Iranian-dominated alliance comprised of Iraq, Syria and Hizbollah in Lebanon. In confronting these adversaries, the Sunni states also find that the region's guarantor, the United States, is in a weakened position politically and militarily as a result of the disastrous war in Iraq and its Middle East policy throughout the past six years. It is unclear whether and/or how the United States can recover from this.

Confronted with a series of conflicting messages from Washington that at various times emphasized democracy, transparency and human rights and at other times demanded cooperation in the so-called war on terrorism, the region's elites are investigating alternative arrangements to deal with the regional insecurity emanating from Iraq and the occupied territories as well as from the rising power of Iran. Framed by the Iraq invasion and the abandonment of constructive involvement in the Arab-Israeli dispute, these contradictory messages have contributed to the decreasing public support for the United States throughout the region. The decline in U.S. standing stretches beyond the Middle East and the Gulf. Polling in the Middle East, Africa and Asia in the summer of 2006 found a "deep attitudinal divide" between Westerners and Muslims in the sample areas.[3] Only 15 percent of the Jordanians held

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2 As quoted by Seymour Hersh, "The Redirection," *The New Yorker*, 83/2 (2007).

3 Delphine Schrank, "Survey Details 'Deep' Divide Between Muslims, Westerners," *Washington Post*, 23 June 2006, p. A19.

a favourable impression of the United States in 2006. In Turkey, merely 12 percent of respondents regarded the U.S. favourably.[4]

The decline of the U.S. position is spurring a reordering of the regional security environment. The region's rush to reinvigorate dormant nuclear power programs (Egypt) and to initiate new programs (the Gulf Cooperation Council) delivers a collective regional response to the situation. In December 2006, the Gulf Cooperation Council announced plans to start construction of its own nuclear power plants. Russian President Vladimir Putin toured the region shortly thereafter, promising to assist the GCC states in building their own nuclear reactors. In short, the region stands on the brink of an era of strategic insecurity. This may result in the ignominious end of the regional security architecture first constructed by the British early in the 20th century and then embellished by the United States at the end of Gulf War I. This chapter will review the development of regional security strategy under the Bush Administration and analyze its relevance in addressing the emerging and unstable regional security environment.

Out with the Old

The Bush Administration that arrived in the winter of 2001 was determined to change the U.S. policies in the Middle East and the Persian Gulf by: (1) abandoning the peace process; (2) placing distance between the United States and Saudi Arabia; and (3) getting rid of Saddam Hussein. By 2003-2004, stopping Iran's march towards nuclear weapons had emerged as the fourth pillar of U.S. regional policy. Circumstances and domestic politics played critical roles in the abandonment of the peace process and the decline of U.S.-Saudi relations. The aftermath of the September 11th attacks placed excessive pressure on an already frayed U.S.-Saudi political partnership and was followed a decade of decline in the relations between the erstwhile strategic partners.[5] As for the peace process, the Bush Administration that came into office in 2001 openly stated its belief that the United States had become involved too much in trying to broker a deal between Israel and the Palestinians. Making good on its campaign rhetoric, the Bush Administration on the one hand called for the creation of a Palestinian state and on the other did little to back up its words with action, watching in curiously detached isolation as the parties brutalized one another in successive waves of violence.

The Bush Administration's approach to the Middle East had its roots in work done in the 1990s by prominent neo-conservatives. Some suggest that a paper titled "A Clean Break: A Strategy for Securing the Realm" by Richard Perle and others provided the Bush Administration with a blueprint that articulated a broadly stated policy objective to fundamentally alter the internal politics of Arab states throughout

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4 Pew Global Attitudes Project, "America's Image Slips, But Allies Share US Concern Over Iran, Hamas," 13 June 2006, available at http://pewglobal.org/reports/pdf/252.pdf.

5 Hersh, op. cit., asserts that quiet and clandestine cooperation has restarted between the U.S. and Saudi Arabia in Lebanon and elsewhere in the region to combat the growing influence of Iran and Hizbollah.

the region.[6] The paper, written in 1996 for the incoming Israeli Prime Minister Netanyahu, called, inter alia, for a regime change in Baghdad as part of a plan to spread democracy around the region and for isolation of those states resisting to fundamental political change – Saudi Arabia, Syria and Egypt. Spreading democracy, it was argued, would create a new set of actors throughout the region that would then be more amenable to reach a peace treaty with Israel. The paper reflected much of the thinking attributed to Paul Wolfowitz, who played a key role in crafting the Bush Administration's decision to invade Iraq. Wolfowitz is also generally credited with creating the first draft of the Bush Administration's approach to a national security strategy in the early 1990s.[7]

If the "Clean Break" paper represented a potential blueprint for a new approach in the Middle East, the broader vision for the role that force could play as part of a more aggressive global American security strategy was clearly spelled out in a September 2000 report released by the conservative organization *Project for New American Century*. Many of the senior members of the organization would later assume prominent positions in the Bush Administration. The report, titled *Rebuilding America's Defenses: Strategy, Forces and Resources for a New Century*,[8] called for the United States to assume its position of global leadership and to take concrete steps in order to preserve and to extend America's position of global predominance. In a passage that could be regarded as the articulation of the Bush Administration's new strategic direction – even before the September 11 attacks, the report's authors declared in its introduction that "The United States is the world's only superpower, combining pre-eminent military power, global technological leadership, and the world's largest economy. Moreover, America stands at the head of a system of alliances which include the world's other leading democratic powers. At present, the United States faces no global rival. America's grand strategy should aim to preserve and extend this advantageous position as far into the future as possible."[9] The role of the military within this grand strategy, according to the report, was to "…secure and expand the 'zones of democratic peace;' to deter the rise of a new great-power competitor; to defend the key regions of Europe, East Asia and the Middle East; and to preserve American pre-eminence through the coming transformation of war made possible by new technologies."[10] All these themes emerged in the Bush Administration's strategy documents released after coming into office in 2001.

If using force to expand the so-called "zones of democracy" as part of a strategy of political transformation represented a central objective of using force against Iraq, it stands to reason whether this objective applies throughout the whole region. The decision to use force in pursuit of Operation Iraqi Freedom (OIF) was framed as part of a broader strategic vision of political transformation as part of the global fight

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6 Text of the paper can be accessed online at http://www.israeleconomy.org/strat1.htm.

7 Details of the Wolfowitz draft are contained in Nicholas Lemman's article "The Next World Order," *The New Yorker*, 1 April 2002.

8 Report can be accessed at http://www.newamericancentury.org/RebuildingAmericas Defenses.pdf.

9 Ibid., p. i.

10 Ibid., p. 4.

against terrorism. In 2003, President Bush's soaring rhetoric linked the toppling of Saddam Hussein with a plan to defeat terrorism and to spread democracy in the Middle East:

> We are rolling back the terrorist threat to civilization, not on the fringes of its influence, but at the heart of its power. In Iraq, we are helping the long suffering people of that country to build a decent and democratic society at the centre of the Middle East. Together we are transforming a place of torture chambers and mass graves into a nation of laws and free institutions. This undertaking is difficult and costly – yet worthy of our country, and critical to our security. The Middle East will either become a place of progress and peace, or it will be an exporter of violence and terror that takes more lives in America and in other free nations. The triumph of democracy and tolerance in Iraq, in Afghanistan and beyond would be a grave setback for international terrorism. The terrorists thrive on the support of tyrants and the resentments of oppressed peoples. When tyrants fall, and resentment gives way to hope, men and women in every culture reject the ideologies of terror, and turn to the pursuit of peace.[11]

This rhetoric mirrored the verbiage in the Bush Administration's National Security Strategy Report, which unequivocally established the goal of expanding the zone of democracy around the world as a primary strategic objective. Presumably, expanding the zone of democracy will, in turn, make those states within the zone less prone to support terrorist groups and religious extremists. As noted in the National Strategy for Combating Terrorism, "Ongoing U.S. efforts to resolve regional disputes, foster economic, social, and political development, market-based economies, good governance, and the rule of law, while not necessarily focused on combating terrorism contribute to the campaign by addressing underlying conditions that terrorists often seek to manipulate for their own advantage."[12]

The Bush Administration's strategy documents make clear that force is an instrument not just to pre-empt emergent threats but that can also be used as a tool to expand the democratic zone. In the report's foreword, President Bush emphatically states: "In the new world we have entered, the only path to peace and security is the path of action."[13] Using force to effect regime change in Iraq indisputably represented such a path. This vision has run aground on the shoals of reality in the Middle East. As regional elites are eventually forced to bow to the unfolding forces of political change and transition sweeping through their domains, they will invariably be forced to distance themselves from their erstwhile protector – the U.S. military and the extended deterrent umbrella provided by its military presence. The United States thus faces the paradoxical position of helping to stimulate the regional political transformation it sought, but now faces a transformation that features the empowerment of anti-U.S. forces and which may in the long-term prove to be anti-democratic. This process of transformation threatens a system of regional security

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11 Address of President Bush to the nation, 7 September 2003 at http://www.whitehouse.gov/news/releases/2003/09/20030907-1.html.

12 The White House, *National Strategy for Combating Terrorism* (Washington DC, February 2003), p. 23.

13 The White House, *The National Security Strategy of the United States of America* (Washington D.C., 17 September 2002).

based on a security umbrella provided by first by the British and then the United States.

Genesis of the Regional Security Architecture

At the end of World War I, the British were confronted by a series of paradoxes as they contemplated administering the spoils that victory in Europe had given them in the Middle East. All the former Ottoman dominions lay at their feet, stretching from Constantinople to Basra, Baghdad, across the Levant and down into the Hijaz. Victory in Europe, however, had exacted its toll, and the British faced a series of problems in administering these areas and integrating them into the empire. The war had emptied the country's coffers leaving it financially broke, and the public clamoured for a return home of the troops deployed in far flung places like the Middle East – which might have served as an instrument for British influence and control in these domains. As Colonial Secretary, Winston Churchill strove to construct a formula that would preserve Britain's position as the dominant regional power while simultaneously scaling back its level of commitment to meet domestic political and economic realities. Churchill and his assembled experts faced all these issues during the Cairo Conference in March 1921 where he and his advisers made a series of decisions that are still affecting the course of history in the Middle East.

The best known decision made in Cairo was the accommodation of Britain's Hashemite friends in the Hijaz that resulted in the creation of Jordan and Iraq. A less well known issue was also vetted during the conference, where Churchill (becoming Chancellor of the Exchequer from 1924-1929 in his next cabinet job) became attracted to the idea of using the Royal Air Force (RAF) to police the restive tribesman throughout the Arabian Peninsula and Iraq in lieu of the expensive and manpower-intensive option of occupying these areas with British or Indian troops. Throughout the early part of the 20th century and spurred by operations during World War I, the RAF had built a network of airfields that linked Egypt, the Arabian Peninsula, the Gulf, Mesopotamia, Iran, Afghanistan and India. After the war under the pro-active leadership of Air Marshall Sir Hugh Trenchard, the RAF consolidated the establishment of a series of airfields throughout the region in Aden, the Hijaz, Mesopotamia, Kuwait, Bahrain, the Trucial Sheikdoms, Oman, Afghanistan, Peshawar and Iraq. By the late 1920s, after receiving administrative responsibility for the Iraq mandate, the RAF had assumed the responsibility for the internal and external security of Britain's interests throughout much of the Persian Gulf.[14] RAF operations proved their worth to the British in their successful internal policing actions in Iraq, Yemen, Kuwait and the Trans Jordan, and Afghanistan during the interwar period. The RAF also helped beat back the marauding Saudi Ikhwan warriors during their raids into Kuwait, the Trans Jordan and Iraq in 1927-1928.

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14 Authoritatively summarized in J.E. Peterson, *Defending Arabia* (New York: St. Martin's Press, 1986) pp. 13-57.

The infrastructure developed by the RAF during this period proved invaluable during World War II, facilitating operations throughout the Middle East and the Allied re-supply of 5 million tons of war materiel to the Soviet Union through Iran. Following World War II, the facilities infrastructure provided the basis for the British military presence until 1971, when they finally departed from the region. Following the British departure, the United States gradually moved in to fill the vacuum created by the British withdrawal as the 1980s saw the Gulf increasingly become the most common destination for deploying United States Navy battle groups. During Operation Earnest Will in 1987, the United States signed on to the idea of using its Navy to police the Gulf and escort oil tankers through the Strait of Hormuz. A whole generation of American naval officers effectively came of age in the Persian Gulf during the 1980s and 1990s. The Navy's operational hub in the Gulf in Manama, Bahrain (inherited from the British) now administers a variety of activities devoted to maritime security and counter-terrorism in the Gulf and the Indian Ocean.[15] As the United States considers the consequences of its invasion of Iraq, the unanswered question is whether future generations of American naval officers will have the same career experience in the Gulf as those during the previous 20 years.

Impact of the Iraq Invasion

The Iraq invasion came at a time of a broader regional political upheaval and transition. The aftermath of the invasion simply throws more fuel on an existing fire, adding a momentum to the new intraregional political dynamics: (1) it reinforces pre-existing trends of generational political transition and the emergence of a new caste of internal political actors that are pressuring the region's governing elites; (2) the internal chaos in Iraq is also leading to the military empowerment of powerful non-state actors, providing them with the means to take on established conventional military forces on by using asymmetric tactics; and (3) the situation in Iraq assists Iran in its regional ambitions to extend its influence and power and its desire to position itself as a champion of regional political causes to the detriment of the surrounding Sunni political elites. All these three interrelated factors will shape the regional strategic landscape for the years to come.

One of the many critical failures in U.S. planning for the Iraq war centred on the idea that the Iraqis would sit idly by while a tyrant was physically removed from a job he had occupied for 30 years and wait for another group to take his place. The Bush Administration actually believed that a new governing elite could be parachuted on top of the existing governmental institutions in a seamless and peaceful transition.[16] This belief represented a fundamental misunderstanding of the structure of Iraqi politics and regional political dynamics. In Iraq, as elsewhere in the region, politics serves as an extension of the internal bare-knuckles battle for power between

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15 For a description of current maritime security operations coordinated out of Bahrain see James A. Russell, "Maritime Security in the Gulf: Addressing the Terrorist Threat," *Security and Terrorism Research Bulletin*, No. 2 (February 2006), pp. 9-11.

16 Latest and perhaps most interesting treatment of this idea is in Dexter Filkins, "Where Plan A Left Ahmad Chalabi," *New York Times Magazine*, 5 November 2006.

competing tribal, familial, sectarian and religious groups. For these groups, loyalties tend to lie not within governing institutions but within their broader community. Government and its institutions represent tools to exert authority and control over rivals, not necessarily as vehicles to create national unity and collective identity.[17] Removing Saddam popped the lid off a complicated internal political environment in which the Sunni minority had exercised political control since Ottoman times. The invasion re-opened the competition in the internal political balance of power that had been established when Britain installed a Sunni monarchy supported by a caste of Ottoman Sunni technocrats in the early 1920s. Supported by the United States, Shiite and Kurdish communities (both with significant internal fissures) seized their chance in the chaotic aftermath of the Iraq invasion to use governmental institutions as a means to exert influence and control over their Sunni rivals. The passing out of government ministries to different Shiite and Kurdish figures in the aftermath of the December 2005 elections reflected this process.

These internal dynamics are layered upon an already fragile regional political climate. Upsetting the apple cart of Iraqi politics comes amidst a time of regional generational transition, with the anachronistic carcasses of discredited secular dictatorships and monarchies still littering the regional political landscape. The region is awash in post-colonial era familial elites desperately clinging to power and seeking ways to extend their collective reigns. Egyptian President Hosni Mubarak is positioning his son Gamal to succeed him. Syrian President Haffez Assad's son Bashar sits perched atop a creaky Alawite power structure. In Jordan, King Abdullah faces the daunting prospect of governing without the popularity and legitimacy of his father. In Bahrain, Sheik Hamad proclaimed himself king in an attempt to ensure that the Khalifa dynasty continues ruling over the island's restive Shiite majority in perpetuity. In Saudi Arabia, King Abdullah recently decreed that succession would be handled by an internal committee and that power would not necessarily pass directly to the next figure in the succession hierarchy. In Kuwait, succession in the Sabah family was handled with the constructive input of an increasingly assertive Kuwaiti parliament. The region's political uncertainty is unfolding against the backdrop of the chaos in Iraq. The political upheaval in Iraq threatens to disrupt the delicate balance between the rulers and ruled throughout the Middle East. While they all are far away from surrendering their hold on power, the events in Iraq and the vying for power of new actors throughout the region represent a challenge to the region's elites.

The Iraq invasion re-opened simmering sectarian fissures that had for the most part lain dormant during the 1990s and the era of U.S. containment in the Gulf. Political empowerment of Shiites and Kurds in Iraq will have lasting implications in the region by re-igniting political aspirations within both groups across national borders.

Kurds in Iran and Turkey are already feeling the pull of the de facto Kurdish state that currently exists in northern Iraq. The armed Peshmerga today police the borders of the new Kurdistan, and the Kurds now have access to a portion of the oil sales revenues coming out of the fields near Kirkuk and Mosul. It is estimated

17 Vali Nasr, "When the Shiites Rise," *Foreign Affairs*, 85/58 (2006).

that oil reserves in northern Iraq total 48 billion barrels, with another 100 trillion cubic feet of natural gas. The Kurdish Regional Government, (KRG) has already signed production sharing agreements with Norwegian and Turkish companies that are actively exploring for new wells in the Kurdish areas.[18] The KRG is treading delicately in its relationship with the Iraqi government in Baghdad, but there is little doubt in the region that, in political terms, the removal of Saddam has lead to the Kurds finally achieving their centuries-old dreams of achieving political autonomy. A Kurdish state in northern Iraq represents a potential threat to Iran and Turkey, which both have sizable Kurdish populations. In July 2004, Iran and Turkey signed an agreement to cooperate in security matters relating to Kurdish separatist groups operating out of northern Iran. The agreement to cooperate against Kurdish groups comes amidst a growing Turkish-Iranian relationship that features the possible export of Iranian natural gas through Turkey to Europe.[19]

Political empowerment of the Shiite majority in Iraq following the removal of Saddam is also stirring Shiite political aspirations throughout the Gulf; they form the majority in Iran, Iraq and Bahrain, and have significant minorities in Kuwait, Saudi Arabia, and Lebanon.[20] In December 2004, Jordan's King Abdullah voiced the concerns of the region's Sunni leaders when he warned of the possibility of a dominant Shiite crescent stretching from Iran through Iraq and Syria and into Lebanon.[21] The removal of Saddam revives the region's age-old religious rivalry between Shias and Sunnis stretching back over the centuries. The triumph of the Baathists in Iraq during the 1960s and their rule during the next 40 years formed a critical component in the Sunni states' plans to keep Shiite influence bottled up in Iran, giving them a free hand to mange their own Shiite minorities. The model of Iraqi democracy, which has given the political power to the Shiite majority, resonates powerfully within significant Shiite communities in Bahrain, Saudi Arabia and Lebanon.[22] Pilgrimages to the recently opened Shiite shrines in Najaf and Karbala have also invigorated the trans-national sense of Shiite religious identity and community that Saddam and the Sunni monarchies had long thwarted.[23]

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18 "Who is to Control Kurdish Oil and Protect if From Sabotage?" *The Economist*, 28 September 2006, available at http://www.economist.com/world/africa/PrinterFriendly. cfm?story_id=7971065

19 Details of the Iran-Turkey negotiations in Mevlut Katik, "Turkey Treads Carefully in Negotiating an Energy Deal with Tehran," *Eurasia Insight*, 8 September 2006, available at http://www.eurasianet.org/departments/insight/articles/eav090806.shtml

20 Vali Nasr, "When the Shiites Rise".

21 Robin Wright and Peter Baker, "Iraq, Jordan See Threat to Election From Iran," *Washington Post*, 8 December 2004, p. A01.

22 The impact in Bahrain is detailed in Hassan Fattah, "An Island Kingdom Feels the Ripples from Iraq and Iran," *New York Times*, 16 April 2006; also see Hasan Fattaah, "Jordan Islamists Stir Tensions by Displaying Election Skills, *New York Times*, 12 May 2006. Developments in Kuwait are summarized by Mary Anne Tetrault, "Kuwait's Annus Mirabilis," *Middle East Report Online*, 6 September 2006, available at http://www.merip. org/mero/mero090706.html.

23 These arguments are addressed in more detail in Vali Nasr, *The Shia Revival: How Conflicts Within Islam Will Shape the Future* (New York: W.W. Norton 2006).

Empowerment of the Shiite communities and the increased pressure on the Sunni-lead states also come at a time when a new caste of populist political leaders and Islamist-dominated associations are emerging region-wide to challenge the religious, age-based and familial hierarchies that dominate regional politics. Leaders like Hassan Nasrallah in Lebanon, Ismail Haniyeh in the West Bank, and Muqtada Sadr in Iraq are the vanguard of new political and anti-democratic movements that are exerting authority through skilful grass roots politics backed by the point of a gun. These leaders are positioning themselves as alternatives to the familial and sectarian hierarchies that seized power with the departure of the colonial occupiers some 50 years ago. Importantly, below these visible figures are a variety of vibrant political associations in Jordan, Kuwait, Bahrain and Yemen that are all mobilizing in order to exert power in the nascent democratic processes unfolding in these states. In Saudi Arabia, a group of once-dissident clerics has been re-admitted to mainstream society and actively participated in that country's municipal elections in early 2003.[24] Fiery anti-U.S. clerics like Saffar al-Hawali have been permitted to join the process of political mobilization in the elections, which only confirmed the popularity of the religious conservatives at the local political level. Reflecting the Kingdom's changing domestic political landscape the regime stood by and allowed a group of clerics (including Hawali) in November 2004 to issue a fatwa urging support for jihadist forces inside Iraq. Region-wide political mobilization is being reinforced by the aftermath of the Iraq invasion, in which a variety of new actors are combining impressive organizational skills with Islamist and populist political rhetoric that melds Islamist political themes and historical narratives that feature resistance to the traditional powers and sources of authority and call to re-Islamize the society.

An important and complementary factor that accompanies the emergence of new political forces shaping the landscape is the arrival of a new generation of conventional weapons that allows non-state groups to establish so-called states-within-states and to challenge the established conventional military forces in the region. Shiite organizations like Hizbollah in Lebanon and the Mahdi Army in Sadr City are recent examples of this phenomenon. Both organizations have established states-within-states in their respective areas, combining political and military tools to exercise control. As Israeli and U.S. military forces have discovered much to their discomfort, lethal weapons like the RPG-29, anti-ship cruise missiles, advanced sniper rifles, remote piloted vehicles loaded with explosives, and new surface-to-surface rockets have increasingly provided insurgent and militia groups with dangerous new killing power. The Central Command's General John Abizaid told reporters in September 2006 that the new weapons provide an unwelcome "hint of things to come" in the already deadly military landscape.[25] Abizaid is clear about

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24 Covered in *Can Saudi Arabia Reform Itself?*, International Crisis Group, 14 July 2004, available at http://www.crisisgroup.org/library/documents/middle_east___north_africa/iraq_iran_gulf/28_can_saudi_arabia_reform_itself_web.pdf.

25 As quoted in "New Weapons Turning Up on Mideast Battlefields: Abizaid," *Agence France-Presse*, posted on the Defense News website, 19 September 2006, available at http://www.defensenews.com/story.php?F=2116356&C=landwar.

intra-regional cooperation between a variety of different groups that is spreading weapons throughout the region: "There are clearly links between Lebanese Hizbollah training people in Iran to operate in Lebanon, and also training people in Iran that are Shia splinter groups that could operate against us in Iraq."[26] There have long been suspicions that Iran's Revolutionary Guard Corps have been assisting insurgents and Shiite militias in fielding evermore deadly shaped-charge improvised explosive devices that are exacting a growing toll on the road-bound U.S. military in Iraq.[27] The U.S. M1A2 main battle tank, Marine Corps Amphibious Assault Vehicle, British armoured personnel carriers, and Israeli Merkava battle tanks have been destroyed by shaped-charge IED's and RPG-29s in the last 36 months.

The new generation of conventional weapons proved critical to Hizbollah's successful resistance against Israel's overwhelming conventional military power in Lebanon in August 2006. Hizbollah's organizational structure, featuring a decentralized command and control network with competent and innovative unit commanders, successfully executed a defence that countered Israeli-mounted infantry and armour and successfully struck an Israeli naval vessel.[28] Iraqi insurgents are also using similar asymmetric tactics against U.S. forces in Iraq, and many believe it is only a matter of time before the Shiite militias start to see their military capabilities grow with the new advanced weaponry.

It is no coincidence that this upsurge in regional military capabilities coincides with revelations that Russia has apparently abandoned its policy of restraining conventional arms transfers to Iran and developing nations around the world. According to the authoritative Congressional Research Service, "in recent years, Russian leaders have made major strides in providing more creative financing and payment options for prospective arms clients. They have also agreed to engage in counter-trade, offsets, debt-swapping, and, in key cases, to make significant licensed production agreements in order to sell its weapons."[29] Many of the new weapons in Hizbollah's arsenal, such as the RPG-29, are believed to have been originally sold by Russia or are being produced under license in Iran, which provided these weapons to its terrorist clients in Iraq and Lebanon.

This weaponry, combined with appropriate training and organizational skills, provides non-state actors like the Mahdi Army and Hizbollah with the ability to threaten all the conventional militaries of the region. Hizbollah has established effective local control throughout much of southern Lebanon, and Shiite militias have similarly established control over much of Baghdad and southern Iraq. In both

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26 Ibid.

27 Michael Ware, "Inside Iran's Secret War for Iraq," *Time Magazine*, 15 August 2005; also, see Neil Arun "Shaped Bombs Magnify Iraq Attacks," *BBC News*, 10 November 2005.

28 Andrew McGregor, "Hizbollah's Tactics and Capabilities in Southern Lebanon," *Terrorism Focus* 3, no. 30 (August 2006), available at http://www.jamestown.org/terrorism/news/uploads/tf_003_030.pdf; also Nicholas Blanford, Daniel McGrory and Stephen Farrell, "Tactics That Have Kept the Most Powerful Middle East Army at Bay," *Times Online*, 10 August 2006, available at http://www.timesonline.co.uk/article/0,,251-2306510,00.html.

29 Richard Grimmett, *Conventional Arms Transfers to Developing Nations 1998-2005*, Congressional Research Service, Library of Congress, Washington DC, 23 October 2006, pp. 9-10.

these cases, it is not clear that the central government authorities have the military capability to reassert control over these areas. For the Sunni-lead states in the Gulf and Levant, this is particularly troubling, given the history of conventional military incompetence throughout these states. Many states in the region have historically kept their conventional militaries weak in order to minimize the chances of internal coups coming out of the military. The new military power accruing to actors like Hizbollah provides these actors with a new bargaining leverage over internal political rivals as well as over the surrounding regional states.

The regional environment in the aftermath of the U.S. Iraq invasion suits Iranian interests and objectives. Iran's historical objectives of becoming the dominant regional political and military power have been realized. A comfortable political and military partnership appears to be emerging between the Shiite power structure in Najaf and Karbala with the Mullahs in Teheran. The U.S. military occupation of Iraq and the ongoing insurgency serve Iran's purposes in two ways. First, it ties down the United States militarily and reduces the coercive and deterrent leverage from its forward deployed forces. Instead of demonstrating resolve and strength as the neoconservatives had hoped, Iraq is demonstrating the limits of U.S. power and embolds its adversaries. Second, the "slow bleed" of U.S. influence and military power in Iraq makes it more difficult for the United States to muster the political and military resources necessary to credibly threaten what looks like Iran's inexorable march towards a nuclear capability. Instead, the United States is forced to recognize Iran's dominant position. Iran now holds the keys to Iraq's future, not the United States. Iran is the new champion of regional political causes like the Arab-Israeli dispute. Where once Nasser and Saddam provided the main attraction, today, pictures of Iranian President Ahmadinejad and Hizbollah's Hassan Nasrallah dominate the Souks of the Middle East.

Today's Military Infrastructure

As Middle Eastern political leaders on the one hand consider the discombobulated political environment in the aftermath of the Iraq invasion, they on the other hand see a robust and maturing set of U.S.-host nation military facilities that has grown significantly over the last 15 years. At the end of Gulf War I, the United States embellished Britain's concept of linked military installations, added headquarters elements and pre-positioned military equipment to a variety of facilities. Enabled by a series of bilateral defence cooperation agreements concluded between the United States and its regional partners, an overarching political and military framework emerged that saw a U.S. security blanket draped throughout the Arabian Peninsula. Mid-way through the 1990s, the United States had successfully pre-positioned three heavy brigade sets of military equipment in the region that formed the leading edge of the ground component that could be joined with air assets already in theater to counter conventional military threats to the peninsula. During the 1990s, the network of military facilities in Kuwait, Bahrain, Saudi Arabia and Oman allowed the United States to operationalize the sanctions enforcement missions against Saddam. The infrastructure represented the literal representation of the security umbrella spread

by the United States over the Sunni monarchies of the Arabian Peninsula. By the end of the late 1990s, the infrastructure comprised the following main components:

- Central Command Naval Component, or NAVCENT, in Manama, Bahrain;
- Air Force Central Command Component, first at Eskan Village in Saudi Arabia before moving to Prince Sultan Air Base and then to Al Udeid in Qatar in August 2003;
- Army Central Command Component, Kuwait;
- Heavy Brigade sets of ground equipment in Qatar, Kuwait and afloat;
- Harvest Falcon Air Force equipment at Seeb in Oman;
- Aerial refuelling detachment at Al Dhafra in the United Arab Emirates.

During the late 1990s, the digital revolution's benefits began seeping through into U.S. military operations throughout the world. Under the rubric of the so-called revolution in military affairs, digitized pictures of the land, sea, and air environments were piped into American military bases and those of their coalition partners. The creation of common operating pictures helped to build transparency and enhanced the situational awareness of coalition militaries throughout the Gulf. By the time of Gulf War II, the network had changed with the addition of a veritable alphabet's soup of new command elements, organizations and operational nodes:

- Combined Forces Command Afghanistan (CFC-A) in Kabul that works with NATO's International Security Assistance Force;
- Also in Afghanistan is the Combined Joint Task 76 that directs combat operations throughout Afghanistan;
- Combined Joint Task Force – Horn of Africa in Djibouti (CJTF-HOA), which is assisting countries in the region to build indigenous counter-terrorist capabilities;
- Combined Joint Task Force 150 – a coalition maritime naval operation commanded by a revolving series of multi-national officers out of Manama, Bahrain that includes nine ships from seven countries performing maritime security in the Red Sea, Indian Ocean;
- Combined Forces Air Component Command's Combined Air Operations Center at Al Udeid, Qatar. This constitutes the Air Force's Central Command's forward deployed theater component;
- Central Command Forward Headquarters, (CENTCOM-CFC) Camp As Saylihyah, Qatar, that is the leading edge of headquarters elements at Central Command's headquarters in MacDill Air Force Base, FL.;
- Central Command Special Operations Headquarters (SOCCENT), Qatar, coordinates special operations in theater;
- Multi-National Forces Iraq (MNF-I) oversees all combat operations in Iraq.
- Multi-National Security Training Command – Iraq (MNSTC-I) that coordinates the program to train and equip Iraqi forces;
- NATO Training Mission – Iraq that focuses on developing the Iraqi officer corps
- Coalition Forces Land Component Command (CFLCC), Kuwait, that

constitutions the Army's Central Command component that coordinates Army activity throughout the Central Command area of responsibility. CFLCC also maintains an area support group, or ASG, at Camp As Sayliyah in Qatar;

- Central Command Deployment and Distribution Center (CDDOC), Kuwait, that supports theater-wide logistics and information distribution;
- Information, Surveillance and Reconnaissance launch and recovery facility at Al Dhafra Air Base in the United Arab Emirates. This facility provides the Air Force Central Command Component with an operational and logistics hub to support theater-wide intelligence surveillance and collection with a variety of collection platforms.[30]

As was the case in Gulf War I, the infrastructure proved its use once again in the build-up and prosecution of the U.S. invasions of Afghanistan and Iraq in 2002 and 2003. The facilities provided the command elements to coordinate the forces in the region in the build-up to Gulf War II. Once the invasion started, these facilities provided command and control to the operational forces and coordinated the flow of information and materiel in support of combat operations.

The role of the Gulf infrastructure in using force in Iraq and Afghanistan may be a harbinger of things to come in other regions around the world. It seems clear that the basic outlines of the U.S. military footprint in the Gulf may be replicated elsewhere around the world. Various strategy documents highlight the growing importance of forward deployed forces to the U.S.' global security strategy. The Quadrennial Defense Review states: "Over time, U.S. forces will be tailored increasingly to maintain favourable regional balances in concert with U.S. allies and friends with the aim of swiftly defeating attacks with only modest reinforcements, and where necessary, assured access for follow-on forces."[31] A further goal for U.S. forces is to "increase the capability of its forward forces, thereby improving their deterrent effect and possibly allowing for a reallocation of forces now dedicated to reinforce other missions."[32] The National Military Strategy further stresses this point, noting that "Our primary line of defense remains well forward. Forces operating in key regions are essential to the defense of the United States and to the protection of allies and U.S. interests."[33]

At one point, the Gulf infrastructure provided the U.S. with the model to emulate around the world as it tried to realign its military forces around the globe in order

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30 List is derived from Statement of General John P. Abizaid, United States Arm Commander, United States Central Command Before the Senate Armed Services Committee on the 2006 Posture of the United States Central Command, 14 March 2006. Al Dhafra detail is drawn from Department of Defense FY 2005 Supplemental Request for Operation Iraqi Freedom, Operation Enduring Freedom, and Operation Unified Assistance February 2005, available at http://www.dod.mil/comptroller/defbudget/fy2006/fy2005_supp.pdf.

31 Department of Defense, *Quadrennial Defense Review Report* (Washington, DC, 30 September 2001), p. 20.

32 Ibid.

33 Department of Defense, *National Military Strategy of the United States of America 2004: A Strategy for Today; A Vision for Tomorrow*, Joint Chiefs of Staff (Washington, DC, [document is undated]), p. 9.

to better address threats associated with the so-called war on terrorism. The Bush Administration's vision called for a series of new military facilities around the world to operationalize its aggressive new strategy. As noted by the former Under Secretary of Defense for Policy, Doug Feith, "Key premises underlying our forward posture have changed fundamentally: We no longer expect our forces to flight in place, rather, their purpose is to project power into theaters that may be distant from their bases."[34] The new infrastructure in the Gulf provided the United States with the ideal platform from which to project power to the centre of the so-called "arc of crisis" that is regarded by Pentagon strategists as the primary problem facing U.S. security strategy in the 21st century. Force can be projected both within the immediate environs of the arc but also outside the arc from Gulf bases, complementing the emerging global strike assets that are based in the United States.

In its March 2005 report *National Defense Strategy of the United States of America*, the Bush Administration spelled out a new scheme of supporting forward operations throughout the arc of instability. The report called for a new global posture that featured main operating bases (MOB), forward operating sites (FOS), and a "… diverse array of more austere cooperative security locations," (CSL). These facilities are intended to be linked and mutually supportive. Main operating bases – like the facility at Al Udeid, for example, are well-developed with sufficient infrastructures to support large numbers of forces and to receive even larger numbers in times of crisis. Forward operating sites were identified as "…scalable, 'warm', facilities intended for rotational use by operational forces. They often house prepositioned equipment and a modest permanent support presence. FOSs are able to support a range of military activities on short notice."[35] The vision of U.S. power projection called for a new, networked scheme of forward operating areas spread throughout into the arc of instability from the main operating areas in the Gulf.

To realize this vision, the United States has showered the region with military construction projects in order to support the ongoing operations in Iraq and Afghanistan:

- In October 2004, as part of supplemental appropriations to fund ongoing operations in Iraq and Afghanistan, Congress earmarked $63 million in military construction funds for improvements at the Al Dhafra airfield in the United Emirates, which accommodated a United States Air Force aerial refuelling detachment during the 1990s and now hosts an information, surveillance, and reconnaissance launch and recovery facility.
- The same bill contained $60 million to fund additional enhancements to the Al Udeid airfield in Qatar.
- In Afghanistan, the United States is spending $83 million to upgrade its two main bases at Bagram Air Base (north of Kabul) and Kandahar Air Field

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34 Remarks by Douglas J. Feith, Under Secretary of Defense for Policy, "Transforming the U.S. Global Defense Posture," 3 December 2003, at the Center for Strategic and International Studies, Washington, D.C.

35 Department of Defense, *The National Defense Strategy of the United States of America* (Washington, D.C., March 2005), pp. 19-20.

in the south.[36] The funding will be used for expanding runways and other improvements to provide new billeting facilities for U.S. military personnel.

- The expansion of the facilities infrastructure in Afghanistan has been mirrored with the development of facilities and solidified politico-military partnerships in Uzbekistan, Kyrgyzstan and Kazakhstan.[37]
- In early 2006, Congress approved $413.4 million for Army military construction projects in Iraq and Afghanistan through 2010. The same bill funded $36 million for Air Force construction projects in these countries.
- In Iraq, the United States has so far spent an estimated $240 million on construction at the Balad base (north of Baghdad), the main air transportation and supply hub; $46.3 million at Al Asad, the largest military air centre and major supply base for troops in Al Anbar; $121 million at Tallil air base (southern Iraq); Other projects include $49.6 million for Camp Taji located just 20 miles northwest of Baghdad; $165 million to build an Iraqi Army base near the southern town of Numaiy; $150 million for the Iraqi Army Al Kasik base north of Mosul.[38]

A Political-Military Disconnect in the Gulf?

The relevance of the expanded network of facilities in the Gulf and Central Asia to the regional security is questionable. It reflects a mismatch between the military capabilities being built and the regional environment in which the capabilities are meant to be used. The emerging facilities infrastructure is built on the premise that the United States needs to perform two basic military missions: (1) flow of large numbers of conventional forces into the region and; (2) address regional contingencies with forward deployed forces on short notice with special operations forces and weapons platforms capable of standoff precision strikes. For the regional elites, the facilities are intended to: (1) protect them from coercive external threats; and (2) remind internal opponents of the regime's powerful friends. While the dynamics of these expectations have always been somewhat contradictory, the aftermath of the Iraq invasion has created a political environment in which it is dangerous for the regional elites to be seen as publicly tied and beholden to the United States. The environment raises doubts over whether the United States can realistically

36 "U.S. Invests in Upgrades of Afghanistan Bases," *Associated Press*, 28 March 2005.

37 Good treatment of the growing U.S. security partnerships in Central Asia is contained in Ilan Berman, "The New Battleground: Central Asia and the Caucasus," *The Washington Quarterly* (Winter 2004-05).

38 Figures drawn from Becky Branford, "Iraq Bases Spur Questions Over US Plans," *BBC News*, 30 March 2006, available at http://news.bbc.co.uk/2/hi/americas/4834032.stm; Peter Spiegel, "Bush's Requests for Iraqi Bases Funding Make Some War of Extended Stay," *Los Angeles Times*, 24 March 2006; Charles Hanley, "How Long Does the U.S. Plan to Stay in Iraq," *Associated Press*, 20 March 2006, available at http://abcnews.go.com/International/wireStory?id=1746987; also see Walter Posch, "Staying the Course: Permanent U.S. Bases in Iraq," *Middle East Policy*, 13 (Fall 2006), pp. 109-120.

expect to use the facilities infrastructure to perform its two primary missions for the foreseeable future.

A test case for the United States emerged in early 2007 as a result of the unfolding crisis over Iran's nuclear program and rumours of military plans for an extended bombardment of Iran's nuclear sites.[39] The military infrastructure in the Gulf would be critical to mounting any sustained operations to destroy Iran's nuclear facilities that are reportedly widely dispersed throughout the country. In early 2007, it remained unclear whether the Gulf States would allow the use of facilities on their soil to support U.S. military strikes against Iranian nuclear facilities. Qatari First Deputy Premier and Foreign Minister Sheikh Hamad bin Jassem bin Jabor Al Thani told reporters in March 2007 that "We will not participate by any means to harm Iran from Qatar," though he refused to indicate whether Qatar was effectively vetoing the use of Al Udied Air Base or the Central Command's headquarters in any Iranian operations.
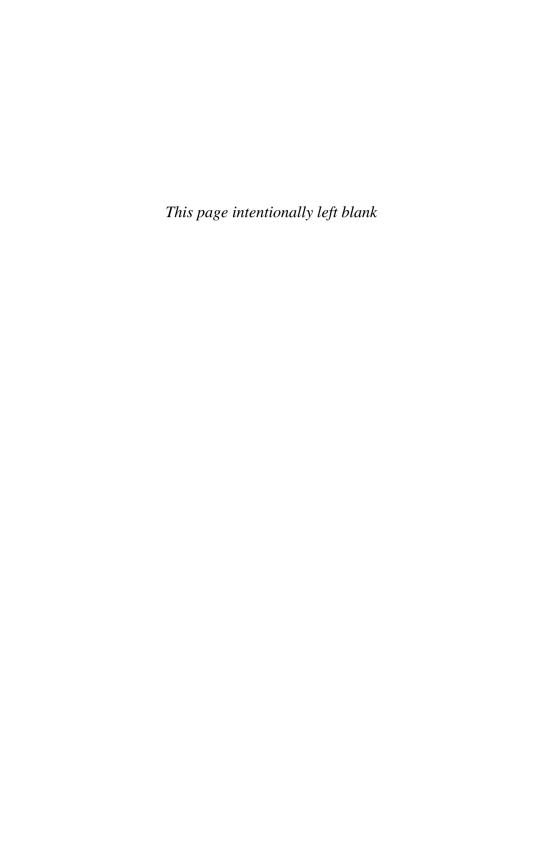
It remains to be seen whether and/or how the Gulf States will deal with their ambivalence over the U.S. military footprint. The regimes fear the prospect of a politically ascendant and a potentially nuclear armed Iran and see the U.S. military presence as a powerful tool to resist Iranian attempts to operationalize a coercive political framework throughout the region. But the regimes equally fear the creation of domestic political dynamics that are increasingly hostile to the United States and which by necessity must force them to publicly distance themselves from their erstwhile protector. Some of the region's elite are better positioned to resist internal political pressures than others. The al Nahyan's in the United Arab Emirates, for example, face no serious opposition or internal political pressure to reduce their ties with the United States. Hence, the U.S. operations at Al Dhafra Air Base apparently remain safe for the time being. But in other Gulf States, such as Bahrain and Kuwait, changing internal political dynamics may force the regimes to start pressuring the United States to reduce their military footprint. The wild card and lynchpin for the regional base structure is in Iraq, where the United States has invested hundreds of millions of dollars in new military facilities. Given what is an untenable long-term military situation, it appears inevitable that a phased U.S. withdrawal will come in the next several years, pressured by the Iraqis and domestic public opinion in the United States. It is unclear whether any Iraqi government will acquiesce to a long-term, foreign military presence in the new bases being built at Balad and elsewhere.

The political-military disconnect, it must be said, also exists in the United States. The quiescent domestic political environment of the 1990s that had permitted the United States to quietly develop its regional military infrastructure has been transformed by the Iraq War and the so-called war on terrorism. U.S. political relationships with the Gulf State elites that had been conducted quietly and with little fanfare during the 1990s are today being subjected to new scrutiny in the Press and in Congress.

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39 General outline of the plan is indicated in "US Attack Plans Revealed," *BBC News Online*, February 20, 2007, available at http://news.bbc.co.uk/2/hi/middle_east/6376639.stm.

Conclusion

The dynamic regional environment emerging in the aftermath of the Iraq invasion could represent a watershed for the Gulf military base structure that continues to be populated with ever-more and new staffs and organizational structures. While the concrete jungle that continues to sprout from the sands of the Persian Gulf might have made Sir Hugh Trenchard proud, it is not clear whether the network of military facilities will be of much future use in preserving future regional security and stability. If Iraq proves to be a precursor to a prolonged period of strategic instability as new actors vie for political power throughout the region, the facilities infrastructure established by the British and passed on to the United States may prove to be casualty of this process. Such an environment suggests that externally-applied military power via forward-based ground presence will prove to be of decreasing importance and may well be politically untenable for the regional elites. This does not mean that the United States will have no tools at its disposal to project military power and influence. The end result of the coming regional upheavals and the pressure this will place on the ground-based military presence means that the United States Navy may once again reign supreme, projecting power and influence on an episodic basis from the sea. Should such a scenario unfold, the next generation of U.S. naval officers can rest assured that their career paths will in fact remain consistent with their forefathers and that carrier battle groups and expeditionary strike groups will continue to make their way to the Persian Gulf.

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United States Oil Diplomacy in the Persian Gulf

Gawdat Bahgat

In his State of the Union speech on 31 January 2006, U.S. President George W. Bush called for a drastic change in the nation's energy policy. "Keeping American competitive requires affordable energy," he argued, "and here we have a problem. America is addicted to oil." The president set a goal to "replace more than 75 percent of our oil imports from the Middle East by 2025." This call represents another effort in a long history by U.S. Republican and Democratic administrations to articulate a comprehensive long-term energy strategy, an effort that has largely failed for obvious reasons.

A close examination of the U.S. energy policy shows a steady rise in oil consumption. Given the U.S.' small share of the world's proven oil reserves (2.5 percent) and hence, its declining domestic production, an incremental proportion of the nation's oil demand is being met with imported oil. For the foreseeable future the country's dependence on imported oil will further increase. The U.S. Department of Energy and the Energy Information Administration (DOE/EIA) project that total U.S. gross petroleum imports will rise from 12.2 million barrels per day (b/d) in 2005, about 58 percent of total U.S. oil demand to 20.2 m b/d, approximately 68 percent of total demand, by 2025.[1] Most of this imported oil will come from the Middle East oil producers and other Organization of Petroleum Exporting Countries (OPEC) producers. The Middle East share of total U.S. gross petroleum imports, 20.4 percent in 2003, is projected to increase to almost 30 percent in 2025; and the OPEC share, 42.1 percent in 2003, is expected to rise to above 60 percent in the same time span.[2] In other words, the DOE/EIA projects that the nation will grow more dependent on imported oil and most of this oil will come from OPEC producers, particularly from those in the Middle East region.

This growing dependence on imported oil should not be confused with vulnerability to the disruption of oil supplies. In order to reduce such vulnerability, the U.S. imports oil from multiple sources including Canada, Mexico, Latin America, Africa, and the Middle East. This diversity of supplies means that in the mid-2000s the U.S. is less vulnerable to disruption of oil supplies from one source. On the other

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1 Energy Information Administration, *Country Profile: United States of America*, September 2005.

2 Energy Information Administration, *Annual Energy Outlook*, Washington, D.C.: United States Government Printing Office, 2005, p. 74.

hand, Washington, like the rest of the world, is part of a large global economy, where all players depend on each other. This global economy is largely run on petroleum. Indeed, oil is the single largest fuel in the primary energy mix and is the largest primary commodity of international trade in terms of both volume and value.

Within this global economy setting, American economic prosperity cannot be separated from the stability and development of the international economic system. In other words, in today's global system, particularly in oil markets, dependence, or more accurately, interdependence is inevitable. Oil consumers and producers depend on each other to ensure their economic and political stability and that of the international system. In today's highly integrated global oil market, where one barrel of oil is sold or bought, means little. The availability of sufficient volume of petroleum is more important than its source. Thus, rhetoric aside, developing such mutual dependency is a positive development. This helps to consolidate common interest towards enhancing economic prosperity and political stability.

In the following section, the study will briefly review U.S. efforts to articulate an energy strategy since the World War II, particularly under the Bush Administration. This will be followed by an examination of the initiatives to increase America's oil production, particularly from the Arctic National Wildlife Refuge (ANWR) and Gulf of Mexico (GOM), as well as the creation of the Strategic Petroleum Reserve (SPR) as the nation's first line of defence against any interruption of oil supplies. The final section will analyze the Iranian, Iraqi, and Saudi roles in meeting the U.S.' and the world's growing demand for oil.

America's Quest for Curbing Dependence on Oil

Since the 1930s, policymakers in Washington have considered articulating and implementing a national energy policy. Under Franklin D. Roosevelt's Administration, there was a strong belief that the government could not solve the economic problems facing the country without playing a role in oil policy, which was considered a vital factor in the economic recovery. The intention was not to nationalize or make the industry public, but to coordinate its activities. With U.S. involvement in the World War II, the struggle over the formulation of a governmental oil policy intensified. Despite the heavy drain on its oil supplies during the war, the U.S. still occupied a strong position with respect to petroleum. In 1950, the U.S. provided 52 percent of the world's crude oil production. By 2004 that figure had dropped to about ten percent. Foreign oil has been imported into the U.S. in ever-increasing amounts and the notion of "oil dependence" was gradually accepted by many policymakers in Washington.

President Dwight D. Eisenhower was convinced that the growing share of imported oil in U.S. energy consumption represented a challenge to the country's national security and its prominent role in world affairs. His energy policy had two objectives. It aimed at reducing the share of foreign oil to roughly 12 percent of total consumption and relying more on oil supplies from Canada and Mexico than from faraway producers. Thus, after two years of requesting voluntary import quotas, which oil companies did not comply with, the president made it mandatory in 1959.

Under this program, the exporting countries were divided into separate groups, depending on preferential treatment. Western Hemisphere exporters were favoured.

The impact of this mandatory import quotas program on U.S. oil policy was mixed. The U.S. became relatively independent of foreign oil reserves during most of the 1960s. Accordingly, most of the cheap American oil reserves were utilized and thereby exhausted. The program stimulated production levels that eroded domestic reserves rather than creating stockpiles and spare capacity. In the late 1960s and early 1970s, oil companies found that it was more profitable to pay additional import fees than to use domestic oil, since domestic production costs were higher than the total cost of imported oil plus the import fee.

The Nixon and Carter Administrations had to deal with some of the most serious oil prices. In the early 1970s, American domestic oil production began its steady decline and the country's dependence on imported oil had increased. In a symbolic move, Richard Nixon announced that, because of the energy crisis, the lights on the national Christmas tree would not be turned on. In addition, he signed the Emergency Highway Conservation Act, setting a speed limit of 55 miles per hour. Most important, Nixon announced a plan called "Project Independence," the aim of which was to develop domestic resources to meet the nation's energy needs without depending on foreign suppliers. He wanted to achieve a state of self-sufficiency within a decade. The "Project Independence" proposed measures to stimulate investments in domestic oil production, including de-control of domestic energy prices and subsidizing domestic oil by imposing fees on imported oil. This attempt to achieve self-sufficiency in energy supply was never achieved.

Nixon's successor, Gerald Ford, recommended a comprehensive energy program that featured higher taxes on imported oil and the gradual phasing out of price controls that the government had placed on domestic oil. Ford also came out in favour of a windfall profits tax on domestic petroleum, the decentralization of oil prices, the stockpiling of one billion barrels of petroleum, and an increased reliance on coal, electricity and nuclear power. Finally, Ford signed the Energy Policy and Conservation Act, which authorized the establishment of the SPR.

Coming to office in January 1977, Jimmy Carter judged the energy crisis to be a national emergency and offered a program to deal with it – a program that he asked the nation to accept as the "moral equivalent of war." Probably more than his predecessors, Carter focused more on the demand side than the supply side of the energy equation. His program called for reduced overall energy consumption, significantly reduced imports, increased reliance on coal and renewable sources of energy like sunlight, wind and wood, higher gasoline taxes and various tax credits, and incentives to encourage more efficient automobiles and home insulation. Also, at the President's request, the Congress created a new cabinet post, Department of Energy in 1977.

During most of the 1970s the official objective of U.S. energy policy was to reduce dependence on imported oil. The collapse of oil prices that followed the global oil glut in the mid-1980s undermined the sense of urgency to take drastic action to control and restrain the American appetite for more energy. Throughout the 1980s and 1990s, the centrepiece of U.S. energy policy was to foster at home and

abroad deregulated markets that efficiently allocated capital, provided a maximum of consumer choice, and promoted low prices through competition.

The rise of oil prices since the late 1990s and President George W Bush's and Vice President, Dick Cheney's involvement in the oil industry prior to taking office, have put energy at the top of the administration's policy. In his second week in office, the President established the National Energy Policy Development Group, headed by the Vice President, directing it to develop a national energy policy. After four years of long negotiations between policymakers in Washington, both houses of Congress approved an energy bill and the President signed it into law in August 2005. The more than 1,700 page long Energy Policy Act of 2005 (Public Law 109-58) includes the following provisions:

- The Act does not open the ANWR to oil and gas leasing. This highly controversial issue is still subject to debate and bargaining between policymakers and environmentalists;
- The Act requires that amounts of renewable fuel be blended into the nation's gasoline supply, increasing from four billion gallons in 2006 to 7.5 bn gallons in 2012. These renewable fuels include ethanol and fuel derived from wood, plants, grasses, agricultural residues, fibres, animal waste and municipal solid waste;
- The Act does not impose any limits on greenhouse gases, new inventory or credit trading schemes. It creates a new cabinet-level advisory committee to develop a national policy to address climate change and to promote technologies to reduce greenhouse gas emissions;
- The Act expands the daylight savings time (DST) by about a month. Effective in 2007, DST begins in the second Sunday in March (instead of the first Sunday in April) continuing through the first Sunday in November (instead of the last Sunday in October);
- The Act contains $14.5 billion in tax incentives. These tax provisions aim to making capital investments in new technology, plant and equipment cheaper. They also include a two year extension of the wind energy tax credit and a 30 percent solar energy tax credit. In addition, the Act significantly expands the federal role in the process of government review and permitting of liquefied natural gas terminals;
- The Act provides incentives to generate electricity from advanced nuclear power plants. It includes several provisions aimed at promoting new construction of nuclear power plants;
- The Act creates new investment tax credits for advanced clean coal facilities. It authorizes $200 million per year for fiscal years 2006-14 for distribution by the Secretary of Energy to projects that use or develop clean coal technology.

In short, the Energy Policy Act of 2005 provides incentives to encourage investments in fuel-efficiency, renewable sources, clean coal technology and nuclear plants. It is too early to provide any accurate assessment of the impact of these incentives on the overall U.S. energy policy. For the foreseeable future, oil will continue to dominate the U.S. (and the global) energy mix, particularly in the transportation

sector. In order to reduce its vulnerability to disruption of oil supplies and increase its domestic oil production several measures have been taken to stockpile oil in the SPR and to explore for oil in ANWR and GOM.

Strategic Petroleum Reserve

A significant insurance against interruptions in petroleum supplies is having a large replacement stock that the government can release promptly. This was the main justification for creating the SPR, which is seen as the nation's first line of defence in case of an oil crisis. The need for a national oil storage reserve has been recognized for several decades. In 1944, the Secretary of the Interior, Harold Ickes, advocated the stockpiling of emergency crude oil. Less than a decade later, President Truman's Minerals Policy Commission proposed a strategic oil supply. In the mid-1950s President Eisenhower proposed the construction of an oil reserve and in 1970 a Cabinet Task Force on Oil Import Control made a similar recommendation.

The recommendation, was finally implemented when President Ford signed into law the Energy Policy and Conservation Act in December 1975. The GOM was chosen for oil storage sites, because it is the location of many U.S. refineries and distribution points for tankers, barges and pipelines. In July 1977 the first oil – approximately 412,000 barrels of Saudi Arabian light crude – was delivered to the SPR.[3] In November 2001, President Bush directed the DOE to fill the SPR to its capacity of 700 million barrel. This goal was reached in August 2005. The Energy Policy Act of 2005 expanded the SPR storage capacity to 1 billion barrel. Consistent with that requirement, the DOE has initiated proceedings to select sites necessary to expand the SPR.

Despite the fact that the SPR is considered the federal government's major tool for dealing with oil supply disruptions, two problems can be identified. First, despite the increasing amount of stored oil in the SPR, its value, measured by days of net petroleum imports is shrinking. The volume of oil stored in the SPR in 1985 was less than 500 million barrel. This accounted for 115 days of import replacement. By 2005 the volume peaked to 700 million barrel accounting for about 53 days of import replacement. Second, the Energy Policy Conservation Act of 1975 did not specify a "trigger" for withdrawing oil from the SPR. The Reserve exists, first and foremost, as an emergency response tool the President can use, should the U.S. confront a severe energy supply interruption. The Reserve has been used twice under these conditions – in the 1991 Gulf War and in 2005 after Hurricane Katrina devastated the oil production, distribution and refining industries in Louisiana and Mississippi.

Although the Reserve was established to cushion oil markets during energy disruptions, non-emergency sales of oil from the Reserve were authorized by the Congress to raise revenues and reduce the federal budget deficit, as well as to dampen price hikes.[4] In other words, since its inception, the SPR has been used by policymakers both, as a tool of crisis management and as an instrument to counter

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3 Department of Energy, *Strategic Petroleum Reserve – Profile*, December 2005.
4 Department of Energy, *Releasing Crude Oil from the Strategic Petroleum Reserve*, March 2005.

high oil prices. Policymakers seeking price mitigation walk a fine line between "calming" the market by showing that there is sufficient crude available and yielding the unintended consequences of short-circuiting the price mechanism and preventing the market from equilibrating. This dilemma is magnified in political debate, pitting the advocates of free markets against the advocates of interventionist government. A clear policy for the use of the SPR needs to be established.

The Arctic National Wildlife Refuge

ANWR is located on the northern coast of Alaska, east of Prudhoe Bay, the largest oil field ever discovered in the U.S. This coastal plain area, known also as the 1,002 Area, is thought by some geologists to be America's last great oil frontier and has initiated intense debate since the early 1950s. Beginning in the 1950s, a group of bio-scientists launched a grass-roots campaign to gain protection for the area – mainly from mining, then the form of resource development most common in Alaska. In 1960 Public Land Order 2214 was issued to preserve the unique wildlife, wilderness and recreational values of the area, which was officially dubbed the ANWR. During the following decade the context of discussion changed radically due to the discovery of giant oil reserves at Prudhoe Bay (1968). As a result, the Congress passed the Alaska National Interest Lands Conservation Act (ANILCA, Public Law 96-487), which President Carter signed into law in early 1980.

The ANILCA provided some gains to each of the two sides of the debate – the environmentalists and those who wanted to open the area for oil and gas explorations. On one hand, it more than doubled the total set-aside area to 19.6 million acres, conferred upon it the new title "refuge," and officially designated 18.1 million acres of it as "wilderness," thereby off-limits to all future development. On the other hand, section 1,002, of ANILCA mandated that 1.5 million acres of coastal plain be kept off the "wilderness" menu and instead be evaluated in terms of both, wildlife and petroleum resources. Since then several factors have shaped the debate over oil and gas exploration in the area. These include the change in oil prices from a relatively low level in the late 1980s and most of the 1990s to their relative surge in the first half of the 2000s; the Exxon Valdez oil spill of 1989, which was seen as an example of what oil exploration can do to the ecosystem and the environment in the region; and the continuous improvement of drilling technology, which suggests that hydrocarbon resources can be developed with minimal impact on the region's wildlife. And because there has been little petroleum drilling or exploration in ANWR, there is little first-hand knowledge regarding the petroleum geology of this region. Most estimates are based largely on the geological conditions that exist in the neighbouring state lands. Consequently, there is considerable uncertainty regarding both, the size and quality of the oil resources that exist in ANWR. In March 2004, in response to a Congressional request, the EIA issued an analysis of potential oil reserves and production from ANWR. According to this analysis, the opening of ANWR to oil and gas development is projected to increase domestic oil production starting in 2013. Production is projected to reach 0.9 million b/d with a mean resource case of approximately 10.4 bn b technically recoverable.

Since the early 2000s, policymakers, who support oil and gas exploration in ANWR argue that the development of the region's hydrocarbon resources would create new jobs, particularly for the local population, as well as improve the balance of trade for the U.S. through reduction in the nation's import bill and provide a needed buffer against future oil supply crises and price spikes. On the other hand, opponents of opening ANWR for oil and gas exploration minimize these potential and uncertain economic and political outcomes and, instead, underscore the potential damage to the region's ecological system.

To sum up, there is considerable uncertainty regarding both the size and quality of the oil resources that exist in ANWR. Two things, however, are certain: first, debate over this area will not cease, no matter what decision is eventually made or not made. Policymakers, environmentalists and oil executives will continue their intense debate over the issue of ANWR and the 1,002 area for a long time.[5] Second, projected oil deposits in the area are unlikely to substantially reduce the nation's heavy and growing dependence on imported oil.

The Gulf of Mexico

Technological advancements that might facilitate and accelerate oil and natural gas exploration in ANWR have also been debated in a different setting – the shallow and deep water of the GOM. The U.S. offshore fields provide an important and expanding source of domestic oil and gas. The first offshore well was drilled in the GOM in 1947. Since then the GOM Outer Continental Shelf has established itself as one of the world's great hydrocarbon basins, and oil and gas productions from its shallow and deep water play a significant role in the nation's energy outlook.

Since the 1980s it has become obvious that the Gulf shelf is mature, with the largest fields already discovered. Despite this assessment, the Gulf shelf has displayed significant resiliency, continuing to make substantial contribution to the nation's oil and natural gas supplies. This resilience can be explained by technological advances, which enabled small fields to be highly productive and improved reserve replacement.

Disappointing and diminishing discoveries in the shallow water combined with technological advances have prompted oil companies to invest in deep water explorations since the late 1970s. After the initial flush of large deep water discoveries in the late 1970s and early 1980s, the next ten years of exploration in the Gulf's deepwater were disappointing. However, the pace of discoveries picked up dramatically in the mid- and late 1990s. This is partly due to the passage of the Deep Water Royalty Relief Act (DWRRA) in 1995, which provides royalty relief for a portion of production for deepwater leases. It is also partly due to technological advances, which have enabled the industry to access greater proportions of oil and gas resources at cost-effective rates. Since the early 2000s, deepwater wells have accounted for about two-thirds of total U.S. Gulf output. By 2009, their production is

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5 Scott L. Montgomery, "ANWR Development Arguments and Their Limitations," *Oil and Gas Journal*, 101/18 (5 May 2003), pp. 55-8, p. 58.

projected to total 2.3 million b/d, representing a significant proportion of the overall U.S. oil production. Large fields include Hoover-Diana, Atlantis Project, Thunder Horse[6], Crosby, Holstein, King, King's Peak, Mad Dog, Marlin and Nakika fields.

Four factors are likely to substantially shape the future of oil and gas exploration from the GOM. First, the pace and extent of technological advances; progress in technology has unlocked new fields and extended the life of old ones at cost-effective rates. Offshore crude oil production is more sensitive than onshore production to changes in technology, because there are more opportunities for technological improvement in the less nature areas offshore. Second, public policy regarding access to shallow and deep water areas: drilling bans were issued and extended in the 1980s and 1990s. These leasing moratoriums covered a large part of the GOM and substantially reduced the area available for oil and gas exploration. Third, financial incentives to stimulate investment: the passage of the DWRRA in 1995 had a major impact on oil and gas exploration in the GOM. The focus has shifted from shallow water to deep water. While the provisions of DWRRA expired in 2000, new ones became effective in 2001. These new provisions are specified for each lease sale based on prevailing economic conditions. Fourth, environmental protection requirements: for the last several decades offshore oil and gas explorations have been subject to close public scrutiny. The goal is to ensure that the exploration and development of hydrocarbon resources do not pollute the ocean and the coastal region. Accordingly, restrictions have been imposed on air pollutants and the ocean discharge of drilling wasters and produced water from offshore facilities.

Technological advances, public policy considerations, financial incentives and environmental restrictions will continue to shape the pace and direction of offshore hydrocarbon industry in the foreseeable future. The GOM is likely to expand its significant role in the U.S. energy outlook.

U.S. efforts to improve its oil security are further compounded by a declining refining capacity. In 1981 the nation had 324 operable refineries and by 2005 their number fell to 148. Indeed, no new refineries have been built since the mid-1970s. The 1981 deregulation (elimination of price controls and allocations) had been a major reason for the decline in refining capacity. Two main reasons forced many refineries to close – low rate of return and environmental restraints. Refiners have to make major investments to meet new mandates for cleaner diesel and gasoline, as well as to conform to tighter air quality regulations.[7] This decline of the number of operable refineries was partly offset by expanding capacity of existing refineries. Still, this expanding capacity is not enough to meet the growing demand for petroleum products. Thus, although crude oil is projected to continue as the major component of petroleum imports, refined products are expected to represent a growing share. More petroleum product imports would be needed as the projected growth in demand for refined products exceeds the expansion of domestic refining capacity.

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6 Known previously as Crazy Horse, it is the largest single field ever discovered in the Gulf of Mexico.

7 Ron Gold, John Lichtblau and Larry Goldstein, "Energy Policy Act of 2005 Leaves US with Open Issues," *Oil and Gas Journal*, 103/32 (22 August 2005), pp. 22-6, p. 26.

To conclude, the U.S. is heavily dependent on imported crude oil and petroleum products. This dependence is projected to further intensify in the foreseeable future. In 2006, the top suppliers of crude oil to the U.S. were Canada, Mexico and three OPEC members – Saudi Arabia, Venezuela and Nigeria. In the following section the close energy cooperation between the U.S. and three leading oil producing nations on the Persian Gulf (Iran, Iraq, and Saudi Arabia) will be examined.

The United States and Iran

Iran was the first county in the Middle East where oil was discovered. In 1901 the Shah of Iran granted a concession to William Knox D'Arcy, a British adventurer, to find, exploit, and export petroleum anywhere in Iran, except for the five northern provinces (Azerbaijan, Gilan, Mazanderan, Astrabad, and Khorassan), which were excluded as a result of Russia's influence. Oil was first struck in 1908 in Masjid-i-Suleiman, on the site of an ancient fire temple. The Anglo-Persian Oil Company was formed in 1909 renamed the Anglo-Iranian Oil Company in 1935, the company is now known as British Petroleum. Iranian oil facilities were rapidly expanded during the First World War and by the early 1950s were still the best developed in the Middle East.

In spite of the continuing expansion of the Iranian oil industry, tension and suspicion between the Anglo-Iranian Oil Company and the authorities in Tehran were building to a showdown in the early 1950s. The Iranian grievances focused on the monopoly position enjoyed by the company and dissatisfaction with the financial terms of the concession between the company and the Iranian government. These grievances led to a prolonged economic and political confrontation between London and Tehran that lasted for about three years. The United States was concerned about the impact of this crisis on Iran's domestic and foreign policy orientation. These economic and political uncertainties came to an end by a coup d'état, which was supported by the U.S. government and led to the arrest of Dr. Muhammad Mossadeq, the popular prime minister, and the installation of a friendly government in Tehran. Later, an agreement generally known as the Consortium was signed between the new Iranian government and foreign oil companies.

This agreement opened the door for U.S. involvement in Iran's oil industry and policy. In addition to hydrocarbon deposits, the United States had strategic interests in Iran as a bulwark against Soviet expansion in the Middle East and West Asia. Thus, for the following 25 years, Washington forged a strong alliance with the Pahlavi regime in Tehran. The 1979 revolution was a turning point in Iran's overall development particularly with regard to the oil industry. The new Iranian leaders were very suspicious of foreign investors and wanted to stop Western, particularly American, penetration of their country's society and economy. Meanwhile, given the uncertain domestic situation and the war with neighbouring Iraq (1980-88), most international oil companies viewed Iran as a high-risk place. In short, foreign investment in Iran's oil industry came to a virtual halt.

Domestic and regional developments since the late 1980s have drastically altered the dynamics of Iran's economic policy, particularly the energy sector. The economic

impacts of the war with Iraq and the population explosion have substantially drained the country's financial resources. Very few resources were available to upgrade and modernize the oil infrastructure. As a result, the production peak of almost 6 million b/d, reached in 1976, was never matched. At the same time, Iran has established close political ties and economic cooperation with its neighbours in the Persian Gulf region and with Europe, China, India, and Russia. In other words, international oil companies do not see Iran as a high-risk place for investment any more. The interest in investing in Iran's oil sector has been further intensified due to significant discoveries since the mid-1990s, particularly Azadegan, a giant onshore field. Still, the U.S. economic sanctions, imposed since 1979, have complicated foreign investment in Iran's oil sector.

The full utilization of Iran's oil deposits depends, to a large extent, on the availability of foreign investment. Since 1995, Iran has embarked on serious efforts to attract IOCs to invest in the exploration and development of its hydrocarbon resources. Since then, Iran has succeeded in negotiating and signing several deals worth billions of dollars. In order to enhance its competitiveness, however, Iran needs to address an important hurdle: U.S. sanctions.

The United States has maintained sanctions against Iran since 1979, following the seizure of the American embassy in Tehran. Economic sanctions against Iran became more exclusive in the mid-1990s with the signing of several executive orders and the enacting of the Iran-Libya Sanctions Act (ILSA). In 1995, President Clinton issued two executive orders that established a total ban on trade with Iran. As a result, the American oil company Conoco was obligated to abrogate a $550 million contract to develop Iran's offshore Sirri A and E gas fields. To further tighten the embargo, Congress unanimously passed the ILSA, and President Clinton signed it into law in August 1996. The ILSA mandates the president to impose sanctions on any U.S. or foreign person who invests $20 million or more in Iran's energy sector. Finally, in August 1997, President Clinton issued a third executive order that closed loopholes in the embargo whereby goods were being exported to Iran from third countries.

ILSA's initial five-year term expired in August 2001, and many U.S. energy firms pressed for non-renewal of the sanctions. Energy companies were encouraged by the March 2000 U.S. decision to permit the importation of certain Iranian products – carpets, caviar, pistachios, and dried fruit – as an exception to the general prohibition on the importation of Iranian goods. However, in late July 2001, the U.S. Congress voted overwhelmingly to renew ILSA for five more years, and President Bush signed the Bill into law. The ILSA was renewed for another five-year term in 2006. Furthermore, since he took office, President Bush has renewed the executive orders that were issued by President Clinton. Since 2000, the only relaxation of Iranian sanctions followed the December 2003 earthquake in Bam. In response to that event, the United States temporarily suspended sanctions against the export of humanitarian items and money transfers to Iran.

The impact of these sanctions is mixed. Since the ILSA was enacted in August 1996 until mid-2004, Iran had been able to attract an estimated $30 billion in foreign investment in its energy sector[8] On the other hand, the threat of U.S. sanctions has

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8 Energy Information Administration, *Country Profile: Iran*, August 2004.

deterred some multinational companies from investing in Iran. Put differently, it is likely that without U.S. sanctions Iran would have been more successful in attracting foreign investment to develop its oil and gas fields. The few steps President Clinton took before leaving office were largely symbolic and had no serious impact on the substance of either the bilateral relations between the two countries or the U.S. sanctions on Iran's energy industry. President Bush has been forceful in implementing sanctions on Iran. For example, the Japanese consortium that signed an agreement to develop Iran's giant oil field Azadegan has been under heavy U.S. pressure to withdraw.

In the mid-2000s there are no signs that a rapprochement between Washington and Tehran might take place or that U.S. sanctions will be lifted. The United States accuses Iran of seeking to acquire nuclear weapons and of sponsoring terrorism. Iran categorically denies these accusations. These strategic differences impede cooperation between the two nations and further complicate their energy security. In June 2005 Mahmoud Ahmadinejad was elected to succeed Muhammad Khatami. His election signals a new chapter in Iranian policy, including relations with the United States. Similarly, U.S. efforts to secure oil supplies from Iraq have been slowed down by strategic considerations.

The United States and Iraq

Oil was first struck in commercial quantities in Iraq in 1923. Shortly after that, the Turkish Petroleum Company (TPC) was confirmed in its concession covering most of Iraq. The shares in this firm were divided between British, Dutch, and French partners. Significantly, no American individuals or companies participated in the TPC.[9] In 1927, a giant oil field was discovered in Kirkuk. These promising oil resources attracted American firms. Accordingly, in the late 1920s the composition of the TPC was changed. Five American oil companies acquired shares, and the new firm was renamed the Iraqi Petroleum Company (IPC).[10] Thus, American oil companies had participated with their European counterparts in developing Iraqi oil resources at an early stage.

The demise of the monarchy in 1958 and the rise to power of nationalistic and leftist regimes had drastically altered the relations between the Iraqi government and IPC. An important step in this direction was the issue of Public Law 80 of 1961, under which the Iraqi government seized approximately 99 percent of the concession territory of the IPC and its affiliates. A few years later, a state-owned company was established the Iraq National Oil Company (INOC). Finally, in 1972 the Iraqi government nationalized the IPC, and by 1975 the holdings of various

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9 Edward Chester, *United States Oil Policy and Diplomacy: A Twentieth-Century Overview* (Westport, Conn: Greenwood Press, 1983), p. 67.

10 The five companies are Standard Oil of New Jersey, Standard Oil of New York, Gulf Refining Company, Atlantic Refining Company, and Pan American Petroleum and Transport Company. Together they held 23.75 per cent of the shares in the IPC. See Svante Karlsson, *Oil and the World Order: American Foreign Oil Policy* (Totowa, NJ: Barnes and Noble Books, 1986), p. 124.

private companies working in Iraq were completely transformed into the INOC. Since the mid-1970s, the INOC has taken full control over the country's oil industry; international oil companies have only been awarded service contracts.

In the following years, Iraq's oil production reached its peak, but these favourable conditions did not endure. Since 1980, the Iraqi oil industry has been a victim of three wars as well as a prolonged and comprehensive economic sanctions regime. Iraq's oil production capacity reached new levels under Saddam Hussein's regime. The most important development was during the first five-year plan (1976-80), which resulted in an increase in production capacity to 3.8 million b/d in 1979, with a goal to reach 5.5 million b/d by 1983. However, the war with Iran put a halt to this plan and destroyed production and export facilities. The second five-year plan started in 1989 and brought capacity to 3.5 million b/d with a target of 6 million b/d by 1995. Once more, the invasion of Kuwait, followed by 13 years of sanctions, and then occupation with the subsequent looting and sabotage interrupted this plan and degraded Iraqi oil facilities even more.[11]

Before the 2003 war there was a near consensus that the country's oil industry would provide most, if not all, of the funds needed for reconstruction. Following the toppling of Saddam Hussein, the main goal of the U.S. authorities was to restore Iraqi oil production capacity to its pre-war level of 2.80 million b/d. It was also thought that – assuming minimal damage to the oil fields during the war and a stable political situation thereafter – Iraq might be able to ramp up its production to as much as 6 million b/d by 2010. But since the fall of Saddam Hussein, and in spite of the fact that the war caused negligible damage to the country's infrastructure, the prospects that Iraq will soon become one of the world's leading oil-producing countries have grown dim. Four years after the war started, Iraq's oil production was estimated at 1.15 million b/d.[12] The reason for this is the lack of domestic security and political instability.

Since President Bush declared the end of major hostilities in April 2003, Iraq's oil installations and pipelines have been attacked almost on a daily basis. Some of these attacks were successfully prevented, but many were not. Under Saddam Hussein, Iraqi pipelines were guarded in part by local tribes, and in part by the army. The U.S.-led Coalition Provisional Authority made protecting the pipelines a top priority. An operation called Task Force Shield employed about 14,000 security guards, who were deployed along the pipelines and in 175 critical installations.[13] This effort brought down the number of attacks but has by no means solved the problem. Since March 2003 pipelines, pumping stations, and refineries have been attractive targets for insurgents.

These attacks in conjunction with mismanagement and lack of necessary funds have all played an important role in delaying Iraq's oil rehabilitation. There is near

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11 Walid Khaddur, "The Iraqi Oil Industry: A Look Ahead," *Middle East Economic Survey*, 45/48 (29 November 2004).

12 Oil and Gas Journal, "Worldwide Look at Reserves and Production," 105/47 (3 January 2007), pp. 18-19, p. 18.

13 Gal Luft, *Iraq's Oil Sector One Year After Liberation* (Washington DC: The Brookings Institution, 2004), p. 2.

unanimity among Iraqi oil technocrats that IOCs should be invited to participate in the country's future oil development. The oil companies themselves will obviously continue to take an interest in Iraq's oil industry, but they cannot sign credible and executable contracts as long as the authority is not clear and security is lacking. The British Petroleum chief executive John Browne's statement in mid-2004 that Iraq was on "no one's radar screens right now" seemed to sum up the IOCs' perception of the country.[14] However, despite this lack of both security and political stability, IOCs have taken some initiatives to position themselves for a time when the climate for investment is more propitious. Positioning strategies have been the IOCs attempt to cultivate relationships throughout the state-owned oil sector. These have been augmented by the provision of training course and free technical assistance.[15]

The political environment is a major component in any risk assessment for all investors. Given the scale of the energy resource base, Iraq is likely to attract massive foreign investment once it stabilizes. A joint study by the International Tax and Investment Center, Center for Global Energy Studies, and Oxford Economic Forecasting projects that Iraq could be one of the four largest oil producers by 2010. It estimates that between 2004 and 2010, a minimum of $4 billion is needed to restore oil production to its 1990 level of 3.5 million b/d and perhaps $25 billion to achieve 5 million b/d.[16] The study also indicates that using foreign investment would help the Iraqi government avoid diverting spending to oil development that is sorely needed for other programs, especially in the short term.

For most of the twentieth century, the United States had very hostile relations with Iraq. Shortly after the First World War, Iraq was created as a nation state and in 1932 became an independent state. Britain maintained a strong influence in Iraq until the monarchy was overthrown in 1958. This overthrow of the monarchy and the establishment of a republican system represented a dramatic shift in the country's domestic and foreign policy orientation. From 1958 until 2003 Iraq was ruled by radical anti-West regimes. This animosity between the Iraqi regimes and the West, particularly the United States, reached its peak during Saddam Hussein's rein (1979-2003). In 1991 the United States led an international coalition to liberate Kuwait from Iraqi occupation. This was followed by a thirteen-year comprehensive sanction regime. In 2003 the United States led another international coalition to topple Saddam Hussein's regime. This is the first time in Middle Eastern history that the United States militarily toppled an Arab regime and occupied the country for a prolonged period of time.

The United States has ambitious plans for Iraq. Washington wants to make Baghdad a beacon for democracy in the Middle East. Oil revenues would be essential to promote economic development and consolidate political stability. Opponents

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14 James Gavin, "Iraq: Squaring up to Old Challenges," *Petroleum Economist*, 71/8 (August 2004), pp. 11-12, p. 11.

15 James Gavin, "Iraq: Snuggling-up Time," *Petroleum Economist*, 71/12 (December 2004), p. 8.

16 The full text of the report "Petroleum and Iraq's Future: Fiscal Options and Challenges," was published in July 2004 and is available on the International Tax and Investment Center's website at www.iticnet.org.

of U.S. policy charge that the war in Iraq was driven by Washington's attempt to dominate the Middle East and control the region's hydrocarbon resources. Regardless of the real motives, two propositions are clear. First, the future of Iraq is highly uncertain. It seems that the developments since the toppling of Saddam Hussein's regime are quite different from what policymakers in Washington had anticipated when they planned for the war. Second, whatever course the Iraqi authorities might take, one thing is almost certain – the United States will remain heavily involved in Iraq for many years to come. It is hard to envision any scenario under which the United States would disengage and exit Iraq any time soon.

The United States and Saudi Arabia

For most of the twentieth century, the world's largest oil importer (the United States) had very good relations and close cooperation with the world's largest oil exporter (Saudi Arabia). The two nations need each other. The United States needs secure oil supplies at reasonable and stable prices, while Saudi Arabia needs a commitment for its national security and a secure market for its main product (oil). In other words, since the late 1930s, the close cooperation between Washington and Riyadh has been founded on mutual interests, mainly oil and security.

With approximately 262 billion barrels of proven oil reserves (about one-fourth of the world total) and up to 1 trillion barrels of ultimately recoverable oil, Saudi Arabia is the world's leading oil producer and exporter.[17] The Saudi oil industry also enjoys other significant advantages. First, the cost of production in Saudi Arabia is one of the lowest in the world: less than $1.50/barrel, compared to the global average of about $5/barrel and even higher costs in some places. Also, Riyadh has a great advantage when it comes to adding new reserves or increasing production capacity. It costs the kingdom less than $0.10/barrel to discover new reserves, while the cost in some areas of the world can be as high as $4/barrel.[18] In short, the Saudis' costs for current production and developing additional production capacity are probably the lowest in the world.

Second, Saudi Arabia, like other large Persian Gulf oil producers, is a very small oil consumer. Non-Persian Gulf producers such as the United States and Russia consume either all or a large portion of their production. This gives the kingdom extra weight in global oil trade. Third, Saudi Arabia has free access to the sea. Its export pipeline infrastructure is extremely well developed, linking crude fields with marine export terminals and loading platforms on the Persian Gulf and the Red Sea. Fourth, most of the world's spare productive capacity is located in Saudi Arabia. This is an important strategic asset for the kingdom: whenever a sudden interruption of supplies occurs, the kingdom can fill the gap in a very short time. This serves as an insurance policy against temporary shortages in world oil supplies.

All these characteristics of the Saudi oil industry taken together make the kingdom one of the most important players, if not the most important, in the global oil market.

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17 Energy Information Administration, *Country Profile: Saudi Arabia*, January 2005.

18 Ali Al-Naimi, "Saudi Oil Policy Combines Stability with Strength, Looks for Diversity," *Oil and Gas Journal*, 98/3 (17 January 2000), pp. 16-18, p. 17.

The United States therefore has a strong and continuing interest in securing Saudi cooperation on the non-interruption of its oil supplies and stability of oil prices.

Unlike other major producers in the Persian Gulf and the OPEC, oil explorations and developments in Saudi Arabia have been carried out almost entirely by American companies. In the early 1930s, U.S. oil companies were looking for commercial opportunities overseas. Promising oil reservoirs had been discovered in Iran, Iraq, and Bahrain. This newly discovered hydrocarbon wealth was dominated by European companies, particularly from Great Britain. Meanwhile, indigenous leaders were interested in granting concessions to foreign companies in order to strengthen their rising economic and political power. Under these circumstances, in 1933 King Saud Ibn Abd Al-Aziz, the founder of modern-day Saudi Arabia, who was suspicious of the European intentions, gave Standard Oil Company of California (Socal, later Chevron) a sixty-year exclusive right to explore for oil in an area in eastern Saudi Arabia covering 360,000 square miles.[19] The California-Arabian Standard Oil Company (CASOC) was formed to exploit the concession. A supplementary agreement was signed in May 1938, adding six years to the original agreement and enlarging the concession area by almost 80,000 square miles. It also included rights in the Saudi government's half-interest in the two neutral zones shared with Iraq and Kuwait.

Early exploration drilling in Saudi Arabia was not successful, and although the first well was completed in 1935, it was not until March 1938 that oil was struck in commercial quantities in the Dammam structure. Oil was first exported in 1938 and continued at very modest levels until after Second World War. But the event that transformed prospects for the oil industry in Saudi Arabia was undoubtedly the discovery of the Ghawar field in 1948, which proved to be the world's largest single oil-bearing structure.[20] The world's largest offshore field, Safaniya, lies in the Saudi Arabian waters of the Persian Gulf. In 1944, CASOC was renamed the Arabian American Oil Company (Aramco).

Unlike other foreign oil companies, Aramco had good relations with the host government, Saudi Arabia, and with the local population. The bitter dispute in the early 1950s between the Iranian authority and British Petroleum was very different from the smooth cooperation between Aramco and the Saudi government. In 1950 the Saudi government and Aramco reached an agreement on a modified system of profit-sharing, which introduced the notion of the 50/50 division between the host country and the concessionaire. In 1973, the Saudi government took a 25 percent stake in Aramco. A year later, this share was increased to 60 percent, and in 1980 it was amicably agreed that Aramco should become 100 percent Saudi-owned, with the date of ownership backdated to 1976.[21] Prior to the Saudi takeover, Aramco had been the largest single American investment in any foreign country. This friendly

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19 John Marlowe, *The Persian Gulf in the Twentieth Century* (New York: Praeger, 1962), p. 155.

20 Keith McLachlan, "Oil in the Persian Gulf Area," in Alvin J. Cottrell (ed.), *The Persian Gulf States: A General Survey* (Baltimore: Johns Hopkins University Press, 1980), pp. 195-224, p. 218.

21 For more details, see Aramco's website at http://www.saudiaramco.com.

and non-confrontational change of ownership helped the two sides to maintain their cordial cooperation. Despite the Saudi takeover of Aramco, U.S. administrators and technicians, side by side with their Saudi counterparts, continued to occupy important positions in the company. Finally, in April 1989, the last American to preside over Aramco, John J. Kelberer, handed over power to its first Saudi boss, Ali Al-Naimi, who later became oil minister.

The main challenge to this decades-long close cooperation between Washington and Riyadh came on September 11th, 2001. Shortly after the terrorist attacks, President Bush repeatedly stated that the world has been divided into two camps, good and evil. Each country has to define where it stands: "either you are with us, or you are with the terrorists." The official Saudi position has left no doubt that Riyadh strongly condemns the attacks and supports the war on terrorism. Officials in the Bush administration have repeatedly expressed their satisfaction with Saudi cooperation in the war against terror. However, the kingdom has come under public and congressional suspicion as a breeding ground for terrorism. Several American news organizations, members of Congress, and influential think tanks have accused the Saudi government of supporting terrorism and tolerating a "Jihadist" culture. In other words, as the argument goes, fiery anti-Americanism preaching in Saudi mosques and an educational system that promotes hate against the United States and the West are largely unopposed by the Saudi authorities,

On the other hand, Saudi officials have categorically denied any role in supporting terrorism either directly or indirectly. Rather, they argue that Osama bin Laden intentionally chose Saudi citizens to participate in the terrorist attacks to sabotage and weaken the close Saudi-American relations. In addition, the Saudis claim that their country is a victim of terrorism. In other words, the argument continues, Saudi Arabia and the United States are in the same boat, confronting a mutual enemy. The suicide car bombings of residential compounds in Riyadh that killed thirty-four people, including nine assailants, in May 2003 have further strengthened the Saudi argument. Following these attacks, Saudi officials have become more forthcoming in combating terrorism and cooperating with the United States.

Interestingly, the mutual mistrust and scepticism that have characterized U.S.-Saudi relations since September 11 had little, if any, impact on the oil links between the two countries. Although the terrorist attacks did not change the fact that Saudi Arabia holds one-fourth of the world's proven reserves and is the world's largest producer and exporter, the attacks did change many Americans' perceptions of the kingdom. The central concern that has been raised in the United States is that if Saudi Arabia is unreliable as an ally in the fight against terrorism, it also may be unreliable as an ally in providing energy security.

The record of the past half century, however, proves that the kingdom has been a reliable supplier of oil to the United States and other importers. Since oil was discovered in Saudi Arabia, Riyadh has participated in only major oil disruption, the Arab oil embargo of 1973-74. The Saudis learned their lesson, and since the mid-1970s, they have sought to promote stability and moderation in the oil markets. Saudi Arabia noticeably took the lead in calming international markets in the early 2000s, when instability in three major oil-producing countries – Iraq, Nigeria, and Venezuela – threatened disruption of supplies. In response, Saudi Arabia boosted its
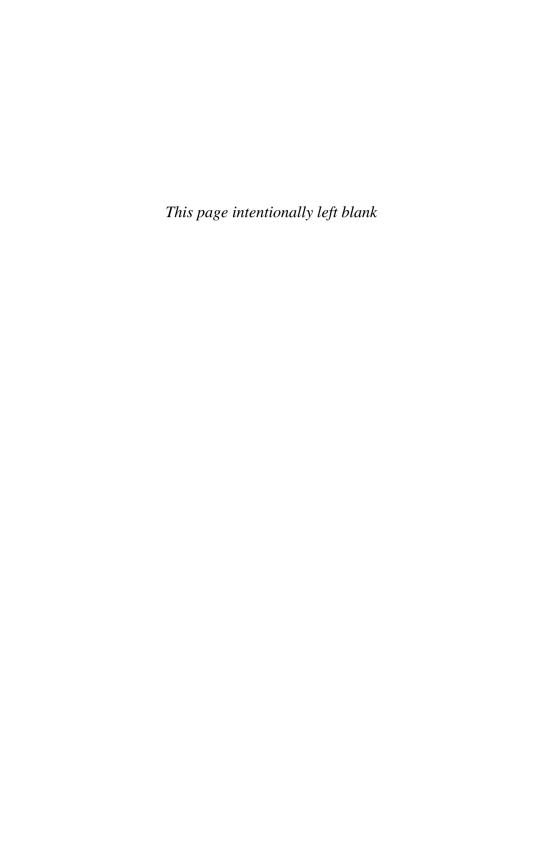
production to prevent any shortage of oil and an increase in prices. Since early 2003, the kingdom has added 1.6 million b/d to its production, which reached 9.5 million b/d, the highest level in decades.

These strains in U.S.-Saudi relations since September 11 raise concern about the six-decade-long unofficial alliance between the two countries. Will they remain allies? In the long term, it seems that the main foundation of their cooperation – oil and security – are still sound. The relations between the two nations have always been built on mutual interests, not shared values. Riyadh is committed to the non-interruption of oil supplies and the stability of prices and markets. On the other hand, despite the withdrawal of U.S. troops from Saudi Arabia in August 2003, Washington is still committed to defending the kingdom from any foreign threat.

Conclusion

U.S. energy security is defined as sustainable and reliable supplies at reasonable prices. The core of this sustainability and reliability is the diversity of suppliers. Rhetoric aside, this study has argued that the calls to achieve "energy independence" are unrealistic. The United States does not have enough oil to meet its growing demand. Furthermore, the nation's oil production is falling due to the maturity of fields. Domestic measures such as greater energy efficiency, deep-water exploration and the development of oil deposits in the Arctic National Wildlife Refuge might temporarily slow down Washington's dependence on foreign supplies but the direction is inevitable – increased dependence on foreign supplies. On the other hand, the Persian Gulf region is the centre of gravity in the global oil market. The region holds massive proven oil reserves and a substantial share of world production. The costs of production are the cheapest in the world and oil fields are well connected to export terminals and access to export markets. Accordingly, the Persian Gulf region dominates world oil exports today, and will almost certainly maintain this domination for decades to come.

Finally, the United States is a major player in the global economic system. Within this system there is one well-integrated oil market. This means that oil producers and consumers share a common goal – stability of supplies and prices. It does not matter who sells and who buys a barrel of oil. At the end of the day, the market and prices adjust. The main character of today's energy market is interdependence between all players. The United States should overcome the illusion of energy independence and instead work with other consuming countries to ensure the availability of oil supplies from as many sources as possible. Simultaneously, major consuming countries should work with oil and gas producers to promote economic development and political stability. The outcome of these joint efforts would ensure and strengthen global energy security.

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Chapter 5

U.S. Democracy Promotion in the Persian Gulf

Steven A. Cook

Throughout the course of the second half of the 20th century, Arab regimes proved themselves to be stable. Despite political challenges, outbreaks of domestic violence, defeat in war, and myriad economic problems, Arab kings, presidents, emirs, and officers have tenaciously clung to the authoritarian status quo with no small help from Washington. Indeed, for the better part of five decades United States officials believed that the non-democratic leaders of Egypt, Jordan, Saudi Arabia, Morocco, Qatar, Bahrain and others were good partners in helping protect America's vital interests in the Middle East. Washington's overarching strategy in the Arab world sought to work with friendly leaders in the region – regardless of the character of these regimes – to ensure the free flow of oil from the Persian Gulf, confront rogue regimes, help protect Israel's security, and during the Cold War, contain the Soviet Union. Overall, the record of this strategy is quite good as the United States, despite intermittent setbacks, achieved all of these goals.

Paradoxically it was one of those setbacks, the Iranian revolution, which swept away one of Washington's staunchest regional allies, that reinforced for policymakers the importance of working with regional strongmen to ensure U.S. interests. In the clarity of hindsight, some analysts concluded that had the Carter administration supported the Shah more fully as he confronted domestic unrest, the Iranian leader would have had the political will to forcefully confront and dispose of the opposition. More importantly, the Islamic republic and its brand of Islamic fundamentalism posed a threat to U.S. interests and its allies in the region. Already suffering a blow from the loss of the Shah, the United States determined that the best way to ensure its position in the region was to bolster Arab authoritarians as a bulwark against Ayatollah Ruohollah Khomeini's revolution.

Within a few weeks of the toppling of the Twin Towers and the destruction at the Pentagon in September 2001, however, Washington's approach to the Middle East shifted dramatically. Policymakers, officials, and analysts came to a general (though not universally held) conclusion that the authoritarian status quo in the Middle East actually posed a risk to Washington's interests. In a departure from the past in which successive U.S. administrations turned a blind eye to the character of Arab regimes, policymakers determined that domestic developments within Arab countries directly affect the security of the United States. Underlying the Bush administration's view was the explicit assumption that non-democratic regimes fuel political alienation and limit economic opportunities both of which contribute to extremist ideologies,

and ultimately terrorism. Thus to address the root causes of terrorism, the Bush administration embarked upon a policy of promoting democracy in the Middle East. Policymakers reasoned that if Arabs had the opportunity to process their grievances through democratic institutions, they would be less likely to resort to violence.

This chapter explores the primary question confronting the United States as Washington seeks to promote reform in the Middle East, specifically the Persian Gulf. How can the United States balance its immediate short-term interests related to energy security, counter-terrorism, and the reconstruction of Iraq, which all require the assistance of existing Arab leaders, with the long-term objective of democratic transformation of the Middle East? To examine this issue, the chapter unfolds in three broad sections. The first provides background on U.S. efforts to forge a more democratic Arab world, the second section analyzes U.S. reform policy toward the countries of the Persian Gulf, and the final section highlights the dilemmas of current U.S. policy.

Forging a More Democratic Middle East

Throughout the 1990s, the United States worked with countries such as Egypt and Jordan to help reform their economies, the United States Agency for International Development provided technical assistance to Arab legislatures and judiciaries, and Washington offered public and financial support for civil society groups, particularly in Egypt and the Palestinian territories. While the emphasis on economic reform was quite serious, the first Bush administration and the Clinton administrations that followed paid mere lip service to progressive political change. Even though President George H. W. Bush called for a "new world order" in which the rule of law, freedom, and justice reign and President Clinton committed the United States to the "enlargement of democracy," the Middle East policies of both presidents placed a premium on stability. In contrast, since the attacks of September 11th, President George W. Bush has spoken often and clearly about democracy in the Middle East. The most widely quoted was the president's speech to the National Endowment for Democracy on that organization's 20th anniversary in which the president stated:

> In many nations of the Middle East – countries of great strategic importance – democracy has not yet taken root. And the question arises: Are the peoples of the Middle East somehow beyond the reach of liberty? I, for one, do not believe it. Champions of democracy in the region understand that democracy is not perfect, it is not the path to utopia, but it is the only path to national success and dignity.

While critics argue that the president's discourse is mere rhetoric to justify the use of force in Iraq, it seems clear based on the amount of resources devoted to the issue that the administration is serious about promoting political change in the Arab world.

Although the public opinion polling in the Arab world clearly demonstrates that large majorities of Arabs dislike the president's policies in Iraq and Palestine, his administration's call for democracy and freedom has resonated in the region in two

inter-related ways.[1] First, with the United States now paying attention to political development within Arab countries, Middle Eastern leaders have been compelled to portray themselves as reformers. As a result, they have been forced by their own discourse on liberalization and reform to countenance a measure of new political openness. Second, this relatively more liberal political environment has permitted Arab reformers and opposition activists to pursue their agendas in unprecedented ways. Throughout the late winter and spring of 2005, Egyptians, Jordanians, Bahrainis, and, of course, Lebanese took to the streets of their respective capitals to demand political rights. In Kuwait, women finally overcame Islamist objections and official ambivalence and secured the right to vote and run for parliament.

There is recognition even among those reformers who are not positively disposed toward the United States that the Bush administration's support for change is constructive. In February 2005, the long-time Lebanese Druze leader and fierce critic of the United States, Walid Jumblatt, told *Washington Post* columnist David Ignatius that U.S. policy was providing momentum for grassroots demands for change in the Arab world. Abdel Halim Qandil, a spokesman for Kefaya (Enough) and editor of *Al-Arabi* (hardly a pro-American bastion) acknowledged that Washington's call for democracy in the region was providing him and his movement a certain amount of protection from the Egyptian state.

Still, it is important not to overstate the power and effect of the Bush administration's message about democracy and freedom in the Middle East. Washington's new emphasis on political, economic, and social reform in the Arab world is not occurring in a vacuum. Although the Middle East is often caricatured, as the *New York Times* did a number of years ago, as "Democracy's Desert," Arab reformers have long been engaged in a struggle for more open, democratic political systems in the Arab world. In addition, while it is clear that the change in U.S. Middle East policy has shifted the context of the political debate to reform issues, ultimately political change will be the result of internal problems and contradictions. Nevertheless, Washington has and can continue to play a role in helping to create an environment that is conducive to democratic change.

Toward this end, Washington has embarked on two broad regional initiatives to provide assistance in support of economic, political, and social change in the Arab world.[2] The first is known as the Middle East Partnership Initiative (MEPI), which was launched in October 2002.

MEPI has sought to encourage trade, mobilize foreign direct investment, promote the rule of law, strengthen civil society, help improve access to and quality

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1 Arab American Institute, Zogby International, and Young Arab Leaders, *Attitudes of Arabs 2005: An In-Depth Look at Social and Political Concerns of Arabs*; Center for Strategic Studies, *Revisiting the Arab Street: Research from Within*, February 2005; University of Maryland and Zogby International, *Arab Attitudes Towards Political and Social Issues, Foreign Policy and the Media, a Public Opinion Poll*, May 2004, available at http://www.bsos.umd.edu/SADAT/pub/Arab%20Attitudes%20Towards%20Political%20and%20Social%20Issues,%20Foreign%20Policy%20and%20the%20Media.htm.

2 Unless otherwise indicated, this section is based on Madeleine K. Albright and Vin Weber (co-chairs), *In Support of Arab Democracy: Why and How?* Independent Task Force Report 54 (New York: Council on Foreign Relations, 2005).

of education and address challenges that women face in the Arab world. While the Bush administration deserves credit for devoting unprecedented levels of resources toward these issues, much of MEPI's work was begun during the 1990s under the auspices of the U.S. Agency for International Development (USAID).[3] While USAID's work was in many ways directed toward creating constituencies within Arab governments for change, the rationale for MEPI was to work primarily with independent and indigenous NGOs and civil society groups. Critics charge that in practice this has not necessarily been the case. A majority of MEPI's first $100 million was spent on programs that target Arab government agencies and employees, including bureaucrats, teachers, parliamentarians and judges.[4]

Beyond this problem, observers (Arab and Western) have expressed concern over both the disparity in funding among MEPI's four pillars – economic development, educational reform, political change, and women's issues – and the way in which these funds are distributed. For example, the women's issues have received relatively less resources than education, for example. Yet this difference does not reflect Washington's lack of interest in this important area. Rather, programs designed to assist Arab governments to undertake education reform are more expensive than those dedicated to improving the status of women. Critics are, however, correct to be concerned about the manner in which MEPI funds are distributed. Specifically, small, independent NGOs in the Arab world confront significant bureaucratic obstacles to qualify for MEPI grants. Beyond the detailed application process, the United States has implemented an exhaustive review process and instituted strict financial reporting responsibilities to safeguard against funding organizations that might support terror. Many Arab NGOs do not have the skills and resources to satisfy MEPI's bureaucratic requirements.

The second region-wide initiative that the Bush administration has pursued to support democratic change in the Middle East is *The Partnership for Progress for a Common Future with the Region of the Broader Middle East and North Africa* (commonly referred to as the Broader Middle East North Africa Initiative). Launched in cooperation with Washington's G-8 partners at the June 2004 Group of Eight summit, this initiative is composed of four primary components: The first is the "Forum for the Future," which is modelled on the Asia Pacific Economic Cooperation forum and is designed to foster communication on reform-related issues. It includes government-to-government talks intended to offer political support and technical advice to Middle Eastern leaders interested in undertaking reform. There are also sessions to bring together civil society activists and business leaders to talk about reform with Arab leaders. The Partnership also emphasizes economic development via microfinance programs; enhanced support for small and medium-sized businesses, entrepreneurship, and training to expand job growth; and, finally, programs intended to expand regional investment. Third, the G-8 has committed

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3 Amy Hawthorne, "The Middle East Partnership Initiative: Questions Abound," *Arab Reform Bulletin*, 1/3 (September 2003).

4 Tamara Cofman Wittes and Sarah E. Yerkes, "The Middle East Partnership Initiative: Progress, Problems, and Prospects, *Middle East Memo*, Saban Center for Middle East Policy at the Brookings Institution (November 2004).

support for a region-wide literacy program intended to halve illiteracy rates by 2015. Finally, the Partnership for Progress established the "Democracy Assistance Dialogue" that would bring together development institutions in the Middle East, foundations, and international financial institutions – such as the World Bank and the International Monetary Fund – to coordinate the use of resources to support political and economic change.

To varying degrees the Kuwaitis, Qataris, and Bahrainis are involved in the Partnership for Progress. For example, in November 2005 Bahrain played host to the second Forum for the Future meeting. Bahrain has also worked with G-8 partners and Morocco to establish two regional entrepreneurship and business training centres and has pledged financial support for both the Foundation for the Future and the Fund for the Future. The Foundation for the Future is intended to support civil society groups in the Arab world and the Fund's mission is to help stimulate economic growth through equity investments and technical assistance to small and medium sized businesses. Similarly, the Qataris have pledged $10 million to the Foundation for the Future. Of the three small Gulf states, the Kuwaitis have been the least active, though they have taken a role in the civil society talks that comprise a part of the Forum for the Future.

While MEPI is the principal mechanism through which the United States government supports the goals of the Greater Middle East initiative, Washington has also sought to leverage the promise of bilateral economic ties with Arab countries as a means to promote political change. In mid-2004, the Bush administration introduced the Middle East Free Trade Area Initiative, which encompasses a broad set of policies to support World Trade Organization Membership for Arab countries, expand the generalized systems of preferences allowing goods duty-free entry into the United States, increase trade through trade and investment framework agreements, and promote investment through bilateral investment treaties.[5] In addition, the United States has pledged to negotiate bilateral free trade initiatives with Arab countries as a critical first step toward regional economic integration.

The Middle East Free Trade Initiative is based on the underlying assumptions that economic development provides net social welfare gains that will benefit Arabs and that economic development is inexorably linked to political development.[6] While the first assumption can hardly be disputed, the second is far more problematic. Despite conventional wisdom based on the experiences of several East Asian countries, there is actually very little evidence to indicate a *causal* relationship between economic growth and democracy. The evidence does show a correlation between the durability of democratic political systems that also generate economic growth. In other words, democracies that experience economic growth are more likely to survive.[7] This is not to suggest that a linkage between economic and political change does not exist.

5 For a complete discussion of the Middle East Free Trade Area Initiative, see http://www.ustr.gov/Trade_Agreements/Regional/MEFTA/Section_Index.html.

6 Robert B. Zoellick, "The Centerpiece of Foreign Policy," *iDM Spotlight* (Autumn 2005), pp. 6-9.

7 Adam Przeworski, Michael Alvarez, Jose Antonio Cheibub and Fenando Limongi, "What Makes Democracies Endure?" *Journal of Democracy*, 7/1 (January 1996), pp. 39-55.

While there are clear economic reasons for the Arab world's inability to generate growth, the problem of Middle Eastern economic stagnation is primarily a political one.

Indeed, in most Arab countries, rule *by* law rather than rule *of* law prevails. This means that laws are used as instruments of political control to ensure the power, privileges, position, and economic advantages of the ruling elite. Rule by law, in turn, magnifies the importance of *wasta* (connections). Throughout the Middle East, connections are a critical prerequisite in politics and business. This fuels corruption and crony-capitalism, placing a drag on overall economic performance. As a result, the United States and its partners should press Arab leaders to do away with laws, decrees, and regulations that ensure advantages for the well-connected economic elite.

While there is scant evidence that investment treaties and bilateral free trade agreements, for example, have a significant effect on the *political* trajectory of states, they can nevertheless be harnessed in service of promoting democratic development in the Arab world. Middle Eastern leaders very much want to sign trade agreements with the United States believing, quite correctly, that these treaties will likely lead to economic growth. One need not look much farther than Jordan, once an economic backwater, to understand the transformative effects of a free trade agreement with the United States. Given the interest of Arab leaders in bilateral economic agreements with Washington, the United States has a unique opportunity to link these initiatives to political reform. Unfortunately, the Bush administration seems unwilling to use this potentially valuable policy tool to promote democratic change.[8]

There is one final tool that the United States has used to promote change in the Middle East that deserves mention: warfare. Although the Bush administration's primary justifications for the March 2003 invasion of Iraq were Saddam Hussein's alleged development of weapons of mass destruction and the Iraqi regime's links to al-Qa'ida, the president and his advisors also made a moral case for war.[9] As the invasion's codename "Operation Iraqi Freedom" indicates, Washington's military action was also intended to liberate Iraq's people and, it was hoped, catalyze a process of democratic change throughout the Arab world. Moreover, when the allegations about Iraq's WMD and links to al-Qa'ida proved unfounded, the administration's discourse focused exclusively on the imperative of freedom and democracy in Iraq and beyond.

The situation in Iraq may yet stabilize and a democratic government could emerge. Still, the considerable difficulties the United States has faced since its invasion of Iraq should give policymakers pause when considering the use of violence to impose democratic governance in the future. The law of unintended consequences

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8 Steven A. Cook, "The Right Way to Promote Arab Reform," *Foreign Affairs* (March/April 2005), pp. 91-102.

9 Lawrence F. Kaplan and William Kristol, *The War Over Iraq: Saddam's Tyranny and America's Mission* (San Francisco: Encounter Books, 2003); Ken Pollack, *The Threatening Storm: The Case for Invading Iraq* (New York: Random House, 2002); Kanan Makiya, *Cruelty and Silence: War, Tyranny, Uprising and the Arab World* (New York: W.W. Norton, 1993); Samir al-Khalil, *Republic of Fear* (New York: Pantheon, 1989).

has upended Washington's initial rosy scenario for Iraq. The United States confronts a brutal insurgency in Iraq, the prospects of Iraq's ultimate dissolution, and the potential emergence of non-democratic politicians who have used democratic procedures to gain power.[10] Once more, if the United States withdraws from Iraq before the reconstruction is complete, the Arab world, already sceptical of Washington intentions in the region, will conclude that Washington's rhetoric about democracy was an elaborate fabrication to justify the use of force in the region. The United States has only successfully imposed democracy through the use of force in two cases – Germany and Japan, where U.S. forces have been continually stationed – since the end of WWII.

There is, however, some good news regarding Iraq, specifically the region-wide political effects as Iraqis struggle to build a more democratic political system. Although Lebanon's *intifadat al-Istiklal* (Independence Intifada) likely had little to do with the situation in Iraq, there is no denying that the spectacle of Iraqi elections and the hotly debated drafting of the country's new constitution have had an influence on the thinking of many in the region. As Iraqis have exercised their new rights to select their leaders, other Arabs – including Bahrainis, Kuwaitis, Egyptians, and Saudis – have demanded the same rights in more open and openly insistent ways.

U.S. Policy and Leaders in the Persian Gulf

As alluded to above, it is important to recognize that political change in the Middle East, including the Persian Gulf, did not begin with the shift in U.S. policy after September 11. In Kuwait, the process of political change began after the first Gulf War. The Kuwaiti leadership calculated that liberalization was necessary to ensure the security of the ruling Sabah family. After all, it would be easier for U.S. policymakers to justify to the American people the defence of Kuwait if the Persian Gulf state were more democratic. In addition, after the traumatic events of 1990-1991, Kuwaiti leaders believed that a political opening would deepen Kuwaiti identity and thus enhance domestic political stability.[11]

Like Kuwait, Qatar also embarked on a series of limited political reforms in the 1990s. Qatari leaders, specifically the Emir Hamad bin Khalifa al-Thani, who came to power after ousting his father in a coup in June 1995, seem to pursue political liberalization for instrumental reasons rather than any kind of normative commitment to democracy. Emir Hamad's political changes should be seen as part of a political struggle within the ruling family that began after the Emir's father was sent into exile. Hamad's liberalization is intended to garner both internal and external (notably American) support thus dissuading any member of the ruling family from challenging the Emir's rule.[12] It is fair to say that this strategy has been successful. Since the mid-

10 George Packer, *The Assassin's Gate: America in Iraq* (New York: Farrar, Straus and Giroux, 2005).

11 For a complete discussion, see Steven Yetiv, "Kuwait's Democratic Experiment in its Broader International Context," *Middle East Journal*, 56/2 (Spring 2002), pp. 257-71.

12 Andrew Rathmell and Kirsten Schulze, "Political Reform in the Gulf: The Case of Qatar," *Middle Eastern Studies*, 36/4 (October 2000), pp. 47-62.

1990s, Qatar has garnered a reputation among policymakers, analysts, and pundits as leading the region in democratization, garnering the Emir widespread support in Washington and Europe. This is not to suggest that Qatar's changes are hollow. Qataris enjoy a range of political rights under the country's 2004 constitution.[13] Under the constitution, Qatari citizens will also elect 30 (of 45) members of a Consultative Council and the independence of the judiciary is strengthened. As important as this progress may be, the constitution also institutionalizes the power of the ruling family, which, according to Article 64, "is inviolable and…must be respected by all." This raises the question whether the political change in Qatar is more apparent than real. While the extension of political rights and individual rights is a critically important step, Qataris still lack a mechanism to hold their leadership accountable.

Bahrain's political opening, which King Hamad bin Isa al Khalifa initiated when he assumed the throne in 1999, distinguishes the country from other countries in the region for the steps Manama has taken in a variety of areas including parliamentary representation, human rights, and the role of women in society. This turn of events should not be entirely surprising given Bahrain's relatively liberal and cosmopolitan environment. At the same time, given both the absolute autocracy of the King's father, Isa bin Salman Al Khalifa, and the sectarian divide of Bahraini society, the reforms that have been undertaken seem bold.[14]

A number of positive trends emerged in 2004 and continued in 2005. The first of these is the role of women in Bahraini society. Bahraini women were granted the right to apply for a passport without their husband's consent, King Hamad appointed the first woman minister, and the Bahraini Defense Forces promoted two women doctors to the rank of full colonel. An additional positive development was the efforts of Bahraini parliamentarians to assert legislative oversight in the conduct of the government and its ministers. In the wake of the collapse of the government-managed Pension Fund Commission and General Organization for Social Insurance (GOSI), members of the National Assembly formed an independent commission to investigate possible ministerial misconduct in the management of the funds. Despite the objections of the government, the commission produced a 1,200 page report detailing the collapse of the two funds.

Finally, in what can be considered a further step away from its authoritarian past, the Bahraini leadership has largely confronted political challenges through negotiation rather than repression. This approach was brought into sharp relief with the ongoing efforts of four opposition political "societies" to pressure the King and the National Assembly to make critical changes to the Bahraini constitution. Al-Wefaq National Islamic Society – reportedly the largest Shi'a political group in Bahrain – the National Democratic Action Society, the Ba'athist Nationalist Group Society, and the Islamic Action Society want to increase the power and efficacy of the National Assembly. This opposition coalition objects to the fact that both houses of parliament, the 40-seat Chamber of Deputies and the 40-seat *Shura* Council, have equal power, but only the lower house – the Council of Deputies – is

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13 Constitution of the State of Qatar (2004), Articles 42-48.

14 *Bahrain's Sectarian Challenge*, Middle East Report No. 40 (Washington, DC: International Crisis Group, 2005).

popularly elected. According to the opposition, this arrangement necessarily dilutes the representation of the Bahraini since the appointed deputies are accountable only to the royal family and the government.

As a result, all four societies boycotted the elections held in October 2002 and have pursued a public campaign calling for constitutional change. To the credit of both the opposition and the government, they have pursued negotiations. These talks have included society leaders and senior government officials, including representatives of Crown Prince Salman. To date, there has been little progress in the negotiations, but it is nevertheless important that both sides have committed themselves, in principle, to finding a mutually acceptable solution to the political impasse of constitutional reform.

While Bahrain has made important strides toward greater political openness, not all the trends have been positive. A number of episodes over the course of the past year reveal some subtle backtracking from reform or even outright reversion to authoritarian tactics. These indicate that Bahrain is still in the early stages of reform and, indeed, has a long way to go to consolidate democratic practices.

Even with all the reforms that have been undertaken, the constitution concentrates power within the executive. The King appoints all members of the *Shura* Council, which shares legislative powers with the Council of Deputies. This institutional set-up essentially shields the government from addressing political issues that Bahraini leadership does not like. Moreover, only the government can bring a proposed legislation to vote and the king, who is head of all three branches of government, can interfere in parliamentary matters at will. It is also important to recognize that Bahrain does not permit the establishment of political parties, though political "societies" are permitted and essentially function as organized political parties.

In addition to these constitutional shortcomings, the Bahraini government did – at times – revert to authoritarian practices in an effort to muzzle dissent. For example, in early October 2004, the Bahrain Center for Human Rights was closed and its executive director, Abd al-Hadi al-Khawaja was jailed in response to critical statements that al-Khawaja made regarding the Bahraini prime minister, Sheikh Khalifa bin Salman al-Khalifa. Also in 2004, nineteen members of the Shi'a-dominated al-Wefaq were charged with "attempting to change the political system by illegal means, disseminating false information…and inciting hatred of the state." According to al-Wefaq leaders as well as independent media accounts, the 19 activists were collecting signatures for a petition urging the government to alter the constitution in a way that would give the Council of Deputies more power. Finally during 2005, Bahraini authorities arrested a number of bloggers who criticized the government.

In Kuwait, Qatar, and Bahrain, the leaderships have responded well to the Bush administration's call for democracy and freedom. As noted above, Arab leaders have become adept at the discourse of political reform and change in an effort to portray themselves as reformers. The strategy of the ruling Al Sabah, Al Thani, and Al Khalifa families has been to acknowledge the need for reform and undertake some measure of reform without ever placing their own power and authority at risk. This has allowed the Kuwaiti, Qatari, and Bahraini leadership to enjoy the consistent

praise of the Bush administration cost free.[15] In addition, there is the notion that, despite the fact all three countries participate in the Broader Middle East Initiative, these U.S. programs are not specifically targeted at Kuwait City, Doha, and Manama, but rather Cairo and Riyadh.[16]

The issue of political change in Saudi Arabia – along with promoting democracy in Egypt – is perhaps the most vexing challenge confronting the United States as it seeks to promote political change in the Middle East.[17] In its efforts to push the Saudi leadership toward more open politics, the Bush administration must take care not to destabilize Saudi Arabia. Given Washington's interests in the Kingdom, the collapse of Saudi Arabia – for whatever reason – would be a significant strategic setback for the United States.[18] Complicating Washington's effort to prod the Saudis to pursue political reform is the very fact that U.S. officials actually have very little leverage in this area. Unlike Egypt, the Saudis are not dependent on U.S. largesse and it would be costly for Washington to cut off security cooperation with Riyadh.

Under these circumstances, the Saudis are better-positioned to resist the Bush administration's entreaties to undertake reform. For example, upon the establishment of MEPI, the Saudi foreign minister, Prince Saud Al Faisal, has consistently rejected Washington's "forward strategy of freedom" in the Middle East. In a speech in February 2004, the foreign minister stated:

> While it is true there is a need for reform in the Arab world, historical precedents attest to the fact that change cannot be imposed from without. This is particularly the case when a largely Western historical experience is projected on a different setting, such as the Islamic World or Saudi Arabia.[19]

To drive home the point, the Saudis did not attend the June 2004 Sea Island summit of the G-8, where the *Partnership for Progress* was unveiled because Riyadh pointedly let it be known that it would not accept the invitation. Finally, when Secretary of State Condoleezza Rice arrived in Saudi Arabia June 2005 hours after making a tough speech about the need to democratize the Middle East at Cairo's American University, the Saudi foreign minister implicitly warned Washington not to interfere in domestic Saudi matters. He declared, "The assessment that is important for any country in the development of its political reform is the judgment of its own

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15 Joseph A. Kechichian, "Democratization in the Gulf Monarchies: A New Challenge to the GCC," *Middle East Policy*, 11/4 (Winter 2004), pp. 37-57.

16 Interview with a senior Bahraini official, April 2004 (Manama).

17 For a complete discussion of Saudi Arabian politics, U.S.-Saudi Relations, and Saudi society see Rachel Bronson, *Thicker than Oil: The U.S. and Saudi Arabia* (New York: Oxford University Press, 2006); John R. Bradley, *Saudi Arabia Exposed* (New York: Palgrave, 2005); Anthony Cordesman, *Saudi Arabia Enters the Twenty-First Century* (Westport, CT: Praeger, 2005); Mamoun Fandy, *Saudi Arabia and the Politics of Dissent* (New York: Palgrave, 1999).

18 See F. Gregory Gause III, "Be Careful What You Wish For: The Future of U.S.-Saudi Relations," *World Policy Journal* (Spring 2002), pp. 37-50.

19 Prince Saud al-Faisal, Address to the Centre for European Political Studies, Brussels, 19 February 2004, available at http://www.mofa.gov.sa/Detail.asp?InSectionID=3953&InTemplateKey=Homepage.

people." Beyond Riyadh's public resistance to U.S. efforts to promote change, the fact remains that the Saudis have undertaken a number, albeit limited, steps toward reform, though the Saudi leadership insists that these developments are unrelated to U.S. pressure.

Saudi Arabia remains deeply conservative and politically closed, yet beginning in 2003, there have been noticeable changes within that kingdom indicating the development of a more open political atmosphere. First, the Saudi press has begun openly debating issues that were previously taboo, including the role of religion in public life, extremism, the role of women, and the sources of power and authority in Saudi society.[20] In June 2003, then-Crown Prince Abdallah initiated the National Dialogue, which is intended to be a series of conversations among Saudis concerning the important issues facing the country. All reports indicate that these discussions have been open and frank. Although women have not been included in the Dialogue, the Saudi authorities have included representatives of the Shi'a community. While the Shi'a will likely remain a discriminated minority, the inclusion of this community in the National Dialogue is an important development.

Beginning of 2005 – after a 45 year absence – the Saudis took the step of holding municipal council to elections. To be sure, the elections, which took place in January and early February, did not include women and only a partial number of seats were contested. Campaigning was reported to be intense and turn-out in places relatively heavy. In the immediate aftermath of the balloting, there was considerable disappointment among those Saudis who did not choose to exercise their new right to vote. Once more, although unlikely in the near future, the municipal council elections instilled hope among many reform-minded Saudis that the kingdom would eventually establish a fully elected *Shura* Council. An additional indication that a measure of change is underway in Saudi Arabia was King Abdallah's pardon of three activists – Ali al-Demaini, Matruq al-Faleh, and Abdallah al-Hamed – who were sentenced to prison in May 2005 for circulating a petition calling for the establishment of a constitutional monarchy in the kingdom. And, finally, in December 2005 two women – Lama Al-Sulaiman and Nashwa Taher – were elected to the board of directors of Jiddah Chamber of Commerce and Industry.

While these steps taken in Saudi Arabia between 2003 and 2005 are – from the perspective of some outside observers – limited, in the context of Saudi politics, these developments represent a significant breakthrough. Both American and European policymakers charged with promoting change in the region must have a realistic view of what is currently possible in Saudi Arabia. That is to say, the expectation that Washington can, through the Middle East Partnership Initiative or through the G-8's Partnership for Progress, forge a liberal democratic polity in Saudi Arabia

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20 Lubna Hussain, "Anything He Can Do…She Can Do Better," *Arab News*, 25 November 2005; Nahar bin Abdelrahman al-Atibi, "The Kingdom Confirms in Practice the Exoneration of Islam from Allgations of Terror," *ar-Riyadh*, 1 April 2005 (in Arabic); Yusuf bin Ibrahim as-Salum, "The Elections, Equal Opportunity, and the Saudi Experiment," *al-Jazirah* 3 February 2005 (in Arabic); Mashari bin Khaled al-Dajani, "The Municipal Election: Attention Required," *al-Jazirah*, 4 February 2005 (in Arabic); Abdel Rahman al-Rashed, "A Wake-up Call: Almost All Terrorists are Muslims," *Arab News*, 9 September 2004.

is unrealistic. This is not to suggest Saudis are culturally incapable of democracy. Instead observers must recognize that Saudi reformers (including those within the regime) confront important political and institutional constraints. For its part, Washington confronts the particularly difficult problem of encouraging democratic change in a friendly country, which remains critically important to global energy security and the battle against terrorism. To push Riyadh too hard, too fast on reform risks either Saudi resistance to U.S. goals in the region or the collapse of the Saudi regime. Needless to say, both outcomes would not be in U.S. interests.

Dilemmas of U.S. Policy

The potential hazards of promoting democracy in Saudi Arabia bring the dilemma Washington confronts in the Middle East into sharp relief. Washington has committed itself to a policy that essentially encourages Arab leaders to reform themselves out of power. Yet at the same time, Washington continues to seek the cooperation of these very same Arab leaders on a range of critically important issues ranging from Persian Gulf security, the reconstruction of Iraq, the free flow of oil from the region, the war against al-Qa'ida, and the Arab-Israeli conflict. The predictable and unavoidable result has been significant inconsistency in U.S. policy.

For example, throughout the spring of 2005, the Bush administration was vocal in its criticism of the Egyptian government over the arrest of opposition leader Ayman Nour, but was silent on the Saudi detention of al-Demaini, al-Faleh, and al-Hamad as well as the detention of bloggers who ran afoul of the Bahraini authorities. In all fairness, Secretary of State Rice did ultimately raise the issue of the three Saudis with Riyadh, but the Bush administration's criticism was hardly as vociferous as that directed toward the Egyptians in the Nour case. Administration officials argue that while democracy has become a priority for the United States it must also be balanced with other concerns and interests. In the case of Saudi Arabia and Bahrain (home to the U.S. 5th Fleet), Washington concluded that importance of energy security and logistical support for the prosecution of the wars in Iraq and Afghanistan outstripped the unfortunate circumstances of Saudi and Bahraini reform activists.

Part of the problem on this question of inconsistency is the rhetorical box in which the Bush administration has placed itself. While the president's public support for democracy has, as noted above, proved to be important in altering the context of political debate in the Middle East and providing political cover for Arab democratic activists, it also presents an imperative for the administration to demonstrate that reform is proceeding apace in the region. Thus, the Bush administration sought to link Lebanon's *intifadat al-Istiklal* (Independence Uprising) with U.S. policy, though the exhilarating events in Beirut in early 2005 had more to do with Ukraine's "Orange Revolution" and Syrian bungling than the policies of the United States. Directly related to the Gulf, countries like Qatar, Kuwait, and Bahrain generally get a pass from the administration even though their leaders occasionally engage in "predatory" policies because Washington, for domestic political purposes, needs to prove that the resources it has invested in transforming the Middle East are paying dividends. For instance, in his February 2005 State of the Union address, President

Bush specifically cited Bahrain as one of the countries where political reform is "taking hold" – the implication being, of course, that the United States policy was responsible for this positive development.

An additional dilemma for the United States as it seeks to promote change in the Persian Gulf is the very fact that some of Washington's most important policy tools to promote change have limited efficacy in the Gulf. Unlike Egypt, Jordan, the Palestinian Authority, or Yemen, the Gulf states do not need U.S. financial assistance. Flush with resources as a result of the recent spike in energy prices, Washington cannot use the promise of economic aid as an incentive for reform. Moreover, because Saudi Arabia, Qatar, Bahrain, and Kuwait remain important to U.S. military operations in and around the region, the United States cannot afford to reduce its security cooperation with these countries without compromising its own security. As noted earlier in the chapter, holding out investment and trade agreements as incentives to undertake reform is a potentially promising avenue for promoting reform in the Gulf, but to date the Bush administration seems disinclined to use bilateral economic treaties in this way. Washington is thus forced to rely on the president's bully pulpit and the type of aid that can be funnelled through MEPI and the Partnership for Progress as the primary means to promote political change.

The final dilemma for the United States in the Persian Gulf remains, as it is throughout the Middle East, the problem of Islamist political groups the vast majority of which are hostile to the United States.[21] Islamist groups participate in politics throughout the Middle East, particularly in the Gulf where Islamists sit in the Kuwaiti and Bahraini parliaments. In addition, Islamist-affiliated candidates did well in Saudi Arabia's 2005 municipal elections. Given that Saudi Arabia, Kuwait, Qatar, and Bahrain are all monarchies, it is unlikely that Islamist movements could overwhelm these regimes in the way that Islamic Salvation Front almost did in Algeria in 1991 or the way it is feared the Muslim Brothers could undermine the Egyptian government. Yet, democratic politics in the Gulf does pose a policy dilemma for the United States. More open political environments in which Islamists benefit coupled with the heightened anti-Americanism in the region could force Gulf leaders to distance themselves from Washington. Although monarchies, the political openness that Washington is encouraging would make it difficult for the Saudi, Kuwaiti, Qatari, and Bahraini leaders to insulate themselves from public opinion, especially if Islamists are influential in framing the terms of debate. Under circumstances in which governments would have to defend themselves against an unfettered Islamist critique, leaders would likely seek to move away from Washington in an effort to defuse a potentially damaging political issue. At the very least, the separation of

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21 See Carrie Rosefsky Wickham, *Mobilizing Islam* (New York: Columbia University Press, 2002); Joel Beinin and Joe Stork (eds), *Political Islam: Essays from Middle East Report* (Berkeley: University of California, 1997); Emad Eldin Shahin, *Political Ascent: Contemporary Islamic Movements in North Africa* (Boulder: Westview Press, 1997); John L. Esposito and James P. Piscatori, "Democratization and Islam," *Middle East Journal*, 45/3 (Summer 1991), pp. 407-27; Emmanuel Sivan and Menachem Friedman (eds), *Religious Radicalism and Politics in the Middle East* (Albany: State University of New York Press, 1990).

Washington from its allies would complicate the war efforts in Iraq and Afghanistan and diminish the capacity of the United States to patrol the vital shipping lanes of the Persian Gulf.

Conclusion

The United States finds itself in an awkward position in the Persian Gulf. While Washington has committed itself to promoting democracy in the Arab world, its considerable security interests in the Gulf require difficult trade-offs for U.S. officials. From the perspective of policymakers in the White House or State Department, the following questions are paramount: Will promoting reform compromise U.S. interests? Do the ostensible long run benefits of a more democratic Middle East outweigh the short-term risks? How can the United States promote reform and ensure America's interests simultaneously? There are no easy answers to any of these questions, but it is fair to assert that Washington can walk and chew gum at the same time. In other words, the promotion of reform and the maintenance of U.S. interests should not be seen as an either or proposition. Rather, reform should be seen as the best way to ensure U.S. interests.

While the Persian Gulf states present a unique set of challenges to the United States toward this end, it is clear that programs such as MEPI and those related to the Partnership for Progress are unlikely to achieve significant results. This is primarily because they are geared toward building grassroots demand for democracy. Yet, there is already ample demand for political change. The problem is with the supply side of the equation – i.e. the authoritarian leadership. As a result, Washington needs – in addition to the president's continued public support for reform – policies that are aimed at encouraging regimes to undertake reform. Thus Washington needs to link initiatives that interest Arab leaders to the promise of reform. In the Gulf, in particular, bilateral free trade agreements should be used in precisely this manner. In the end, however, the process of political reform in the Gulf, and the region in general, will be the result of internal political dynamics, which will set some countries on a democratic political trajectory, while the status quo remains in other, and limited reform becomes a hallmark of still others.

Chapter 6

The Domestic Politics of U.S. Policy towards the Persian Gulf

Lars Berger

The following essay will examine the inter- and intra-branch dynamics of the United States political system that relate to Washington's policy toward Iraq. According to LeLoup and Shull, the question of whether President and Congress are able to exert influence depends on such factors as the domestic political climate, public expectations, the result of presidential and congressional elections, as well as the influence of interest groups, intra-executive dynamics and the specific content of the policies formulated by the White House.[1] This paper will therefore focus on the *politics* of the run-up and aftermath of the U.S.-led regime change in Iraq rather than on the respective *policies* themselves.

The Politics of Dual Containment

With regard to the regional theatres of the Arab-Israeli conflict and the Persian Gulf, the Clinton Administration chose to pursue an active policy in the former. Lacking better alternatives, the policy of dual containment of Iraq and Iran was announced by National Security Council official Martin Indyk in May 1993. This approach rested on the "necessity of an informal alliance" between Israel, Egypt, Saudi Arabia, and the smaller Gulf Cooperation Council (GCC) countries as well as Turkey to counter "radical regimes" and "extremism".[2] It thus aimed at establishing a cost efficient way of securing U.S. interests in the Gulf, while most diplomatic and political energies were spent on mitigating the dispute between Israel and the Palestinians. Even though both Iraq and Iran had to be contained, Indyk made it clear in his speech that while the United States government was not opposed to the nature of Islamic government in Teheran, but rather to "specific aspects of the Iranian regime's behavior", it deemed the regime of Saddam Hussein to be "criminal, beyond the pale of international society and, in our judgement, irredeemable."[3] This distinction would set the tone for most of the discussions on U.S. policy toward the Gulf region

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1 See Lance T. LeLoup and Steven A. Shull, *The President and Congress. Collaboration and Combat in National Policymaking* (Boston, MA, 1999), pp. 19ff.

2 Martin Indyk, "The Clinton Administration's Approach to the Middle East," The Washington Institute for Near East Policy's Soref Symposium (Washington, D.C., 18 May 1993), available at http://www.washingtoninstitute.org/pubs/soref/indyk.htm.

3 Indyk, "The Clinton Administration's Approach to the Middle East".

during the 1990s and leading up to the military campaign against the Iraqi regime in early 2003.

From the end of the Cold War until the terrorist attacks on New York City and Washington, D.C., in 2001, the situation in Congress stood in stark contrast to any other period since the United States became a global power. The lack of an overall public consensus on what the most urgent threat to U.S. national security was but also the abundance of foreign policy crises (ranging from Somalia and Haiti to Bosnia and Kosovo) which did not have the capacity to significantly strengthen the president's profile regarding matters of foreign policy provided Congress with more leeway in its attempts to challenge the president. In the end, one observer already saw a "bullied pulpit", in which, for the first time since the rise of the United States to its status as a superpower, the president was seriously weakened, especially with regard to the implementation of his foreign policy agenda against a hostile legislature.[4]

In addition, the so-called "Republican Revolution" of 1994 launched a new period of congressional partisanship. The regionalization of the political map of the United States came full circle with the decline of conservative and moderate Democrats in the South as well as moderate and liberal Republicans in the North. Furthermore, while the dominant foreign policy experience that shaped the attitudes of many Democrats had been the Vietnam War, many newly elected Republicans came to Washington with their views on foreign policy having been formed by the Reagan administration, which, in their view, had brought about an end to the Cold War with a focus on clear moral guidelines and an inclination to rely on U.S. military power.

It was against this domestic background that the region of the Persian Gulf received relatively little attention. This did not mean, however, that Congress would refrain from making its voice or at least the voice of its majorities heard. The *Foreign Relations Authorization Act for Fiscal Years 1994 and 1995*, which was passed and signed when the Democratic Party still had control of both the White House and Congress, included a section expressing the consensus that the United States should "continue to advocate the maintenance of Iraq's territorial integrity and the transition to a unified, democratic Iraq."[5] In reaction to the short-term military escalations of the 1990s, broad majorities of Republicans and Democrats alike began supporting bills that included direct references to the possibility of unilateral military action. At the beginning of the inspection crisis in November 1997, the House of Representatives unanimously passed *House Resolution 322* which called for multilateral or unilateral action if peaceful and diplomatic efforts to ensure Iraqi compliance with United Nations Security Council Resolutions regarding Iraq's weapons of mass destruction failed. The *Senate Joint Resolution 54* of August 1998 was passed with unanimous consent in the Senate by a majority of 407 to 6 in the House. It declared that, by evicting weapons inspectors, Iraq was in "material breach" of the cease-fire agreement[6] and it therefore

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4 Sebastian Mallaby, "The Bullied Pulpit," *Foreign Affairs*, 79/1 (January/February 2000), pp. 2-8.

5 The texts of this and other bills mentioned here can be found at http://thomas.loc.gov.

6 This term would gain importance during the debate on the aborted U.N. inspections leading up to the third Gulf War.

urged the president to take all appropriate actions to bring Iraq into compliance with its international obligations.

The *Iraq Liberation Act*, itself the most widely cited piece of legislation of this period, was passed by a vote of 360 to 38 in the House of Representatives and with a simple voice vote in the Senate.[7] This act, which became law on 31 October 1998, contended that "(it) should be the policy of the United States to support efforts to remove the regime headed by Saddam Hussein from power in Iraq and to promote the emergence of a democratic government to replace that regime." In order to achieve this goal, Congress authorized the president to provide "Iraqi democratic opposition groups" to be designated by him with financial assistance totalling $97 million. It is important to note that the final section of the bill made it clear that the act was not to be construed in any way as relating to the use of U.S. armed forces except for the provision of military equipment and training to Iraqi opposition groups. With regard to the implementation of the act, the Clinton administration's attempt to form as broad a coalition of opposition groups as possible differed from the point of view of the Republican leadership in Congress which envisioned providing most of the appropriated funds to the Iraqi National Congress (INC) headed by Ahmed Chalabi.[8] In the end, the main political result of this initially mostly rhetorical measure was to strengthen those Iraqi expats whose faulty intelligence information came to form the backbone of the Bush administration's public rational for a war against Iraq.

When President Clinton ordered military action against Iraq in response to the end of the United Nations weapons inspections in the country, the House of Representatives passed *House Resolution 612* by a vote of 417 to 5 expressing its support for the U.S. armed forces deployed to the region and reaffirming the language of the *Iraq Liberation Act*. In an article published in 1998 that tried to stress the Clinton administration's case for military action against targets in Sudan and Afghanistan in response to the bombings of the U.S. embassies in Kenya and Tanzania, Secretary of State Madeleine Albright counted the "struggle against terror", the danger posed by Saddam Hussein's Iraq, North Korea's weapons activities, and the proliferation of weapons of mass destruction among the greatest challenges to U.S. leadership in the world.[9] With that assessment Albright had the broader public on her side. According to a survey conducted by the *Chicago Council on Foreign Relations* in 1998, respondents ranked "international terrorism" (84 percent), "chemical and biological weapons" (76 percent) and "unfriendly countries gaining access to

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7 The occurrence of a voice vote in the Senate can be interpreted in two ways. First, it can demonstrate the lack of any controversy regarding to the bill, since it is only considered agreed upon if there is not a single objection. Secondly, unanimously passing a bill by voice vote could also indicate that the bill in its wording was not considered important enough for any possible opponent to go on official record by forcing a roll-call vote that would result in an exact tally of yeas and nays.

8 Scott Peterson, "US taps dissidents to press Saddam," *Christian Science Monitor*, 30 November 1998; Vernon Loeb, "Saddam's Iraqi Foes Heartened by Clinton," *Washington Post*, 16 November 1998.

9 Madeleine K. Albright, "The Testing of American Foreign Policy," *Foreign Affairs*, 77/6 (November/December 1998), pp. 50-64, p. 59ff.

nuclear weapons" (75 percent) as the top three "threats to vital national interests".[10] This indicates that international terrorism (especially its Islamist version) and the proliferation of weapons of mass destruction to rogue states had already been part of the elite and public discourse for nearly a decade before the events of September 11th 2001.

The Politics of Regime Change

Strategic Outlook of the Bush Administration

The narrow presidential election of 2000 not only led (for the first time in over a century) to the inauguration of a president who had lost the popular vote, but it also returned a team of foreign policy experts to leadership positions within the executive, who had already publicized their support for a policy of regime change in Iraq in a January 1998 letter to President Clinton, even if this entailed taking military steps without the approval of the United Nations Security Council.[11] This would not have had strong direct political consequence had the horrible events of September 11th 2001 not ushered the political system into a prolonged period of presidential dominance within the executive branch and its constitutionally defined relationship with Congress. LeLoup and Shull point out that, historically, such situations have caused an acceleration of the domestic and foreign policy decision-making processes. While this allows the political system to quickly react to internal and external challenges, it can also cause Washington's political elite to insufficiently study possible long-term results.[12] Here, questions arise concerning Congress' constitutionally enshrined capacity to influence the United States' foreign policy through the appropriation process and oversight mechanisms.

The administration of George W. Bush dramatically reversed the relationship of relative importance to U.S. foreign policy between the Middle East's two main

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10 Chicago Council on Foreign Relations, *Worldviews 2002* (Chicago/Ill. 2002), Figure 2-1., p. 16.

11 The letter was written by the *Project for a New American Century*. Many of its signers later were part of the Bush administration such as Secretary of Defense Donald Rumsfeld, Deputy Secretary of Defense Paul Wolfowitz, Assistant Secretary of Defense for International Security Affairs Peter W. Rodman, Chairman of the Defense Science Board William Schneider Jr., Deputy Secretary of State Richard L. Armitage, Undersecretary of State for Arms Control John Bolton, Undersecretary of State for Global Affairs Paula Dobriansky, U.S. Ambassador to Afghanistan Zalmay Khalilzad, National Security Council Senior Director for Southwest Asia, Near East and North African Affairs Elliot Abrams, and the U.S. trade representative Robert B. Zoellick. The letter can be accessed at www.newamericancentury. org/iraqclintonletter.hthm. In 1992 in their capacities as Undersecretary of Defense for Policy and as a member of the National Security Council, respectively, Wolfowitz and Khalilzad had already called for more robust efforts to prevent the emergence of another superpower and encouraged the possible use of military counter-proliferation strategies against Iraq and North Korea. See Barton Gellman, "Keeping the U.S. First; Pentagon Would Preclude a Rival Superpower," *The Washington Post*, 11 March 1992.

12 See LeLoup and Shull, *The President and Congress*, p. 256ff.

regional theatres. While the disengagement from diplomatic efforts to find a solution to the conflict between Israelis and Palestinians had predated the terrorist attacks on New York City and Washington, D.C., the military campaign that toppled the Taliban regime in Afghanistan was suddenly accompanied by a new and urgent focus on the Gulf region.[13]

This fundamental strategic reversal was the result of a new vision of how to best protect national security that came to be enshrined in the National Security Strategy published by the White House in September 2002.[14] This document has been the focus of much journalistic and academic attention for its stipulation of a doctrine of pre-emption that was deemed necessary to confront the dangers stemming from rogue states' sponsorship of international terrorism and their desire to acquire weapons of mass destruction. For its critics the doctrine of pre-emption blurred the distinction between the military pre-emption of a truly immanent threat, which in strictly limited circumstance might be allowed by international law, and the generally outlawed military prevention of a threat which might arise sometime in the future.[15] It can be regarded as the outcome of the process of defining a response to the 9/11 terrorist attacks that not only was tailored to match most Americans' expectations of a sense of leadership and protection emanating from the White House but also laid the rhetorical groundwork for a military campaign against Saddam Hussein's regime. These efforts met with a public who remained receptive to the possibility of Iraqi involvement in the events of 9/11 as well as to further military strikes against other targets even after the military success of the campaign against the Taliban regime in Afghanistan.[16]

After having framed the campaign against al Qaeda and other Islamist terrorist groups in terms of war, the executive shifted the focus to the 'axis-of-evil', a term

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13 The best illustration of how dramatic the change was for the new team in the White House is an article Condoleezza Rice wrote for Foreign Affairs at the beginning of the presidential campaign in 2000 to outline the foreign policy of a possible Republican administration. In line with the prevalent Republican view on national security in the 1990s, the relations with Russia and China were ranked on top together with the implementation of a Missile Defense Shield as a further priority. See Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs*, 79/1 (January-February 2000), pp. 45-62.

14 George W. Bush, *The National Security Strategy of the United States* (Washington, D.C., September 2002).

15 Ivo H. Daalder and James M. Lindsay, *America Unbound. The Bush Revolution in Foreign Policy* (Washington, D.C.: Brookings Institution Press, 2003), p. 27; John Lewis Gaddis, "Grand Strategy in the Second Term," *Foreign Affairs*, 84/1 (January/February 2005), pp. 2-15, p. 3f.

16 In a survey conducted by CNN and Time Magazine on 13 September 2001, 78 percent of the respondents considered it to be likely that Iraq was involved in the attacks on New York City and Washington, D.C. See Dana Milbank/Claudia Deanne, "Hussein Link to 9/11 Lingers in Many Minds," *Washington Post*, 6 September 2003. In an *ABC News/Washington Post* poll, 64 percent of the respondents considered the capture of Osama Bin Laden to be essential for the war on terror to be a success, which was only slightly higher than the 61 percent who saw in the ousting of Saddam Hussein another such measure. See Barry Langer, "Toughest Work Ahead," *ABCNews.com*, 20 December 2001, available at http://abcnews.go.com/sections/politics/DailyNews/STRIKES_poll011220.html.

which is, arguably, less of an analytical framework and more a distinct catchphrase for domestic consumption developed by President Bush's speechwriter David Frum. The president's justification for broadening the focus of his administration's "war on terror" and including states such as North Korea, Iraq, and Iran, rested on the argument that these regimes might possibly provide terrorists with weapons of mass destruction, thereby setting the tone for the case for war with Iraq.[17] At this point, George W. Bush departed from the mainstream Republican way of thinking, which was represented not only by his father's national security advisor Brent Scowcroft, but also – until her entry into the White House – by Condoleezza Rice.[18] In a speech at the West Point Military Academy, designed by his advisors to stress his credentials in national security matters at home and abroad,[19] President Bush further expanded on the official policy toward the threat of global terrorism by adding the concept of "preemptive" military action "to take the battle to the enemy, disrupt his plans, and confront the worst threats before they emerge".[20] At this point the president could count on a public that, as in 1998, considered "international terrorism" (now 91 percent), "chemical and biological weapons" (86 percent) and "unfriendly countries gaining access to nuclear weapons" (86 percent) as the top three "threats to vital national interests.[21] What was widely perceived to be a successful military campaign against the Taliban in Afghanistan led 73 percent of the respondents in a poll at that time to agree with the general statement that the U.S. should topple regimes that support terrorist organizations that threaten the U.S.[22]

At this point President Bush's specific understanding of the global "war on terror" converged with older concepts and ideas involving the restructuring of the political landscape of the Middle East. Robert Kagan and William Kristol claimed in January 2002 that

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17 David E. Sanger, "Bush Aides Say Tough Tone Put Foes on Notice," *The New York Times*, 31 January 2002; Alan Sipress and Thomas E. Ricks, "No New Military Action 'Imminent'," *Washington Post*, 31 January 2002.

18 In a hearing on Capitol Hill in April 2002, Scowcroft concluded that "(t)he most military part of this campaign may already be over. It is in my sense that not many states are likely to volunteer to be the next Taliban." See Brent Scowcroft, "Combating Terrorism: Axis of Evil. Multilateral Containment or Unilateral Confrontation?," Hearing Before the Subcommittee on National Security, Veterans Affairs and International Relations of the Committee on Government Reform, *House of Representatives*, 107th Congress, 2nd Session, 16 April 2002, p. 12f.; In her article mentioned above, Rice stated with reference to North Korea and Iraq that "(t)hese regimes are living on borrowed time, so there need be no sense of panic about them." See Rice, "Promoting the National Interest," p. 61.

19 Mike Allen and Karen DeYoung, "Bush: U.S. Will Strike First at Enemies," *Washington Post*, 2 June 2002.

20 President Bush, Graduation Speech, West Point, 1 June 2002, available at http://www. whitehouse.gov. See further Thomas E. Ricks and Vernon Loeb, "Bush Developing Military Policy of Striking First," *Washington Post*, 10 June 2002; David E. Sanger, "Bush to Formalize a Defense Policy of Hitting First," *New York Times*, 17 June 2002.

21 Chicago Council on Foreign Relations, *Worldviews 2002*, Figure 6-5. p. 49.

22 Ibid., Figure 3-3, p. 23.

[a] devastating knockout blow against Saddam Hussein, followed by an American-sponsored effort to rebuild Iraq and put it on a path toward democratic governance, would have a seismic impact on the Arab world – for the better. The Arab world may take a long time coming to terms with the West, but that process will be hastened by the defeat of the leading anti-western Arab tyrant. Once Iraq and Turkey – two of the three most important Middle Eastern powers – are both in the prowestern camp, there is a reasonable chance that smaller powers might decide to jump on the bandwagon.[23]

Prominent Middle East experts such as Fouad Ajami and Bernhard Lewis also supported a more confrontational approach. They claimed that the possible negative consequences of a war with Iraq would be dwarfed by the comparative fallout, which would result from the United States shying away for the second time from toppling Saddam Hussein. The Bush administration would therefore have to choose between either a complete withdrawal from the region and the hegemonic pursuit of its interests ("Get tough or get out").[24] In reaction to the optimistic scenarios put forward by leading neo-conservative thinkers, the Department of State prepared the sceptical document *Iraq, the Middle East and Change: No Dominoes* which was leaked to the press only a couple of days before the initiation of hostilities. In it, Foggy Bottom's diplomats warned that the rapid introduction of democratic systems in the region without thorough attempts to solve the region's most salient social, political, and economic woes could easily lead to the establishment of a number of Islamist regimes.[25] Brushing aside those concerns, President Bush declared in a speech at the Carnegie Endowment for International Peace six months after the fall of the regime in Baghdad:

The failure of Iraqi democracy would embolden terrorists around the world, increase dangers to the American people, and extinguish the hopes of millions in the region. Iraqi democracy will succeed – and that success will send forth the news, from Damascus to Teheran – that freedom can be the future of every nation. The establishment of a free Iraq at the heart of the Middle East will be a watershed event in the global democratic revolution.

Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe -- because in the long run, stability cannot be purchased at the expense of liberty. As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and to our friends, it would be reckless to accept the status quo.[26]

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23 Robert Kagan and William Kristol, "What to Do About Iraq," *The Weekly Standard*, 7/18 (21 January 2002).

24 Fouad Ajami, "Iraq and the Arabs' Future," *Foreign Affairs*, 82/1 (January/February 2003), p. 1-18., p. 18.; Bernhard Lewis, "Did You Say 'American Imperialism'? Power, Weakness, and Choices in the Middle East," in Bernhard Lewis, *From Babel to Dragomans: Interpreting the Middle East* (New York, London: Oxford University Press, 2004), p. 343-50, p. 350.

25 Greg Miller, "Domino Theory 'Not Credible'," *Los Angeles Times*, 14 March 2003.

26 Peter Slevin, "Powell Casts Attack on Iraq as 'Liberation'," *Washington Post*, 20 September 2002.

The Relationship between President and Congress until the War against Iraq

It was in December 2001 that the first post-9/11 measure concerning Iraq was passed by a chamber of Congress. A *Joint Resolution* that to some extent mirrored the above-mentioned *Resolution 322* of the inspection crisis of 1998 was passed in the House of Representatives with a 392 to 12 vote. It stated that Iraq's refusal to allow weapons inspectors into the country was a "material and unacceptable breach" of its international obligations and constituted a mounting threat to the United States, its friends and allies, as well as international peace and security. The Senate Foreign Relations committee, which was still controlled by Democrats, did not take up the measure, thereby leaving no possibility of final passage. Nevertheless, the control of the Senate, which before the events of September 11th, 2001, might have been used as an effective tool by the Democratic party to control, influence or even derail the president's policies, lost much of its importance in a situation of "war", where according to then Senate Minority Leader Trent Lott (R-Miss.), "any sign that we are losing that unity or crack in that support will be, I think, used against us overseas."[27]

In an effort to prevent the debate on what to do about Iraq from overshadowing the mid-term elections of 2002,[28] the Democratic leadership in Congress therefore agreed to pass a resolution authorizing the president to use force against Iraq, even though, as Senate Majority Leader Tom Daschle (D-S.Dak.) pointed out in a speech on the Senate floor, this turn of events stood in contrast to the situation of early 1991, when the vote occurred after the president had assembled an international coalition and secured support from the United Nations.[29] The resolution *To authorize the use of United States Armed Forces against Iraq (PL-107-243)* received broad majorities of 296 to 133 in the U.S. House of Representatives and of 77 to 23 in the Senate.[30] Moderate Republican Senator Lincoln Chafee (R.I.), who voted against authorizing a war whose negative impact on his party's public approval rating would ultimately cost him his re-election against a Democratic opponent in 2006, later pointed out that an amendment offered by Carl Levin (Mich.), Democratic Chairman of the Senate Armed Services Committee, had called for United Nations approval before force could be authorized. In case of a diplomatic deadlock at the Security Council, the president would have had to ask Congress again for an authorization to go to war. The amendment was defeated 75 to 24 with all future contenders for

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27 Edward Walsh, "Daschle Calls for Sharing Of Plans; Information Sought in War on Terror," *Washington Post*, 4 March 2002.

28 Todd Purdum, "War Party; How the Republicans Got a Chestful of Medals," *New York Times*, 6 October 2002.

29 "Excerpts from the Senate Debate on Authorizing Use of Force in Iraq," *New York Times*, 11 October 2002.

30 Due to the six nay votes cast by moderate members of the party, the Republicans fell three votes short of the simple majority of 218. The strong support of nearly half of the Democratic caucus (81 out of 208) provided those six Republicans with the option to vote according to the sentiments of their Democrat-leaning districts.

party nomination in the 2008 voting against it.[31] Just how limited the desire to go about the business of Congressional oversight of the executive's actions was at that time was illustrated by the fact that only six senators and five representatives took the opportunity to study the classified 92-page National Intelligence Estimate that included all the cautious qualifications of the White House's more confident public statements about Iraq's alleged weapons of mass destruction program.[32]

The president's successes in shoring up public support further strengthened the cohesion of the Republican Party and prevented the Democratic Party from exploiting what it regarded as the weaknesses of the president's domestic agenda. The Republican leadership in turn skilfully transformed the 2002 congressional elections into a referendum on George W. Bush's handling of the "war on terror", which at that time was still receiving high marks from a broad majority of the U.S. public. This strategy led to unusual gains in Congress for the party that already controlled the White House.[33] The result was a constellation in which, for the first time since the presidency of Lyndon B. Johnson, one party controlled the executive and legislative branch during a time of war.

The Relationship between President and Congress since President Bush's Announcement of the End of Major Combat Operations in Iraq

Congress and the "Power of the Purse": One of the first real tests of presidential-congressional relations in the aftermath of the overthrow of Saddam Hussein's regime occurred when the Bush administration was forced to ask Congress for an $87 billion supplemental to fund the fighting and reconstruction in Afghanistan and Iraq. Against the background of rising budget deficits, both Republicans and Democrats tried to frame the debate according to what they perceived to be the wishes of their constituents. Members of both parties pointed to Iraq's oil wealth to argue for turning the $20 billion set aside for reconstruction in this country into a loan to be repaid with the proceeds from Iraqi oil exports.[34] After a veto threat from the White House, the bill was passed without turning parts of the sum into a loan by a majority of 87 to 12 in the Senate and 298 to 121 in the House. One interesting aspect of this vote

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31 See Lincoln D. Chafee, "The Senate's Forgotten Iraq Choice," *New York Times*, 1 March 2007. Those senators were Evan Bayh (D-Ind.), Sam Brownback (R-Kans.), Hillary Clinton (D-N.Y.), Christopher Dodd (D-Conn.), John Edwards (D-N.C.), Chuck Hagel (R-Neb.), and John McCain (R-Ariz.).

32 Dana Priest, "Congressional Oversight of Intelligence Criticized," *Washington Post*, 27 April 2004.

33 In the summer of 2002, 52 percent and two thirds of Americans put more trust into the Republican capacity to "make the right decisions" in the fight against terrorism and to keep their country safe. Only 20 and 18 percent of respondents trusted the Democrats. See Kenneth White, "Terrorism and the Making of American Politics," in William Crotty (ed.), *The Politics of Terror: the U.S. Response to 9/11* (Boston, MA: Northeastern University Press, 2003), p. 37-63, p. 41.

34 In April 2003, Andrew Natsios, director of USAID, had claimed that in total only $1.7 billion would be needed for Iraqi reconstruction. See Dana Milbank and Robin Wright, "Off the Mark on Cost of War, Reception by Iraq," *Washington Post*, 19 March 2004.

was that after they failed with motions to separate the more popular funding for the troops from the unpopular funding for Iraq's reconstruction, Senators John Kerry (D-Mass.) and John Edwards (D-N.C.) considered it necessary to vote against a bill that was considered unpopular among the Democratic base to keep their chances alive in a Democratic primary race dominated by the anti-war candidate Howard Dean. One year later, the Bush campaign was using both candidates' "vote against the troops" in the debate on who might best be able to lead the country through the war in Iraq.[35]

In May 2004, the White House asked Congress for an additional $25 billion for the wars in Afghanistan and Iraq to be treated as a reserve, while another full supplemental request would be made – according to President Bush – when the precise costs could be better estimated.[36] This contingency fund further eroded congressional oversight since it required the president only to notify Congress at least five days in advance and to deem the spending to be for "emergency" needs.[37] In September 2004, in a sign of growing military needs, the Bush administration asked Congress to allow the diversion of $3 billion from the reconstruction fund approved as part of the larger package in the fall of 2003 to security measures. The Republican chairman of the Senate Foreign Affairs Committee, Richard Lugar (Ind.), was concerned that by decreasing funds for reconstruction, security might suffer in the long run as well.[38] While Senator Lugar called the administration "incompetent" for not being able to spend the funds available for Iraqi reconstruction properly, Senator Chuck Hagel (R-Neb.) went even further, claiming that the U.S. was "not winning" in Iraq.[39]

As early as July 2004, the congressional Government Accountability Office projected that the $87 billion emergency spending approved by Congress in 2003 was about $12 billion less than actually needed.[40] Therefore, it came as no surprise

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35 Jonathan Weisman, "Inside the Vote to Fund War, Rebuilding," *Washington Post*, 25 July 2004. In an attempt to justify his vote on this measure at a campaign rally, John Kerry made the politically disastrous remark: "In fact, I voted for this bill, before I voted against it." It is obvious why the Bush campaign used this sentence in many of its commercials to highlight Kerry's supposed problem with "flip-flopping" on issues. See David Greenbery, "The Strategy Beneath the Flip-Flop Label," *Los Angeles Times*, 30 September, 2004; David Halbfinger, "Kerry Says Flip-Flop Image 'Doesn't Reflect the Truth'," *New York Times*, 30 September 2004. During the televised debate between the two nominees for vice president, Dick Cheney asked how Senator Kerry wanted to confront al Qaeda if he is not even able to confront Howard Dean, his rival in the primaries.

36 Jonathan Weisman, "$25 Billion More Sought to Fund Wars," *Washington Post*, 6 May 2004.

37 Dan Morgan, "Congress Hesitant to Write 'Blank Check'," *Washington Post*, 14 May 2004.

38 David Stout, "Senators See Budget Shift on Iraq as Sign of Trouble," *New York Times*, 15 September 2004.

39 Brian Knowles, "G.O.P. Senators Voice Rising Concerns on Iraq," *New York Times*, 19 September 2004.

40 John Hendon, "Cash-Strapped Pentagon Taps Emergency Fund," *Los Angeles Times*, 22 September 2004.

that before the end of the fiscal year on September 30th, 2004, the Pentagon was forced to start using the above-mentioned $25 billion "emergency fund" that was originally supposed to be available only after October 1st. While the White House maintained that the main reason for allocating the necessary funding outside of the regular budget process was the uncertainty of the conditions in Iraq, Democratic and Republican critics have claimed that these measures were a way of trying to keep these costs separate from the issue of a rising budget deficit.[41] When the Senate unanimously and without major debate voted in May 2005 to pass a bill including another $82 billion in supplementary military spending, Senate Majority Leader Bill Frist (R-Ten.) demonstrated his satisfaction: "Our brave men and women in uniform will not relent in their fight against terror, and we must not relent in our support of them." Senator Hillary Rodham Clinton (D-N.Y.) spoke for many Democrats when she expressed her concern about the procedure: "Having this supplemental, unfortunately with the big title of emergency over it, appears to be an effort to rush things through to avoid congressional oversight and scrutiny."[42]

The approaching mid-term elections of 2006 put the ruling party in Washington, D.C. under pressure to reconcile funding requests for the military operations in Iraq with their domestic spending priorities. Given the fact that a considerable share of U.S. military personnel in Iraq continued to be provided by part-time army national guards and reservists, leading Republicans such as House Majority Whip Roy Blunt (R-Mo.) called for an increase in regular active military personnel.[43] In his "Chairman's Risk Assessment", an annual report required by Congress, Gen. Richard Meyers, chairman of the Joint Chiefs of Staff, acknowledged that, although the U.S. military might still win simultaneous conflicts, it would, due to the depletion of its resources during the war in Iraq, be forced to do so over a longer period and with more casualties on both sides.[44] In the end, president and Congress have the option of financing higher defence appropriations through higher budget deficits or taxes, something that many Republican voters would reject, or by scaling back of other government expenditures, which the Democratic Party would use to mobilize their supporters and independents.

Congressional Oversight and the "Abu Ghraib" Investigations The pictures documenting the torture and humiliation of Iraqi prisoners in a camp run by two U.S. Military Police Battalions and a Military Intelligence Brigade sparked the first detailed public congressional inquiry into the conduct of military operations in Iraq after President Bush had announced their end in May 2003. This also provides an interesting case study of presidential-congressional relations at the beginning of the

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41 Richard A. Oppel, Jr., "Congressional Unit Analyzes Military Costs in Iraq," *New York Times*, 1 November 2003.

42 See, David D. Kirkpatrick, "Congress Approves Financing to Fight Wars and Terrorism," *New York Times*, 11 May 2005.

43 Ronald Brownstein, "Even Bush's Most Loyal GOP Soldiers Alarmed by Strain on Troops," *Los Angeles Times*, 17 January 2005.

44 Thom Shanker, "Pentagon Says Iraq Effort Limits Ability to Fight Other Conflicts," *New York Times*, 3 May 2005.

presidential election campaign that had just started in earnest after John Kerry's victory in the Democratic primaries in March 2004.

Since senators of both parties consider the privilege of being informed by all government agencies to be an essential part of their constitutionally enshrined prerogative of congressional oversight, the Republican chairman of the Senate Intelligence Committee, Pat Roberts (Kans.), reflected the sentiments of many of his colleagues when he described the lack of information-sharing on behalf of the Department of Defense, its Defense Intelligence Agency, and the Central Intelligence Agency as "unacceptable".[45] While many Democrats, including presidential candidate John Kerry, immediately demanded the resignation of then-Secretary of Defense Donald Rumsfeld, a number of Republicans, including Senators Graham (S.C.), McCain (Ariz.), and Hagel (Neb.), tried to steer a course that demonstrated the independence of their personas and offices without too overtly breaking party discipline.[46] Since public opinion showed a clear majority of seventy percent in favour of not forcing Donald Rumsfeld to resign, President Bush was able to use his dual role as commander-in-chief and leader of a party that planned to defend both the White House and Congress in the up-coming elections to force an end to the debate on the future of his secretary of defense by publicly supporting him.[47]

After the Republican chairman of the Senate Armed Service Committee, Senator John Warner (R-Va.), continued to hold televised hearings on prisoner abuse, his Republican counterpart on the House Armed Services Committee, Representative Duncan Hunter (Calif.), charged that the "Senate has become mesmerized by cameras".[48] This statement reflected the sometimes precarious relationship between the members of the two chambers. While the House of Representatives is naturally more inclined to take electoral politics into consideration, many senators think of themselves as "above politics" in fulfilling the constitutional duty of controlling the executive branch of government. Many House Republicans were therefore increasingly worried about a downward trend in the public's perception of the war in Iraq, which their party portrayed as an essential part of the global "war on terror". Equally important in this case was the fact that the Republican leadership in the House was more in line with the president's conservative agenda than was the case in the Senate, in which moderate Republicans yielded much greater influence. Norman Ornstein and Thomas Mann, veteran analysts of congressional politics, have pointed out that the 12 hours of testimony on Abu Ghraib taken by Republicans in the House of Representatives contrasted starkly with their 140 hours

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45 Charles Babington and Helen Dewar, "Lawmakers Demand Answers on Abuses in Military-Run Jails," *Washington Post*, 6 May 2004.

46 R. Jeffrey Smith, "Senators Fault Pentagon as New Photos Emerge," *Washington Post*, 10 May 2004.

47 Richard Morin and Claudia Deane, "Most Want Rumsfeld to Stay, Poll Finds," *Washington Post*, 8 May 2004. In a TV appearance in early 2005, Rumsfeld publicly acknowledged that he had twice submitted his resignation during the Abu Ghraib investigation. See Thom Shanker, "Rumsfeld Says He Offered to Quit," *New York Times*, 4 February 2005.

48 See Helen Dewar and Spencer S. Hsu, "Warner Bucks GOP Right on Probe of Prisoner Abuse," *Washington Post*, 28 May 2004; Bradley Graham and Charles Babington, "2 GOP Chairmen at Odds Over Hill Abuse Hearings," *Washington Post*, 19 May 2004.

of testimony on "whether President Clinton had used his Christmas mailing list to find potential campaign donors."[49] When Representative John P. Murtha (Penn.), Vietnam veteran and long-time champion of the U.S. military within the Democratic Party, publicly declared that the war in Iraq could only be won by significantly increasing its military presence, Republican Majority Leader Tom Delay (Tex.) attacked him for engaging in a "political stunt".[50] The Senate passed *Resolution 356*, which commended all "Americans serving nobly" in Iraq while also condemning the events that had occurred at Abu Ghraib, offering an apology for any humiliation suffered and expressing a belief in the benefits of a full investigation into all alleged abuses by its appropriate committees by 92 votes to 0. A measure close to this has never before been voted on in the House.

In addition, the rules of the Senate provide single members, and especially Committee chairmen, with much greater leeway in conducting their business than in the tightly controlled House. In the end, the independence demonstrated by Senator Warner reportedly earned him a spot on the short list of possible nominees for secretary of defense of both a Bush and Kerry White House.[51] With the party conventions in Boston and New York quickly approaching, this election year example of congressional oversight came to a close. However, the administration was reminded of this case's long-term fall-out when a year later Senator Richard J. Durbin (D-Ill.) successfully inserted a provision into the next emergency spending bill for military operations in Afghanistan and Iraq that barred the government from using any of the newly appropriated money to subject anyone in American custody, including foreigners, to torture or any treatment forbidden by the Constitution.[52]

Intra-executive Dynamics

The Problem of Pre-War Intelligence: The doctrine of pre-emption put a new focus on the capabilities not only of the Department of Defense, but also and especially on those of the Central Intelligence Agency (CIA). The matter of Iraq's alleged weapons of mass destruction program was not the first time that intelligence information proved to be incomplete. This can be explained by the structural relationship between the realms of intelligence and politics. Intelligence information, which contradicts the dominant reading of events within the executive, especially the White House, tends to be neglected. This has been the case with both Democratic and Republican presidents.

A well known example which still has repercussions for U.S. policy toward the Gulf region today is that of the CIA not being able to agree on a necessarily pessimistic

49 Norman J. Ornstein and Thomas E. Mann, "When Congress Checks Out," *Foreign Affairs*, 85/6 (November/December 2006) pp. 67-82.

50 "This morning, in a calculated and craven political stunt, the national (sic!) Democrat Party declared its surrender in the war on terror." See Charles Babington, "From GOP, Zero Tolerance For Democratic War Critic," *Washington Post*, 16 May 2004.

51 Helen Dewar and Spencer S. Hsu, "Warner Bucks GOP Right on Probe of Prison Abuse," *Washington Post*, 28 May 2004.

52 Eric Lichtblau, "Congress Adopts Restriction on Treatment of Detainees," *New York Times*, 11 May 2005.

National Intelligence Estimate concerning the stability of the Shah regime in Iran in summer 1978. This happened mainly because it would have contradicted the view held in the Carter White House that the Shah regime would be able to survive the domestic upheaval of those days. As a result, Ayatollah Khomeini's seizure of power came as a shock to policy-makers whose reliance on the Shah became one reason for a troubled U.S.-Iranian relationship.[53] Another example, which was not directly related to the Middle East – but even more significant in its global repercussions – was the refusal of politically appointed officials within the CIA in the 1980s to accept reports from lower-ranking analysts describing the Soviet Union's decreasing military and economic capabilities, because such information would not have supported the White House's view of a continuing Soviet threat.[54]

In the case of the war with Iraq, U.S. intelligence agencies have admitted to not having taken reports by Iraqi defectors seriously which revealed that their home country had abandoned programs for the production of weapons of mass destruction. Given the experience of the second Gulf War, a consensus within the intelligence community about Iraq's possession of such weapons had solidified, which caused contrary accounts given by Iraqis to be seen as being part of a disinformation campaign by Saddam Hussein.[55] An internal CIA publication, therefore, acknowledged "tradecraft weaknesses" while defending the way some conclusions were reached that were later proven false.[56]

A Senate Intelligence Committee report,[57] whose publication coincided with the resignation of CIA Director George J. Tenet, concluded with strong criticism of the agency's reporting on Iraq's alleged possession of weapons of mass destruction as well as with praise for its warning about the lack of evidence for an established relationship between the regime of Saddam Hussein and Osama bin Laden's al Qaeda.[58] Originally the CIA was willing to declassify only one half of the committee's report. However in a sign of the Senate trying to resume its oversight role, long negotiations between the agency and the committee brought about an agreement that left only one

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53 Thomas Powers, "The trouble within the CIA," in: Robert B. Silvers and Barbara Epstein (eds), *Striking Terror: America's New War* (New York: New York Review Books, 2002), pp. 329-51, p. 338ff.

54 Kimberly Marten Zisk, "The Threat of Soviet Decline: The CIA, the Joint Chiefs of Staff, and the End of the Cold War," in: Randall B. Ripley and James M. Lindsay (eds), *U.S. Foreign Policy After the Cold War* (Pittsburgh: University of Pittsburgh Press, 1997), pp. 160-181, p. 161f.

55 James Risen, "CIA Held Back Iraqi Arms Data, U.S. Officials Say," *New York Times*, 6 July 2004; Douglas Jehl, "U.S. Certain That Iraq Had Illicit Arms, Reportedly Ignored Contrary Reports," *New York Times*, 6 March 2004.

56 Douglas Jehl, "C.I.A. Review is Critical of Prewar Iraq Analysis," *New York Times*, 22 September 2004.

57 The full 521-pages report can be accessed at http://intelligence.senate.gov/iraqreport2.pdf.

58 Dana Milbank and Walter Pincus, "As Rationales for War Erode, Issue of Blame Looms Large," *Washington Post*, 10 July 2004.

fifth of the document classified.[59] The ranking Democrat on the committee, Senator John D. Rockefeller IV (W.Va.), claimed that had the information about the lack of weapons of mass destruction in Iraq been available to the Senate from the beginning, it would not have passed the resolution to authorize the president to use force against Iraq with a majority of 77 to 23 votes. While this assessment might be explained by partisan calculation, it seems interesting that the Republican chairman of the committee, Pat Roberts, said that, although he might still have voted to give the president the desired authority, he would have considered a possible war to be more like "Bosnia and Kosovo",[60] two military operations that had been deemed by many Republicans in Congress as having no relevance for U.S. national security. Chairman Roberts then decided to break up the remaining investigation into five different parts, tackling in detail the post-war findings on Saddam Hussein's connections to terrorism and weapons of mass destruction, the intelligence community's use of information provided by Ahmed Chalabi's *INC* and intelligence assessments of post-war Iraq. The final segments were to deal with the activities conducted by the Pentagon's *Office of Special Plans* under former Undersecretary of Defense Douglas J. Feith as well as with the administration's public statements on Iraq.[61]

When at the height of the presidential race in the fall of 2004, classified intelligence estimates were leaked to the press that painted a considerably more sceptical picture of the situation in Iraq than the President at his campaign appearances a public debate erupted on the nature of the relationship between the White House and the Central Intelligence Agency, where many employees felt they were being unjustifiably criticized for the nature of pre-war intelligence.[62] An editorial of the Wall Street Journal, which had previously endorsed the war with Iraq, stated that the Bush administration had at that time "two insurgencies to defeat: the one that the CIA is struggling to help put down in Iraq and the other inside Langley against the Bush administration."[63]

In this intra-executive relationship one main problem arose from the institutional arrangement that gives the CIA director nominal authority over the intelligence community, on the one hand, while the Department of Defense and its secretary control most of the community's budget and personal, on the other hand. The scandal of the possible dissemination of highly sensitive U.S. intelligence information to Iran by Ahmad Chalabi, who was the main Iraqi ally of neo-conservatives within the Pentagon and one of the main recipients of U.S. aid authorized by the above-mentioned *Iraq Liberation Act*, further strained the relationship between the CIA and the Department of Defense. Until a raid on the *INC* headquarters in Baghdad in May 2003, the Defense Intelligence Agency paid the organization led by Chalabi

59 Douglas Jehl, "Doubts on Informant Deleted in Senate Text," *New York Times*, 13 July 2004.

60 Dana Priest and Dafna Linzer, "Panel Condemns Iraq Prewar Intelligence," *Washington Post*, 10 July 2004.

61 Tim Starks, "Confluence of Hurdles Hampers Panel's Iraq Probe," *CQ Today*, 11 July 2006.

62 Douglas Jehl, "C.I.A.-White House Tensions Are Being Made Public to Rare Degree," *New York Times*, 2 October 2004.

63 "The CIA's insurgency," *Wall Street Journal*, 29 September 2004.

$340,000 a month for supplying intelligence before and after the U.S. invasion in March 2003.[64] This financing had only been restored by the Pentagon in January 2002, after the State Department had earlier cut the funds to the group over accounting disputes.[65] In the United States, the possibility of Ahmed Chalabi informing the Iranian government that the United States had broken the codes used by Iranian intelligence led to an FBI investigation of several Pentagon employees.[66] Moreover, in the eyes of early critics, the heavy reliance on exiles surrounding Ahmed Chalabi further negatively affected the broader Iraqi public's perception of the Coalition Provisional Authority.[67]

In the run-up to the war, one of Chalabi's strongest supporters in Washington, D.C., Richard Perle, who served on the Pentagon's advisory Defense Policy Board, had publicly criticized the CIA for having become "wedded to theory" that left no room for the possibility that Iraq was working with al Qaeda. This assessment led then-Deputy Defense Secretary Paul Wolfowitz with the approval of Donald Rumsfeld to create a separate analytical entity within the Department of Defense. This entity was headed by Douglas Feith, the undersecretary of defense for policy, who was equally displeased with the CIA's inability to find conclusive evidence of a link between Saddam Hussein and al Qaeda and with the CIA's scepticism about the reliability of Iraqi sources provided by Ahmed Chalabi.[68] According to a February 2007 report by the Inspector General of the Department of Defense the activities of the group led by Feith were not illegal, but they were "inappropriate, given that the intelligence assessments were presented as intelligence products and did not show the variance with the consensus of the intelligence community."[69]

The creation of the office of a Director of National Intelligence in December 2004, in charge of coordinating the efforts of the CIA and 14 other intelligence organizations, did not eradicate the potential for further conflict with the Department of Defense, since then-Secretary Rumsfeld continued to be wary of loosing control of those Pentagon agencies like the *National Security Agency*, the *National Geospatial-Intelligence Agency* and the *National Reconnaissance Office*, which due to the restructuring now fell under the authority of the new director of National Intelligence.[70]

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64 Walter Pincus, "Chalabi Warned Iranians, U.S. says," *Washington Post*, 2 June 2004. In total, the INC received $33 million from the State Department and $6 million from the Defense Intelligence Agency. See David E. Sanger, "Chalabi's Seat of Honor Lost to Open Political Warfare with U.S.," *New York Times*, 21 May 2004.

65 Todd Pudrum, "After Saddam; Now What?" *New York Times*, 17 February 2002.

66 David Johnston and James Risen, "Polygraph Testing Starts at Pentagon in Chalabi Inquiry," *New York Times*, 3 June 2004.

67 Daniel Byman and Kenneth Pollack and Gideon Rose, "The End of the Chalabi Affair?" posted on foreignaffairs.org on 26 May 2004.

68 James Risen, "How Pair's Finding on Terror Led to Clash on Shaping Intelligence," *New York Times*, 28 April 2004.

69 Quoted in Greg Miller and Julian E. Barnes, "CIA doubts didn't deter Feith's team," *Los Angeles Times*, 10 February 2007 (emphasis added).

70 Walter Pincus, "Rumsfeld Memo on Intelligence Criticized," *Washington Post*, 8 April 2005.

The Departments of State and Defense and the Matter of Post-War Planning in Iraq: Since the beginning of the Bush administration's campaign against terrorism, much has been written about the relationship between the Departments of State and Defense and their respective views on how this campaign should have been conducted. Early on, the press elaborated on the differences between the approach of the civilian leadership of the Pentagon that emphasized the use of military power against Iraq and the State Department under Colin Powell that saw new diplomatic efforts to resolve the conflict between Israelis and Palestinians as the logical next step after the successful military campaign in Afghanistan.[71] The internal Republican debate of the summer of 2002 that was prompted by leading figures of the Republican establishment who were considered to be close to then-Secretary Powell could be regarded as a spill-over of this intra-executive dispute into the public arena.[72]

In April 2003, Deputy Secretary of Defense Paul Wolfowitz claimed that the "shaming effect" of Saddam's fall from power would profoundly affect other regimes in the region.[73] With that in mind, Newt Gingrich strongly criticized the State Department's willingness to step up relations with Syria and Iran which he considered another example of Foggy Bottom's "diplomatic failures" that ranged from the inability to effectively communicate Washington's interests to the possible negation of the positive effects of the military campaign against Iraq through an unwarranted emphasis on cooperative approaches. The fact that the Pentagon did not distance itself from Gingrich's comments and the public comment made by Richard Armitage, Assistant Secretary of State, that Gingrich might simply lack "medicine and therapy" underscored the poisoned relationship between the two departments.[74]

With the quick success of the military operation that led to the collapse of Saddam Hussein's regime, proponents of the Rumsfeld doctrine, which put emphasis on a small number of highly manoeuvrable ground forces, special operations, and high-tech air power,[75] seemed to have been vindicated against cautious voices such as Eric Shinseki's pre-war assessment as the Army Chief of Staff, who expected a necessary ground force of "a couple of hundred thousand" troops.[76] However, the continuing violence in Iraq demonstrated that this doctrine did not include the appropriate means of dealing with the kind of counterinsurgency that the United States had not faced

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71 Patrick E. Tyler, "In Washington, a Struggle to Define the Next Fight," *New York Times*, 2 December 2001.

72 Peter Grier, "Behind US rifts on hitting Iraq," *Christian Science Monitor*, 21 August 2002; Todd S. Purdum and Patrick E. Tyler, "Top Republicans Break with Bush on Iraq Strategy," *New York Times*, 16 August 2002; Brent Scowcroft, "Don't Attack Saddam," *Wall Street Journal*, 15 August 2002.

73 Bill Gertz and Rowan Scarborough, "'Shaming Effect' on Arab World," *Washington Post*, 29 April 2003.

74 Brian Knowlton, "Gingrich Assails State Department and Calls for Overhaul," *New York Times*, 17 June 2003; Jonathan E. Kaplan, "Did Gingrich get nod for AEI speech?" *The Hill*, 30 April 2003, available at http://www.thehill.com/news/043003/gingrich.aspx.

75 Brad Knickerbocker, "How Iraq will change US military doctrine," *Christian Science Monitor*, 2 July 2004.

76 Larry Diamond, "What Went Wrong in Iraq," *Foreign Affairs*, 83/5 (September/October 2004), pp. 34-56, p. 34f.

since Vietnam, as has been pointed out by a study of the mostly Pentagon-financed Rand Corporation, which criticized the Pentagon's leadership for its failure to learn from "historical lessons" in the fight against Iraqi insurgents.[77] Senator John McCain (R-Ariz.) therefore used the platform of congressional hearings to openly express dissatisfaction with what was considered to be an inability of the Pentagon's military leadership to actively challenge the civilian leadership's strategies.[78]

The Politics of Withdrawal and the Return of Divided Government

Until well after his re-election, President Bush benefited from the fact that developments within Iraq such as the capture of Saddam Hussein, the transfer of sovereignty, and the various Iraqi elections and referenda created powerful "images of progress" which he could point to in debates with his political rivals.[79] His standing was additionally bolstered by the ability of the White House and its political allies to cast the military effort in Iraq as being part of the global war on terror.[80] On the other hand, this meant that President Bush's approval rating as well as the public's perception of the war would by directly affected by negative developments in both arenas.

In the aftermath of the elections for Iraq's constitutional assembly in January 2005, former Republican secretaries of state Kissinger and Shultz argued forcefully against "artificial timelines" for the withdrawal of U.S. forces from Iraq.[81] They were supported in this by the U.S. Joint Chiefs of Staff who were concerned that timetables might entice the enemies of the U.S. presence in Iraq to try to repeat the events of "Beirut and Somalia".[82] However, critics such as James Steinberg, deputy national security advisor under President Clinton, saw the announcement of a deadline for withdrawal as the most effective way of countering the Sunni-led guerrilla war and terrorist campaign.[83] Those voices started to find their echo in Congress, when, in a

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77 Bradley Graham and Thomas E. Ricks, "Pentagon Blamed for Lack of Postwar Planning in Iraq," *Washington Post*, 1 April 2005.

78 John Hendren, "General Ranked on Rumsfeld Campaign," *Los Angeles Times*, 9 May 2005.

79 Peter Baker and Dana Balz, "Bush Words Reflect Public Opinion Strategy," *Washington Post*, 30 June 2005. For instance, the arrest of Saddam Hussein in November 2003 coincided with a shift in U.S. public opinion polls which for the first time showed a slight majority of respondents being dissatisfied with President Bush's management of the war in Iraq. See Thomas E. Ricks, "New Attacks Intensify Pressure on Bush," *Washington Post*, 3 November 2003.

80 Richard Holbrooke, "Our Enemy's Face," *Washington Post*, 9 September 2005; Dana Milbank, "Claudia Deanne, Hussein Link to 9/11 Lingers in Many Minds," *Washington Post*, 6 September 2003.

81 Henry A. Kissinger and George P. Shultz, "Results, Not Timetables, Matter in Iraq," *Washington Post*, 25 January 2005.

82 Seren Parker, "Pentagon Concerned About Declining Support in US for Iraq Presence," *VOA*, 16 June 2005, available at www.voanews.com.

83 James B. Steinberg and Michael E. O'Hanlon, "Departure Does Not Mean Defeat," *Financial Times*, 23 February 2005.

rather unusual combination, Republican Ron Paul (Tex.), the leading representative of his party's isolationist wing, teamed up with Republican Walter Jones (N.C.) and Democrats Neil Abercrombie (Hawaii) and Dennis Kucinich (Ohio) to initiate a resolution that called for the withdrawal of all combat forces by October 1, 2006.[84] In another sign that a more forceful opposition to the war in Iraq was beginning to take shape in late 2005, Congressman John Murtha (D-Pa.) reversed his stance of mid-2004 and called for a withdrawal of all combat troops within six months and the stationing of a rapid reaction force.[85] Nancy Pelosi's (D-Cal.) decision to adopt Murtha's stance for her party met with the disapproval of her deputy Steny Hoyer (Md.) who believed that "a precipitous withdrawal of American forces in Iraq could lead to disaster, spawning civil war, fostering a haven for terrorists and damaging our nation's security and credibility."[86] Their contrasting views reflected similar disagreements among the party's foreign policy experts with President Carter's national security advisor Zbigniew Brzezinski supporting an immediate withdrawal and Richard Holbrooke, President Clinton's ambassador to the United Nations, as well as Madeleine Albright ("This is a war of choice, not necessity, but getting it right is a necessity and not a choice.") arguing against it.[87] Interestingly, after the 2006 mid-term elections, Speaker-elect Nancy Pelosi credited Murtha, who lost his intra-party bid against Hoyer to become majority leader, with laying the groundwork for the Democratic victory.[88]

Taking up the ultimately unsuccessful challenge to move the debate into more favourable terrain, President Bush and Vice President Cheney began to more forcefully use the "bully pulpit" to influence public opinion. In doing so, they emphasized what they described as the disastrous results of an early withdrawal from Iraq. President Bush warned about the Islamist terrorists' "fanatic and extreme plan" to build a "radical Islamist imperium ranging from Spain to Indonesia", which would aim to "destroy Israel", "bully Europe" and threaten the United States "into isolation".[89] His Republican allies in the Senate stymied a Democratic attempt to pass a resolution calling for a specific plan for withdrawal. Instead, the Senate called with 79 to 19 votes upon the president to use the year 2006 to lay the groundwork for a "gradual

84 Sheryl Gay Stolberg, "Small Bipartisan Group in House Presses for Iraq Exit Strategy," *New York Times*, 16 June 2005.

85 Eric Schmitt, "Uproar in House as Parties Clash on Iraq Pullout," *New York Times*, 19 November 2005; Charles Babington, "Hawkish Democrat Joins Calls for Pullout," *Washington Post*, 18 November 2005; Maura Reynolds, "Democratic Hawk and War Veteran Wants U.S. Troops Out of Iraq Now," *Los Angeles Times*, 18 November 2005.

86 See Jonathan Weisman, "Democratic Lawmakers Splinter on Iraq," *Washington Post*, 2 December 2005.

87 Robin Wright, "Democrats Find Iraq Alternative Is Elusive," *Washington Post*, 5 December 2005.

88 Jonathan Weisman and Lois Romano, "Democrats Pick Hoyer Over Murtha," *Washington Post*, 17 November 2006; Josephine Hearn, "Pelosi backs Murtha for majority leader," *The Hill*, 12 November 2006, available at www.thehill.com.

89 "President Bush Discusses War on Terror at National Endowment for Democracy," *Congressional Record*, 109th Congress, 1st Session, Vol. 151, No. 130, 6 October 2005, p. E2066-2068.

withdrawal" and committed the White House to issuing progress reports every ninety days.[90] The more partisan and tightly controlled House of Representatives reacted with *House Resolution 612* which declared "artificial timelines" as "fundamentally inconsistent" with victory in Iraq.

With the combination of a lack of significant "signs of progress" and an increasing level of violence, even the relative unity of the Republican Party and its control of both the White House and Congress did not shield it from the political fallout of rising voter dissatisfaction. In the summer of 2006, a majority of the U.S. public, for the first time, started to view the war in Iraq as being distinct from the broader war on terror.[91] Republican efforts to reverse this trend were further undermined when the Senate Intelligence Committee issued two of its five remaining reports on pre-war intelligence in September 2006. Chairman Roberts's efforts to stall their publication until after the mid-term elections failed when Senators Olympia Snowe (R-Maine) and Chuck Hagel (R-Neb.) broke ranks with their party to support their Democratic colleagues in making the results available to the public. This was of profound political significance since the reports made the strong warnings members of the intelligence community had already issued about the Bush administration's allegation of a strong link between Saddam Hussein and al Qaida in the run-up to the war publicly available. With the campaign season for the mid-term elections of 2006 in full swing, Republican chairman Pat Roberts found himself in the awkward position of having to urge the public to ignore the findings of his own committee.[92]

With the Democratic control of Congress and the return of divided government, the issues of oversight and the funding for the war in Iraq received new attention. In view of the continuing public dissatisfaction with the war effort and an increasing public willingness to consider the withdrawal of U.S. forces from the country, lawmakers of the new majority had to find a way to challenge the president without endangering their newly-won position or their party's chances of capturing the White House in 2008. With one in five Americans supporting immediate withdrawal and another fifty percent supporting a timetable, public opinion seemed to be on the side of the Democrats.[93] In their effort to reign in President Bush's Iraq policies, they could choose between non-binding statements of disapproval and a focus on oversight while giving the president enough leverage to deal with the military aspects of the war or they could use a cut-off in funding to force the president to stop the war. While the first option does not nearly go as far towards ending the war as the liberal wing of the Democratic party wants, the moderate wing of the party could point to the fact that attaching conditions to supplemental funding would interfere

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90 Gail Russell Chaddock, "On war, Senate flexes muscle," *Christian Science Monitor*, 17 November 2005; Shailagh Murray and Jonathan Weisman, "Senate Presses for Concrete Steps Toward Drawdown of Troops in Iraq," *Washington Post*, 16 November 2005.

91 Carl Hulse and Marjorie Connelly, "Poll Shows a Shift in Opinion on Iraq War," *New York Times*, 23 August 2006.

92 Jonathan Weisman, "Iraq's Alleged al Qaeda Ties Were Disputed Before War," *Washington Post*, 9 September 2006; Greg Miller, "Senate: Hussein Wasn't Allied With al Qaeda," *Los Angeles Times*, 9 September 2006.

93 "Majority of America Believe Iraq Is in 'Civil War', Poll Finds," *Wall Street Journal*, 30 November 2006.

with the constitutionally-enshrined responsibilities of the president's function as commander-in-chief.[94] A third option, which was first put forward by Senator Edward Kennedy, but initially failed to be picked up by his colleagues, was to effectively repeal the authorization for war given in 2002, since it was supposedly limited to the direct challenge to Saddam Hussein's regime and did not cover interference in a 'civil war'.[95] Whichever option prevails, it will ultimately face the possibility of a presidential veto thereby leading to a major constitutional showdown over the United States' policy toward Iraq.

Conclusion

Summarizing the relationship between president and Congress during the Clinton administration as it relates to U.S. policy toward the Gulf region, one can easily detect a pattern of rhetorical congressional leadership, which led the executive into cooperation on legislation that, in comparison to the policies originating from the White House, could be considered mostly symbolic.

This changed dramatically when the events of September 11, 2001 resulted in a sharp increase in public support for an administration that had a clear view on how to proceed in the region. However, in retrospect, the doctrine of pre-emption developed by the Bush administration seemed to be tied specifically to the case of Iraq, resulting from a confluence of mostly domestic considerations and developments. It is therefore possible to claim that, contrary to earlier assessments,[96] the NSS 2002 is more of a public relations document that explained the case for war with Iraq to both an international and domestic audience rather than the equivalent of a historic vision such as the one that was outlined more than fifty years ago by Paul Nitze and the other "wise men" of the Truman administration and functioned as the conceptual framework for the confrontation with the perceived Soviet expansionism.[97]

Until November 2006, the relationship between the executive and legislative branches during the Bush administration was characterized by executive dominance. Even though the Senate, unlike the House of Representatives, which until 2006

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94 Jonathan Weisman and Lyndsey Layton, "Murtha Stumbles on Iraq Funding Curbs," *Washington Post*, 25 February 2007; Sheryl Gay Stolberg and John M. Broder, "Congressional Democrats Wrestle Over How to Force Bush to Alter Iraq Policy," *New York Times*, 24 February 2007; Shailagh Murray and Jonathan Weisman, "Democrats Seek to Repeal 2002 War Authorization," *Washington Post*, 23 February 2007.

95 Jonathan Weisman and Dan Balz, "Democrats Aim to Block Funds for Plan," *Washington Post*, 11 January 2007.

96 James Kurth, "Confronting the Unipolar Moment: The American Empire and Islamic terrorism," *Current History*, 101/659 (December 2002), pp. 403-408.

97 A broad range of commentators on U.S. foreign policy including Geoffrey Kemp, a National Security Council staff member in the Reagan administration and currently director of regional strategic programs at the Nixon Center, James F. Hoge Jr., editor of Foreign Affairs magazine, and Walter Russell Mead, senior fellow at the Council on Foreign Relations, see the main pillars of the Bush doctrine of "pre-emption" as either being discredited or having failed. See Robin Wright, "Iraq Occupation Erodes Bush Doctrine," *Washington Post*, 28 June 2004.

remained effectively controlled by the Republican leadership surrounding Speaker Dennis Hastert (Ill.) and Majority Leader Tom DeLay (Tex.) and his successor John Boehner (Ohio), tried to engage in oversight, the traditional play of checks and balances between the two branches of government was severely limited by the fact that, for the first time since the Democratic Party's dominance at the outset of the Vietnam War, a single party controlled Congress and the White House during the country's involvement in a sustained military engagement abroad.

On the other hand, the U.S. public's increasing dissatisfaction with the developments in Iraq pushed a reluctant Congress towards a closer examination of White House policies. The public's eroding confidence in the president's ability to successfully manage the war in Iraq and the ongoing ethics disputes surrounding Republicans Tom DeLay (Tex.) and Tom Foley (Fla.) generated a political momentum that contributed to the Republican loss of Congressional majorities in the mid-term elections of 2006. While the results of the 2006 election and the continuing voter dissatisfaction with the war in Iraq raised the spectre of more muscular congressional involvement in U.S. policy toward the Gulf region, thereby ending nearly six years of minimal congressional oversight, President Bush and his foreign policy staff can count on the fact that the Constitution provides them with enough leeway to conduct the war as they see fit until Congress overcomes the major hurdle of establishing veto-proof majorities to end the funding for the war.

Has Public Diplomacy Failed?
The U.S. Media Strategy towards the Middle East and the Regional Perception of U.S. Foreign Policy

Carola Richter

Introduction

Despite a short history of mutual relations with the region, the policy of the United States towards the Middle East has already undergone profound changes during the last decades. Accordingly, U.S. policy perception has passed through different stages. In its first part, this paper explains the broad structure and tactics of U.S. foreign policy towards the Middle East focusing on how historical events and policy decisions shaped the actual perception of U.S. policy in the region. This part aims at providing a framework for understanding policy perception in the Arab World. In the second part, the concept of public diplomacy as a tool of influencing public perception is examined and criticized. The main focus lays on the variables that intervene in communicating policy, which can be identified as, first, the dichotomy between the individual and mass medial construction of reality, and, second, the problem of simplification of political issues that often leads to the construction of foe images. Also, by distinguishing between European and U.S. approaches to public diplomacy, the special characteristics of U.S. public diplomacy will be emphasized.

The findings are underlined by a case study of the newly launched foreign broadcasting channels "al-Hurra-TV" and "Radio Sawa" in the third part of this paper. These two channels mark a new stage in U.S. public diplomacy efforts focusing on popular topics rather than on political analyses. This is an attempt towards "changing minds, winning peace" in the Muslim World after the attacks of September 11 and a constantly decreasing approval rate of U.S. politics in the Middle East in the course of the Iraq War. However, despite achieving success in terms of high listener ratings, the impact for positive change in U.S. policy perception through these channels is limited because people are more likely to judge U.S. policy on the level of individual experience. This paper analyzes current U.S. public diplomacy efforts and their possible failure by scrutinizing their approaches and goals.

A History of Pragmatism: U.S. Policy towards the Middle East and Its Perception

Arab perception of the U.S. has not suffered from a shady colonial past unlike Arab perception of most European nations. By the end of World War II, the U.S. followed a multilateral strategy in its foreign policy, aiming to stabilize the Middle East through diplomatic efforts. This approach of smart alliance-building and multilateral diplomacy was neglected at the beginning of the Cold War with the dawn of "machiavellistic politics of power"[1] as a new U.S. foreign policy approach. The containment strategy for the Soviet Union and the feared expansion of communism as part of this policy also focused on the Middle East in an attempt to politically instrumentalize the newly formed states.[2] However, intervention in the domestic politics of Middle Eastern states expressed itself in multifaceted ways with neo-colonial approaches in Iran and support for feudalistic monarchies in Libya or Saudi-Arabia as well as for anti-monarchist movements in Egypt.

The lack of competition of the Soviet Union for financing the construction of Egypt's Aswan Dam in 1956 was a major turning point for U.S. foreign policy strategy: The movement of block-free states in support of the Egyptian President Nasser as the leading figure was nearly ignored, and alliances with the conservative monarchies and Israel were forged in an attempt to secure geo-strategic options with long-term non-socialist partners in the region.[3] The popular uprisings against colonial regimes and U.S. supported Arab monarchies that shook the region in the 1950s and 1960s[4] and growing U.S. support for Israel also allowed "the leftist tide wash over into the Arab region"[5], giving the Arab avant-garde, who led the uprisings or coup d'états an ideological frame for stereotyping the West as exploiting the Third World.

However, this prevented neither the U.S. government nor the leaders of the so-called Arab socialist states from further cooperation when it fit into their mutual strategic and economic interests. Egypt under Sadat was extensively supported for its peace treaty with Israel in 1979; Iraq under Saddam Hussein received military and financial aid for leading a war against Iran, which lasted almost a decade; and Pakistan was converted into a base for Arab soldiers who were partly financed by the U.S. to fight the communist regime in Afghanistan. This geo-strategic containment policy in the 1980s prompted conflicting perceptions: The success of the Islamic Revolution in Iran in 1979 and widely supported Shiite resistance in Lebanon against Israel in combination with American countermeasures against Islamist tendencies

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1 Kai Hafez, "Ein neuer Kolonialismus. US-amerikanische und europäische Nahostpolitik," in Kai Hafez and Birgit Schäbler (eds), *Der Irak: Land zwischen Krieg und Frieden* (Heidelberg: Palmyra, 2003), p. 40.

2 See for example the "Baghdad Pact" of 1955, in which the U.S., Great Britain, Turkey, Iraq, Iran, and Pakistan made an agreement on strengthening regional defence and preventing the infiltration of the Soviet Union into the Middle East.

3 Hafez, "Ein neuer Kolonialismus," p. 40.

4 See for example the coups d'états against monarchies in Iraq in 1958 or Libya in 1969; or the War of Independence against France in Algeria 1954-62.

5 Institut für Auslandsbeziehungen (ed.), *The West and the Muslim World. A Muslim Position* (Stuttgart: IFA, 2004), p. 128.

made it easy for politically active religious elites in the Middle East to denounce the U.S. as "the Great Satan" destroying Muslim culture and values.

On the other hand, the U.S. functioned as a gateway for Muslim fighters against communist regimes which were likewise said to destroy traditional Muslim values. The dual containment of Iran and Iraq starting with the Gulf War in 1990/91 clearly illustrated the double standard that was dictated by the tactics of geo-strategic and economic interests rather than by proclaimed ethical values based on human rights postulations. This policy of fighting and supporting fundamentalists, dictatorial regimes, ideological factions, or human rights groups in the region simultaneously led to a very sceptical and critical perception of U.S. policy among the Arab public. Furthermore, the interventions in Afghanistan in 2001 and in Iraq in 2003 manifested a "new form of imperialism as a method of self-defense"[6] with bombings, unlawful imprisonments, and torture declared as preventive measures. This must have reminded the Arab public of similar measures from their own governments that were then depicted as undemocratic by the U.S. government itself.

Therefore, the perception of U.S. policy has to be understood in the context of political developments rather than in terms of unavoidable mutual misunderstandings traced back to allegedly different cultural values. The perception of the U.S. can be differentiated into two categories. The first category – anti-Americanism – can be defined as the total and even militant rejection of the American political and social system including its cultural values. Anti-Americanism is an ideologically fixed scheme which is not politically negotiable.[7] Hafez adds that this "culturally supported criticism" of the U.S. was only introduced with the instrumentalization of Islamism since 1979 and that the policy perception should still rather be seen as a direct reaction to political developments.[8] The second category – criticism of U.S. policies – can be traced back to policy differences, and could even be eradicated after readjustments of U.S. policy.[9] It can be argued that, despite the rather negative perception of U.S. policy towards the Middle East on the political level, the Arab public tends to distinguish between the perception of the U.S. government and the universal values and achievements the U.S. represents, the latter of which they assess as rather positive.[10]

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6 Hafez, "Ein neuer Kolonialismus," p. 57.

7 Sigrid Faath and Hanspeter Mattes, "Nordafrika, Nah- und Mittelost zwischen Antiamerikanismus, Amerikakritik und Amerikanismus", in Sigrid Faath (ed.), *Antiamerikanismus in Nordafrika, Nah- und Mittelost. Formen, Dimensionen und Folgen für Europa und Deutschland* (Hamburg: Deutsches Orient-Institut, 2003), pp. 329-31.

8 Kai Hafez, "Die irrationale Fehlwahrnehmung des "anderen". Deutsche und arabische Öffentlichkeitsreaktionen auf den 11. September," in Georg Stein and Volkhard Windfuhr (eds), *Ein Tag im September: 11.9.2001. Hintergründe, Folgen, Perspektiven* (Heidelberg: Palmyra, 2002), p. 237.

9 Ibid., p. 330.

10 See Edward P. Djerejian, "Changing Minds, Winning Peace. A New Strategic Direction for U.S. Public Diplomacy in the Arab & Muslim World", Report of the Advisory Group on Public Diplomacy for the Arab and Muslim World (Washington, October 2003), p. 24, available at http://www.state.gov/documents/organization/24882.pdf.

The Phase of Re-emotionalization: U.S. Policy Perception after 9/11

Yet, since the attacks of 9/11, there has been a shift within these two levels of assessment. A revival of the emotionalization of politics and its enrichment with religious rhetoric led to a re-manifestation of a more cultural definition of identities on both the Western and the Arab side. Since the classification of the world between "good" and "evil" after George W. Bush's "Axes of Evil" speech and again after the Iraq War in 2003, the Pew Research Center ascertained a continuously rapid descent in the positive assessment of the U.S. in general and of the American people.[11] The main reason for this change, besides policy causes, can be identified as the sudden mass media appearance of what some scientists call the "irrational misperception of the 'other'"[12]. Mutual allegations of hating and being hated by the 'other' through U.S. and Arab media led indeed to a false irrational depiction of the other side. Islam as one possible explanatory variable for the attacks was overemphasized in Western media, and Arab media quickly accused the U.S. of hating Islam by overemphasizing the political rhetoric of the U.S. government.[13]

    Furthermore, after 9/11, the U.S. media began to promote American issues under the label of a collective "we", being rather uncritical of its own government.[14] Arab media tried to function as a mediator between its loyalist task of being a mouthpiece of the Arab governments, all of which were nearly united in their condemnation of the 9/11 attacks, and the Arab public, which sympathized with the victims but viewed the attacks as revenge for the failure of U.S. politics in the Middle East.[15] Hafez concludes that "the explosive mixture of politically motivated criticism of the U.S. and the self-constructed case of defence against the "Hate of Islam" of the West has brought on an intellectual immobilism in perceiving the relations between the Islamic and the Western World."[16] Thus, 9/11 and its aftermath functioned as a catalyst for an intensified demarcation against 'the other'. "Us vs. Them" became the new logic of the mutual perception between the Arab and U.S. public.

    The following chapter shows how public diplomacy can or cannot aid in solving the problem of mutual misperception and in stimulating positive perception of U.S. policy towards the Middle East in the region.

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    11 The Pew Research Center for the People and the Press, *A Year after Iraq War: Mistrust of America in Europe ever higher, Muslim Anger persists. A Nine-Country Survey.* Washington, March 2004, available at http://people-press.org/reports/pdf/206.pdf. The Pew Research Center has polled perceptions of Americans and American politics in nine different countries – among them four Muslim states (Turkey, Pakistan) including two Arab countries (Jordan and Morocco).The dramatic decline in Jordan and Morocco concerning the positive ratings of Americans since 2002 can be seen on page 25, positive ratings of the U.S. in general stayed low (p. 24).
    12 Kai Hafez, "Die irrationale Fehlwahrnehmung des 'anderen'," p. 222.
    13 *Ibid.*, pp. 226, pp. 237-38.
    14 *Ibid.*, p. 221.
    15 Jörg Armbruster, "Warum Mustafa Bin Laden gut findet. Reaktionen auf den 11. September in der arabischen Welt," in Stein and Windfuhr (eds), *Ein Tag im September: 11.9.2001*, pp. 92-3.
    16 Hafez, "Die irrationale Fehlwahrnehmung des 'anderen'," pp. 238.

Public Diplomacy – The Struggle for Positive Perception

Hans N. Tuch, a diplomat in a leading position at the U.S. Information Agency until 1985 and former director of the Voice of America, defined public diplomacy as:

> a government's process of communicating with foreign publics in an attempt to bring about understanding for its nation's ideas and ideals, its institutions and culture, as well as its national goals and current policies[17].

David D. Newsom, who served as Undersecretary of State and as a U.S. ambassador, sees the traditionally strong mutual relations between government and the mass media in the U.S. as a major factor in shaping public opinion about politics:

> The free and active information services in the United States through their reporting and circulation of opinion play a key role in shaping perceptions of events and of government responses.[18]

And in a self-portrait, the USIA focuses on the self-image of U.S. public diplomats:

> Public diplomacy is an official expression of a fundamental part of the American character – a desire to share with the world our values, our experience and our commitment to freedom and democracy. Whether at the time of the American revolution, or now more than two centuries later when we have all the burdens and privileges of a great power, the true force that America wields in the world is the force of ideas.[19]

These three quotations give us an insight into the major variables that constitute U.S. public diplomacy: Firstly, the belief in reaching out to the public through active communication and transmission of information; secondly, the belief in the power of mass media out of domestic experience; and finally, the belief in the necessity of communicating American values and ideas of which one can be proud.

It is shown in this chapter that each of these approaches is already problematic in terms of media impact and that their combination dramatically hampers the success of public diplomacy efforts.

Communicating the Truth: The Development of Public Diplomacy in the U.S.

When public diplomacy efforts started in the U.S. in 1942, they began as a part of a two-sided strategy. One part of the strategy focused on disseminating information abroad; the other part concentrated on promoting governmental foreign politics to U.S. citizens. Within a decade, this attitude changed and public diplomacy became an instrument of foreign rather than of domestic politics. President Truman

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17 Hans N. Tuch, *Communicating with the World: U.S. Public Diplomacy Overseas* (New York: St. Martin's Press, 1990), p. 3.

18 David D. Newsom, *The Public Dimension of Foreign Policy* (Bloomington: Indiana University Press, 1996), p. 43.

19 The United States Information Agency, *A Commemoration*. Washington, 1999, p. 78. available at http://dosfan.lib.uic.edu/usia/abtusia/commins.pdf.

initiated this change with his "Campaign of Truth". Its paradigm – manifested in the slogan: "Unless we get the real story across to people in other countries, we will lose the battle for men's minds by default"[20] – was to transmit and convince people of the unadulterated truth about the U.S., its values and political goals. In an attempt to institutionalize Truman's approach, the U.S. Information Agency (USIA) was founded in 1953 under President Eisenhower and acted as a governmental instrument of promoting the "truth" abroad until its closure in 1999.[21] While the concrete measures of U.S. public diplomacy depended heavily on the foreign policy strategy of the president in office at that time, the early paradigm of communicating the "truth" was never altered within this strategy.[22]

Groebel, who carried out a comparative analysis of five different nation's[23] foreign broadcasting channels, labels only the U.S. as being "missionary" in terms of having "the goal of disseminating certain social and political convictions, concepts and ideologies".[24] The other radio stations focus more on being a gateway for accurate information in crises, on being a representative of a special nation by featuring programs about culture and language, or on being a connection to home for fellow countrymen/citizens abroad.[25]

Due to this historically shaped paradigm, the approach of U.S. public diplomacy towards the foreign public seems to lack a sense of integration of different views and convictions. The strong belief in the ability to persuade people by just presenting them allegedly correct values and ideas through mass media does not necessarily result in relaying the message to the public.[26] According to Sarcinelli, "the act of transmitting politics includes also the aspect of mediation between two sides, thus, the act of reaching consensus".[27] If a media strategy lacks the ability of responding to peoples' views and their self-constructed reality, it quickly loses credibility. The case study of Radio Sawa and al-Hurra TV will show us how this can reflect the perception of U.S. foreign policy in the Middle East. Beforehand, we need to examine the intervening variables that influence public diplomacy and that result from the paradigms of U.S.

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20 Quoted according to Thomas Klöckner, *Public Diplomacy – Auswärtige Informations- und Kulturpolitik der U.S.A* (Baden-Baden: Nomos, 1993), p. 44.

21 In 1977 President Carter changed its name to the "International Communications Agency" (USICA), in 1981 it was renamed USIA under President Reagan.

22 Klöckner, *Public Diplomacy*, especially p. 88.

23 The five country studies are the U.K., the U.S., France, the Netherlands, and Germany.

24 Jo Groebel, *Die Rolle des Auslandsrundfunks. Eine vergleichende Analyse der Erfahrungen und Trends in fünf Ländern* (Bonn: Friedrich-Ebert-Stiftung, 2000), p. 54.

25 Ibid., pp. 59-65.

26 In this chapter, I will concentrate on the aspects of transmitting policies through mass media. Public diplomacy efforts of the U.S. also include, for example, exchange programs for students or scholars like the Fulbright Program or – to a lesser extent – cultural exchange programs which aim to reach intellectuals. But the focus within the USIA was always more on the mass media, especially foreign broadcasting.

27 Ulrich Sarcinelli, "Massenmedien und Politikvermittlung – Eine Problem- und Forschungsskizze," in Gerhard W. Wittkämper (ed.), *Medien und Politik* (Darmstadt: Wissenschaftliche Buchgesellschaft, 1992), p. 37.

public diplomacy efforts concentrated on the use of mass media and the paradigm of disseminating ideologies rather than neutral information.

The First Intervening Variable in Public Diplomacy: Imagined Reality and Real Images

Media does not depict reality; media can only construct an image of reality. This well-known finding of communication scientists[28] is especially true for images of foreign countries or foreign policy. According to Hafez, the recipient constructs his images of reality through a separation of his perception into a sphere of nearness and a sphere of distance.[29] While the sphere of nearness is determined by first-hand experiences that are interpreted according to the percipient's primary or secondary social and cultural socialization and through interpersonal communication, the sphere of distance does not provide the percipient with first-hand experiences, but instead with images of either historical background or images that are transmitted to him by mass media.[30] The interpretation of these images in the sphere of distance is shaped by the media itself, which is also an "agency of socialization"[31]. Therefore, media especially influences the construction of images in the sphere of distance; it transmits images of the unknown or of the imagined.

Wittkämper argues that mass media thus has pushed back the impact of interpersonal communication and first-hand experiences in the process of forming public opinion. The author doubts that this is true when experienced reality interferes with the process of image-construction, and personal involvement collides with the images transported by the mass media. The dichotomy of nearness and distance does not only refer to geographical, but also to social and cultural nearness or distance. The sphere of nearness plays a larger role for the percipient's construction of reality, as images of the unknown are intellectually transferred to everyday life experiences and adjusted to first-hand experiences.[32] The difficult task media has to fulfil in this process of constructing reality is exactly this adjustment of a distant reality to the subjective perception of the individual. If the experienced reality collides with the constructed reality of the media, media either tends to become untrustworthy for the recipients or the recipients themselves adjust their reception in a selective way. People are then more likely to rely on their own media or on interpersonal communication that fits better into their self-constructed reality of near and distant world.

In order to avoid becoming untrustworthy or rejected by selection, mass media has to adjust the construction of reality to people's experiences and has also to simplify matters to make them fit into their world views. This is a problem that

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28 See for example Werner Früh, *Realitätsvermittlung durch Massenmedien. Die permanente Transformation der Wirklichkeit* (Opladen: Westdeutscher Verlag, 1994).

29 Kai Hafez, *Die politische Dimension der Auslandsberichterstattung*, vol. 1: Theoretische Grundlagen (Baden-Baden: Nomos, 2002), p. 41-3.

30 Ibid.

31 Wittkämper (ed.), *Medien und Politik*, p. 6.

32 Hafez, *Die politische Dimension der Auslandsberichterstattung*, pp. 41-2, for a catalogue of intervening variables in the impact of media see p. 118.

affects mass media in general as well as politics and its public dimension. Sarcinelli, for example, sees a "principal discrepancy" between the publicly transmitted and simplified matters of politics and the concrete political act of solving problems.[33] Besides the collision of the individual's and the mass media's construction of reality, the necessity to simplify political issues in mass media has to be identified as the second most important intervening variable in public diplomacy.

The Second Intervening Variable in Public Diplomacy: Simplification and Foe Images

As Newsom pointed out, in democracies the mass media play a crucial role in transmitting political strategies to the people. Simplification is an essential part of the mass media's task of disseminating information. It can help more people to understand better complicated issues and helps to converge these issues with the experiences within people's sphere of nearness. The problem created by communicating simplified policies to the public is the double interest in simplifying issues by the media as well as by the political elite itself. The media has the economical task of attracting large audiences, whereas the political elite itself aims to attract as many followers as possible to stay in power. Policies are therefore strongly prone to simplification by communicating them to the people. Foreign policies are even more prone to simplification because they generally drop out of the sphere of nearness; thus communicating them relies heavily on the images constructed by mass media and political elites. These images can quickly lead to the stereotyping of events, issues, people, and politics.

A special feature of a very negative stereotype is the foe image. Frei analyzed the construction process of foe images in foreign politics by studying the mutual perception of the U.S. and the Soviet Union during the Cold War. He emphasized three dimensions that shape the perception of the other: one's image of the world, one's image of the other (the foe), and one's self-image.[34] He also introduced a sub-dimension that is especially important for analyzing public diplomacy approaches: the meta-image. Meta-image refers to the assumption of an image "the other" has of "us". The speculation about one's perception by others is built on alleged knowledge about political and cultural nearness to the other. Not surprisingly, a positive meta-image often corresponds with the self-image and a negative meta-image challenges the self-image. Frei, for example, shows that the meta-image the U.S. drew of their public perception in the Soviet Union was heavily influenced by their belief in transmitting democratic values and a certain lifestyle. The United States' conclusion of their rejection in the Soviet press was, therefore, that they are being hated for "what they are" and not for what they do.[35]

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33 Sarcinelli, "Massenmedien und Politikvermittlung," in Wittkämper (ed.), *Medien und Politik*, p. 56.

34 Daniel Frei, *Feindbilder und Abrüstung: Die gegenseitige Einschätzung der UdSSR und der USA*, Study of the United Nations Disarmament Research (UNIDIR) (München: Beck, 1985), pp. 16-17.

35 Ibid., pp. 93-4.

In concluding this chapter, we have to admit that public diplomacy has the difficult task of adjusting complicated political issues of a distant sphere to the individual experience of people's near reality. At the same time, it has to avoid the spiral of simplification with its construction of foe images. Local media often help to construct a foe image if it fits into people's experienced and self-constructed reality in their sphere of nearness. On the other hand, the country which aims at changing its foe image abroad has to know exactly what this foe image looks like and how it was constructed. The simple assumption of the perception of oneself among foreign publics can lead to wrong conclusions, as Frei demonstrated in the mutual perception of the U.S. and the Soviet Union.[36] The efforts of public diplomacy, therefore, have to be two-sided: it has to approach local media in order to influence the coverage of politics and it needs to obtain knowledge about the approached people's sphere of nearness to help adapting their own foreign policy to foreign people's expectations and to alter the foe image. Empathy should be the key for reaching change. However, as has been shown with the missionary-like concept of U.S. public diplomacy and will be shown further on in the case study the possibility of integrating foreign people's views in a balanced way into the dissemination of information and in shaping the own strategy has been paid little attention to. Even an approach to local media has been rather neglected in the Middle East with a strategy of disparaging regional media powers like the TV-channel al-Jazeera as being biased towards the U.S.

With the non-observance of these two important intervening variables, U.S. public diplomacy has a hard time fulfilling its task of disseminating the "truth".

Bad Politics, Good Music: U.S. Broadcasting in the Middle East

"The U.S. has a policy problem, not an image problem."[37] This simple but interesting conclusion of Faath and Mattes' extended study on anti-Americanism in the Middle East and North Africa again sheds light on what public diplomacy efforts in the Middle East really need: understanding people's views of the U.S. policy. This finding is also backed by a report conducted by the State Department's Advisory Group on Public Diplomacy for the Arab and Muslim World in 2003. As has been shown above, the problem of simplification and non-empathy of Arab people's sphere of nearness are the main reasons for that lack of understanding. In the aftermath of 9/11, the report provides remarkable recommendations for the renewal of public diplomacy efforts.

The U.S., says the report, need "to transform the way we explain and advocate our values and policies and the way we listen to what others are saying about us".[38] Although Joseph N. Nye, one of the most influential theorists on policy communication, calls for a public diplomacy that "better articulate[s] American policies and explains how they relate to the values of moderate Muslims"[39], the second recommendation of the report – listening to the others and reshaping and scrutinizing the U.S.' meta-

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36 Ibid., pp. 93-94.
37 Faath (ed.), *Antiamerikanismus in Nordafrika, Nah- und Mittelost*, p. 351.
38 Djerejian, "Changing Minds, Winning Peace," p. 16.
39 Joseph N. Nye, "Sell it Softly," *Los Angeles Times*, 25 April 2004.

image – seems to have been ignored again by the latest U.S. public diplomacy efforts. There has been a change in the shaping of foreign broadcasting programs towards the Middle East, but the general approach towards Arab audiences stays the same: persuasion of an American "truth" through communicating values.

The call for transforming the way of advocating American values to Middle Eastern publics led to a radical change in the foreign broadcasting strategy of the U.S. For decades, the Voice of America (VOA), funded and operated by the Broadcasting Board of Governors (BBG), an agency of the U.S. government, was beamed on short wave to the Middle East. Low listener ratings of this talk-radio demanded the launch of a new strategy: Radio Sawa and al-Hurra TV are the two new flagships of this strategy. By revealing their approach, it can be shown that, in contradiction to the needed concept described above, the new efforts are not helpful in positively changing America's image in the Middle East.

Radio Sawa and al-Hurra TV

Both channels have been shaped under the George W. Bush administration as organs "to cut through the hateful propaganda" in Arab media by "providing reliable news and information across the region."[40] Yet, the asserted claim of finally providing the truth about what is going on in the region is an echo of the basic approach of public diplomacy in the 1960s under Truman.[41]

Radio Sawa ("Radio Together" in Arabic) started in March 2002 as the younger brother of the VOA, with a Congress foundation of roughly 35 million USD in 2002[42]. Sawa aims at attracting the young generation's ears with a mix of popular Western and Arabic music while short news bulletins are broadcasted only every half an hour. William Armbruster, Vice Director of the Department of the "International Information Program" for the Middle East and Southeast Asia, hopes that listeners are not fast enough to turn off the radio before the news are broadcasted.[43] Through intensive polling, the radio makers compiled a play list that is supposed to fulfil young Arab audiences' expectations of a good radio station and, indeed, according to different polls, Radio Sawa has become the number one radio station in many Arab countries among its target audience of people under 30.

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40 George W. Bush, quoted according to Jihad Fakhreddin, "Reaching the Arabs through Alhurra: U.S. chooses easy way out?," *TBS Journal 12*, Cairo, Spring/Summer 2004, available at http://www.tbsjournal.com/fakhereddine_alhurra.htm.

41 See, for example, al-Hurra's station promos: "If you look, you must surely see; a new horizon; a new window on the world. Think. Contemplate. Choose. You are free. Imagine an uncensored dialogue, a dialogue not afraid of crossing red lines. Imagine the truth as it is. Imagine no more." Quoted according to David Wilmsen, "Alhurra – Dialogue with the Deaf," *TBS Journal 12*, Cairo, Spring/Summer 2004, available at http://www.tbsjournal.com/wilmson.htm.

42 "Bush's new media strategy: Pop-agenda," *The Times*, 15 November 2002. The Bush administration has requested $21.7 million for the fiscal year 2003.

43 Quoted from his speech in a discussion at the Stuttgarter Schlossgespräch: "Die heimlichen Herrscher – Politik mit nationalen Bildern und Stereotypen," 18 June 2004.

Al-Hurra TV ("The Free One") also tries to attract audiences with rather non-political contents supplemented with news and talk shows. It was launched in February 2004 with a start off budget of 62 million USD, an additional 40 million USD for a special Iraqi program, and a staff of about 200 Arab journalists, mostly of Lebanese origin. News Director for both channels – al-Hurra and Sawa – is Daniel Hassif, a native Arabic speaker. The channel broadcasts a 24 hour program from Virginia to the Middle East. Al-Hurra hooked up with two Arab satellites, allowing it to reach 90 percent of the households in the Arab Gulf region, 10-15 percent in Iraq, over 50 percent in Jordan, Lebanon and Syria, just over ten percent in Egypt, and over two-thirds of the homes across the Maghreb region.[44] In 2006, an additional program was launched to reach European Arabs. One third of the program is originally American, broadcasted with Arabic subtitles.[45]

It would not have been a bad idea to start a mass media supported dialogue with the Arab world to strengthen mutual cultural and political understanding. Preliminary assessments from the Arab as well as from the American side show that both channels lack political content relating to the target audiences' sphere of nearness and that the image the U.S. thinks Arabs have of the U.S. has not been studied properly. Arab observers already doubt the effectiveness of al-Hurra's program despite its extensive reach because of its irrelevant contents: it "showed how to make salads and bake cookies […] while the Arab broadcasters rolled tape on U.S. troops fighting Iraqis in Falluja".[46] The quantitative success of Radio Sawa has lead Robert Reilly, until 2002 Director of VOA, to overestimate the station's impact as "an absolutely essential tool in the war against international terrorism".[47] Yet, Ali Abunimeh, who analyzed Sawa's news coverage in Jordan, negates any political impact of the station: "If, however, the U.S.' intention was to provide light entertainment to people as they ride in taxis, then it has come up with a sure fire scheme for success."[48] What went wrong with the new initiative?

Four main reasons can be identified as being responsible for the stations' failure in changing the U.S. policy perception in the Middle East in a positive way. These result from ignoring the influence of the intervening variables in public diplomacy and the real effects of the latest U.S. interventionist policies in the Middle East:

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44 Fakhreddin, "Reaching the Arabs through Alhurra".

45 "For Arabs, it's not yet must-see TV," *Los Angeles Times*, 26 March 2004: "Recent programs included a documentary on ancient Egypt, a piece on China and a segment on Crohn's disease in the United States. A feature on Mel Gibson's movie 'The Passion of the Christ' skirted the question that has most interested Arabs – the debate over whether it is anti-Semitic."; "Im Banne des Propheten," *Die Welt*, 10 March 2004: "Only the news is spoken by Arab-Americans. First, there is recent news from Iraq, then from Arabic countries and then the international news."

46 Qatar's foreign minister Hamad Jassim Ibn Jaber Al Thani, quoted according to "A failure to communicate," *Los Angeles Times*, 6 May 2004.

47 Quoted according to "The sounds of Sawa," *The National Review*, 18 July 2002, available at http://www.nationalreview.com/seckora/seckora071802.asp.

48 Ali Abunimeh, "Radio Sawa: All dressed up with nowhere to go," *The Electronic Intifada*, 20 August 2002, available at http://electronicintifada.net/v2/article494.shtml.

Firstly, Sawa and al-Hurra were launched as governmental tools to promote U.S. policies. Although they were not clearly marked as U.S. governmental channels, they are identified by the Arab public as such. Sawa and al-Hurra are more or less seen as mouthpieces of the U.S. government. The typical structure of Arab media systems has taken its share in constructing this image. Arab print and broadcasting media is mostly state-owned and has been shaped to address governmental issues to the public by broadcasting Arab governments' or leaders' foreign and domestic policy. The Arab States Broadcasting Union even has a code of honour, which asks their members not to broadcast material critical of any Arab head of state.[49] On the other hand, if there are political quarrels between two Arab countries, mass media is the tool to fight it out with the opponent. It has often happened and still happens in state-owned Arab audio-visual media that information is slightly distorted or that important domestic news do not even make it on the screen or on air. Sceptical of any information they receive through mass media, Arab audiences strongly filter information by interpersonal communication with regional opinion leaders, who are often much more credible to Arab audiences than the mass media. In particular, information that is inconsistent with the self-experienced reality is scrutinized. More or less, mass media communication in the Arab world is understood as government propaganda, while interpersonal traditional or modern communication plays a more significant role in evaluating politics and collecting accurate information.

Secondly, the two new channels are based on the assumption that Arab publics are not well and accurately informed about U.S. politics. This meta-image the U.S. has of Arab people's knowledge seems to be rather wrong. In fact, "since 9/11, all major pan-Arab satellite channels have carried live practically every news conference or speech held or made by President Bush, Secretaries Colin Powell and Donald Rumsfeld or spokespersons at the White House, Pentagon, State Department, CENTCOM in Qatar, or the Coalition Provisional Authority in Baghdad."[50] After the launch of al-Jazeera in 1996, the Arab Gulf states as well as Egypt have set up several news channels that focus on the region. Since U.S. politics heavily influence regional developments, appearances of U.S. politicians including their messages are common on Arab TV.

Additionally, the United States' meta-image of the Arab audiences as not being accurately informed about democracy and the U.S.' normative goals in the region was illustrated by the channel's launch accompanied by pithy words from President George W. Bush and others who see the channels as an instrument of promoting democracy in the Middle East. This approach includes focusing on human interest topics from within the U.S. and the Western world as well as highlighting Arab regimes' shortcomings concerning democratic standards. The approach of state-owned foreign channels showing Arabs what is wrong in their countries led to an almost furious rejection of the new competitors by Arab media, which sees itself as independent. "Even their name – what does that mean, that the other channels

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49 Some Arab media channels have avoided this loyalist approach and therefore tend to be more accepted as accurate information sources by the Arab public. The Qatari news channel al-Jazeera is one example.

50 Fakhreddin, "Reaching the Arabs through Alhurra".

don't have freedom?" was one commentary by a journalist working for the Lebanese television network LBC.[51]

Indeed, during the last decade, Arab media themselves have opened the door for a slow democratization from within. The coverage of controversial political topics like corruption in Arab countries, struggles between the opposition and the government, and problematic inner-Arab relations, as well as the discussion of religious or taboo-breaking family and women's issues are becoming normal on the agenda of Arab TV channels. Arab journalists may have overreacted with their hostile welcoming of Sawa and al-Hurra, but it reflects the feelings of many Arab intellectuals and audiences about the stations' approach: the single-sided focusing of foreign media channels on the region's backwardness without reference to U.S. support of non-democratic regimes in the region is seen as arrogant. Saad Eddin Ibrahim, a prominent Egyptian oppositional figure, criticized al-Hurra in an interview with the station: "Why do you bring up one side of the issue and leave out the other? It's bad enough that our leaders shout us down; we don't need it from you."[52]

This leads us to the third reason which was previously identified as a lack of correspondence of Sawa's and al-Hurra's approaches to the sphere of nearness of the audiences. By trying to "de-emotionalize the news"[53] the two American stations hope to counteract the re-emotionalization of the mutual perception between the Arab world and the U.S. However, this is distant from the subjective perception of individual reality in the Arab world. Ibrahim Helal, the former news director of al-Jazeera, which often portrays Arabs as victims of U.S. or Israeli violence, says: "The soul of the news lies in emotion. Emotion is the most important fact."[54] And even when Sawa's producers make an effort not to broadcast songs that promote violence and terror and cut out invectives,[55] these efforts are counteracted by real U.S. policies which assist in bringing physical violence directly into people's home. Samer Shehata, professor of Arab politics at Georgetown University, says: "It is not the case that Arabs and Muslims feel antipathy towards the U.S. because they are being brainwashed by al-Jazeera or reading state-controlled media in Egypt – it's American policy. Regardless of how many radio stations you have that play great music, or TV stations like al-Hurra, as long as U.S. policy – whether it be in Iraq or Palestine – remains the same you are not going to win hearts and minds."[56] And even Salim Nematt, one of the biggest criticizers of al-Jazeera and a regular guest on al-Hurra, says: "No one is against democracy; we just don't want it delivered on the back of an American tank."[57] Costly efforts in foreign broadcasting tend to be

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51 Quoted from "For Arabs, it's not yet must-see TV," *Los Angeles Times*, 26 March 2004.

52 Quoted from: Wilmsen 2004.

53 Muwafak Harb, al-Hurra's news director, quoted according to "Radio Sawa struggles to make itself heard," *The Washington Post*, 24 March 2004.

54 Ibid.

55 See "Good morning Baghdad, this is Washington calling," *Haaretz Daily*, 14 October 2002 available at http://www.haaretzdaily.com/hasen/pages/ShArt.jhtml?itemNo=219301.

56 Quoted according to "U.S. 'hearts and minds' efforts fail to hit mark," *The Financial Times*, 5 May 2004.

57 Quoted from Wilmsen, "Alhurra – Dialogue with the Deaf".

cosmetic surgery only, as long as U.S. political and military inventions in the Middle East affect most Arab people almost physically.

When *realpolitik* is the problem, good music is not going to change a negative perception. If so, fourthly, the strategy of attracting people with popular music or human interest programs only in order to infiltrate their lulled minds with news bulletins that are supposed to show the other side of the picture, can only fail under the described circumstances. Audiences have to be taken seriously first, and their views have to be integrated in the mediating process, before they can be convinced of changing their opinion. The Advisory Group on Public Diplomacy in the Middle East even says: "We have not taken the time to understand our audience, and we have not bothered to help them understand us. We cannot afford such shortcomings."[58] Sawa and al-Hurra's strategy instead seems to try to dupe Arab people about U.S. policies, as has been shown with the quotation of William Armbruster above. The failure of this approach has also been realized by the VOA staff, who published a petition in July 2004 complaining about heavy cuts in talk radio in favour of funding for Sawa and al-Hurra as being a "systematic dismantling of this important public diplomacy instrument". In particular, they criticize the popular approach that is – according to them – without accuracy and relevance.[59]

Conclusion

U.S. foreign broadcasting in the Middle East denies Arab reality by neglecting to respond to the audiences' sphere of nearness and by not correcting the false meta-image that Arab audiences lack accurate information about American normative values and goals. Overcoming the language gap, presenting the news with an American spin, and looking at the positive stories rather than at the negative ones are simply not enough for a successful public diplomacy campaign. In the course of the re-emotionalization and the hardening of the patterns of the mutual perception between the U.S. and the Arab World, mediating public diplomacy efforts can only be welcomed. But isolated media discourses that focus only on convincing the "other" with a subjective truth instead of integrating the "other's" views and questions into the mediating process will lead to a constantly increasing distortion of the mutual perception.[60] Mutual empathy can help in neutralizing these isolated discourses. The perception of U.S. policy in the Arab World will only improve if this policy affects people's sphere of nearness in a positive manner. As Thomas Klöckner claims: "If American policy is understood properly in a country, but not accepted by the public; then the most sophisticated instruments of Public Diplomacy cannot help to increase public acceptance of this policy."[61]

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58 Djerejian, "Changing Minds, Winning Peace," p. 24.

59 Petition of VOA staff and friends, July 2004, available at http://www.publicdiplomacy. org/31.htm.

60 Hafez, "Die irrationale Fehlwahrnehmung des 'anderen'," p. 243.

61 Klöckner, *Public Diplomacy*, p. 320.

The Mechanisms of Power-Balancing in the Persian Gulf: Internal Factors – External Challenges[1]

Henner Fürtig

If a circular model of the regional order in the Gulf is imagined, the inner circle is shaped by a triangle of states, i.e. Iran, Iraq and Saudi Arabia. Although the balance within this triangular system is very fragile, there has been a proven method to uphold it. If one of the mentioned countries gains too much weight, the other two will try to compensate. This fundamental framework of the region's balance of power has basically not changed since the end of the Second World War with the minor exception of adding the Gulf Cooperation Council (GCC) – in strategic terms – to Saudi Arabia after 1981. Thus, in general, whether conflict or cooperation prevailed between certain regional countries was due to the actual state of the overall balance of the triangular system. After introducing three exemplary phases of the triangular system in operation in the first part of the analysis, the second part intends to examine the repercussions of the U.S.-led invasion of Iraq for the main regional protagonists in particular and the traditional triangle-shaped system in general. Thus, the main purpose will be the verification of the hypothesis that the Third Gulf War resulted in a dysfunction of the traditional system.

The Triangle in Operation

The Twin Pillars Policy: Iran and Saudi Arabia vs. Iraq

Since the era of anti-colonial struggle, Arab nationalism undoubtedly favoured republicanism as the only acceptable form of independent statehood. Therefore, monarchies such as Iran and Saudi Arabia considered Arab nationalism an immediate danger. Iran had an additional handicap as a non-Arab state. The threat became imminent in 1958, when national forces overthrew King Faisal II. in neighbouring Iraq, thus creating a precedent for toppling a monarchy. Subsequently, Shah Mohammad Reza Pahlavi and the Saudi Kings Saʿud, and especially Faisal after his

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seizing power in 1964, initiated a modus of frequent consultations to coordinate their regional policies. The strategy went well until the end of the 1960s.

On 30 November 1967 a new regime gained power in South Yemen. With socialist ambitions, it saw itself as the nucleus and starting point of the liberation of the whole Arabian Peninsula from foreign domination and autocratic monarchical despotism. Spurred on by South Yemen, a civil war soon erupted in the Omani province of Dhofar sharing a common border with Saudi Arabia. Two months later, the British government declared its intention of retreating completely from the Gulf region by 1971. Minister of State Goronwy Roberts travelled to the area in the same month to brief the monarchs on the details of that decision.

The immediate considerations of the Gulf rulers on how to deal with the emerging power vacuum and the lack of an external security shield were interrupted in July 1968 by the news of a successful coup d'état of the Baath party in Iraq. Although the Baath party had already ruled Syria since 1963, it now ruled Iraq, a direct neighbour with proven economic power, an educated population, and huge resources of oil as well as other raw materials. And Baath rule did not only mean republicanism such as in 1958. The slogans of the new strong men in Baghdad of "unity", "freedom" and "socialism" were directed threefold at the policy of the conservative Gulf monarchies. "Unity" had a pan-Arab undertone, i.e. the danger of an enforced Nasserite striving towards unity was simply replaced by a Baathist one. "Freedom" meant the rejection of any foreign domination of the Middle East and was aimed at the strong relationship between the Gulf monarchs and the West. "Socialism", although not interpreted in a Marxist sense by the leaders of the Baath party, was the most hated word of all in the Gulf. It consequently meant republicanism, the undermining of any claims of legitimacy on the basis of Islam, and the liquidation of privileges for present and previous rulers.

All in all, the coincidence of these events (South Yemen, British withdrawal, Iraq) not only boosted the importance of the Gulf region in the Cold War, but improved conditions for Iran and Saudi Arabia to intensify political cooperation.[2] The common interest in fighting socialist and radical-nationalist influences in the Gulf region, of ensuring a stable flow of oil and gas and of increasing wealth through exports united Iran and Saudi Arabia until the end of the 1970s. David Long is right when he states that "prior to the (Iranian – H.F.) revolution, the primary political confrontation in the Gulf was neither Sunni-Shii nor Arab-Persian but conservative-radical."[3]

A strong external momentum supported the Saudi-Iranian alliance of the late 1960s. The U.S. government was alerted by the British proclamation of withdrawal. It had to ensure that the expected power vacuum in the Gulf region, important both in terms of economy and strategy, would not be filled by East bloc countries and their allies. Already in January 1968, i.e. immediately after the British declaration of withdrawal, Undersecretary of State Eugene Rostow declared that the U.S. was

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2 See John Calabrese, *Revolutionary Horizons; Regional Foreign Policy in Post-Khomeini Iran* (New York: St. Martin's Press, 1994), p. 45.

3 David E. Long, "The Impact of the Iranian Revolution on the Arabian Peninsula and the Gulf States," in J.L. Esposito (ed.), *The Iranian Revolution: Its Global Impact* (Miami: Florida International University Press, 1990), p. 110.

expecting regional states like Iran, Saudi Arabia, Pakistan, and Turkey to fill the gap left by Great Britain.[4] These expectations were not accidental. For several years the U.S. had been at war in Vietnam, a military adventure requiring enormous efforts. Contrary to all prognoses, the overwhelming American superiority in troops, military technology, know-how, and might had not led to a quick decision on the battlefields in Southeast Asia. The capabilities of the United States were stretched to the utmost. The situation caused President Nixon to declare on 23 July 1969 in a speech on the Pacific island of Guam that in future his government would look for suitable states to assume regional leadership responsibilities in close cooperation with the U.S.

The so-called Nixon Doctrine meant nothing more than the appointment of deputies for certain strategic areas of the world. Both Iran and Saudi Arabia were suitable from the American point of view. Both had – although in different ways – the potential to assume leadership functions within the region. Both were conservative and anti-communist enough, considering their own interests, to resist any changes in the stability and the status quo of the Gulf. Together Iran and Saudi Arabia were to form two solid pillars supporting the building of a conservative and pro-Western policy in the region. There was no place in the world during the first half of the 1970s where the Nixon Doctrine was more evident than in the Gulf. Both pillars enjoyed Washington's permanent political, economic, and diplomatic attention.

Of course, differences between the pillars did not vanish. King Faisal knew only too well that Imperial Iran was superior to him in almost all matters of importance.[5] He was more than once frustrated by the Shah's posture as "Gulf Gendarme". But all in all, during the 1970s common interests prevailed. Both rulers were autocrats, reacting suspiciously and sensitively to any political changes in the status quo. Safety and security needs therefore created a strong tie. "Any explanation of the source of this stability must in large part reflect Iranian-Saudi co-operation, which in turn resulted from a basic coincidence of regional aims. Whatever anxiety Saudi leaders felt about Iran's ambitions and strength was allayed by the recognition that the two states shared many sources of security. Both opposed a major Soviet role in the region, and both were wary of any signs of radicalism regardless of its origin. Armed conflict in the region was to be avoided if possible, and oil production and sea lanes protected against interference or interruption ... Iran, for all its military might, was never able to challenge Saudi legitimacy and leadership among Arab states, while Saudi Arabia, for all its economic and political influence, lacked the ultimate arbiter of military power."[6]

During the entire decade, the politics of the Baath leadership in Baghdad was perceived as the most dangerous threat by Mohammad Reza Pahlavi, Faisal and the

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4 See Sharam Chubin and Sepehr Zabih, *The Foreign Relations of Iran: A Developing State in a Zone of Great-Power Conflict* (Berkeley: University of California Press, 1974), p. 237.

5 See Nadav Safran, *Saudi Arabia: The Ceaseless Quest for Security.* Cambridge MA: Harvard University Press 1988, pp. 135-7.

6 See Richard Haass, "Saudi Arabia and Iran: The Twin Pillars in Revolutionary Times," in Hossein Amirsadeghi (ed.), *The Security of the Persian Gulf* (London: Croom Helm, 1981), p. 161.

latter's successor Khalid. While the Shah was – at least temporarily – able to diffuse Baghdad's threat by urging Iraq into an accord (in Algiers in 1975), the Saudi kings invested heavily in the improvement of the military base in Hafar al-Batin near the border to Iraq. But they were not sure whether their country would be able to resist a serious military attack by Iraq without the help of Iran.[7] After all, Iran in the 1970's embodied a military power at least nominally stronger than that of Iraq and Saudi Arabia put together.[8] When only taking the downfall of the Shah and the subsequent Islamic revolution in Iran as an isolated standard, the Twin Pillars policy could be deemed a complete disaster. In the end the policy was not able to permanently secure the status quo in the region and to help American interests. But if one examines only the last decade of its existence, it must be recognized that it diminished the huge potential for conflict in the Gulf region. "So in the 1970's there remained a tacit division of labour, as it were, between Iran and Saudi Arabia, whereby the former dominated the Gulf militarily, and the latter dominated the economic affairs of OPEC."[9]

It was particularly due to Faisal's sophisticated policy and diplomacy that he – despite his military and economic inferiority – succeeded in containing the ambitions of the Shah. He achieved this by cleverly utilizing his superiority in the oil policy and by exploiting the dynamics within the bilateral relations to their mutual advantage. The relationship between Iran and Saudi Arabia was never to be as friendly and fruitful as it was between 1968 and 1979: at the expense of Iraq.

The Islamic Revolution: Iraq and Saudi Arabia vs. Iran

Due to many different reasons, the year 1979 marked a significant change in the triangle's balance. With Saddam Hussein assuming the presidency in July, Iraq modified its internal and external policies remarkably. Saddam tried a new tactic of softening his tone towards the Gulf monarchies, weakening his ties with the Soviet Union and the Council for Mutual Economic Assistance (COMECON) and even prosecuting Iraqi communists. But these measures alone were not sufficient to destroy suspicion amongst the monarchies of the Gulf in general, and Saudi Arabia in particular. Only the victory of the Iranian revolution in February had caused a fundamental change of attitude.

"The revolution in Iran in 1978-9 was a watershed in the post-war politics of south-west Asia. It changed not only the politics and role of Iran in the region, but also underscored the profound transformation that had taken place between all the regional States and the United States."[10] This statement by Sharam Chubin is only one

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7 See Marc A. Heller, *The Iran-Iraq War: Implications for Third Parties* (Cambridge, MA: Harvard University Press, 1984), pp. 12-13.

8 See Dale R. Tahtinen, *National Security Challenge to Saudi Arabia* (Washington D.C.: Institute for National Strategic Studies, 1979), p. 21.

9 M.E. Ahrari, "Iran, GCC, and the security dimensions in the Persian Gulf", in Hooshang Amirahmadi and Nader Entessar (eds), *Reconstruction and Regional Diplomacy in the Persian Gulf* (London, New York: Routledge, 1992), p. 206.

10 Sharam Chubin, "Iran and its Neighbours; The Impact of the Gulf War," *Conflict Studies*, 10/204 (1987), p. 1.

of a large number of similar comments on the consequences of the Iranian revolution for the region. Although the new revolutionary leadership of Iran sometimes did refer to older (nationalist) Iranian strategies towards the region, it became evident that its position concerning the West, particularly the U.S., and its supposed or real regional allies had changed completely. This radical new foreign policy trend was naturally going to affect relations with Saudi Arabia. The long and lasting policy of cooperation between the Shah and two Saudi Arabian Kings within the U.S.-initiated Twin Pillars policy was a painful thorn in the side of the Iranian clerical leadership. Within a very short period of time, many previously unknown problems arose for Saudi Arabia.

For example, by declaring Islam to be the basis of the Iranian republic, by propagating the establishment of an Islamic state in Iran, the clerical leadership was directly challenging the Al Sa'ud's legitimacy. It should not be forgotten that one of the reasons for the relatively smooth relations between the Shah and Saudi Arabia was that the secular ambitions of the former did not compete with the Wahhabism of the latter. The claim of the Al Sa'ud that they ruled in alliance with the Wahhabi clerics according to Islamic norms and traditions and that they looked after the safety of the Holy places in Mecca and Medina had been their most important argument for legitimacy. But there were additional challenges. While in exile in Iraq, Khomeini had developed his ideas regarding a future Islamic state (Velajat-e Faqih – the rule of the jurisprudent); particularly emphasizing his opinion of the fatal role the monarchy had played in Iran. The leader of the Iranian revolution was convinced of the incompatibility of the Islamic state and any kind of monarchical rule. He naturally transferred this conviction to the new Iranian republic and its foreign policy. The slogan that a monarchy was basically non-Islamic and that a republic was the only form of state adequate to Islam thus became an additional challenge to the dynasties of the Arabian Peninsula, including Saudi Arabia.

Encouraged by the irreconcilable attitude of Khomeini, the Iranian leadership intensified its anti-Saudi position. In addition to reproaches of being the lackey of the Americans, of being non-Islamic by still having a monarchical form of government, and of enforcing a repressive policy in the name of Islam, Tehran now started to dispute the ability of the Saudi Arabian government to protect Mecca and Medina. That was the last straw for the Al Sa'ud. The government of Saudi Arabia began a counter-campaign that denounced the insufficiencies of the revolutionary regime in Iran and described it ultimately as "non-Islamic". By mid-1980 at the latest, all political signals in the Gulf region pointed to confrontation. Iran and Saudi Arabia, allied during the 1970s, had become bitter opponents. For many Saudi princes the Iranian foreign policy credo of exporting the revolution seemed even more dangerous than the pan-Arabist manoeuvres of Iraq, which had been successfully contained during the past decade. Why not then make use of the Iraqi war machine to minimize the chances of the Iranian revolution being exported?

Without elaborating on reasons and pretexts, it should be stated here, that the Iraqi President Saddam Hussein started a war against his neighbour Iran on 22 September 1980, at 2 p.m. local time. It remains uncertain whether the Iraqi President informed any foreign government in advance of his plans, but there are strong indications that he did so when visiting Saudi Arabia in the early August of 1980, given the fact

that Iraq and Saudi Arabia had signed a security cooperation agreement in February 1979, followed by detailed security planning during the whole first half of that year.[11] Riyadh granted permission for Iraqi aircraft to be stationed on Saudi airbases, decreasing their vulnerability against the Iranian air force, which was still intact, and increasing their potential to attack Iranian soil from different directions.[12] But apart from sheltering Iraqi aircraft, support remained limited during the initial phase of the war. Still nobody within the Saudi leadership was really interested in strengthening Iraq more than necessary. On the contrary, an overall victory for Iraq would result in an undisputed Iraqi ascendancy in the Gulf. But the course of the war ultimately dispersed Saudi concerns. The Iraqi offensive stalled in November 1980. It now seemed more possible that Iraq would lose the war, not win it. At this point real, i.e. substantial, Saudi Arabian help for Iraq began to materialize.

Riyadh took the lead in mobilizing Arab financial support for Iraq and contributed the largest share itself. The shipment of military as well as civilian supplies amounted to $6 billion up to April 1981 and another $4 billion during the remainder of that year. It was also during this period that Saudi Arabia agreed in principle to construct a crude pipeline to the Red Sea to give Iraq a chance to export substantial amounts of oil despite the blockade of its Persian Gulf ports.[13] The Saudi assistance became even more urgent in early 1982 when Iran started a fully-fledged counter-offensive. By the spring of that year the Iranian forces had successfully pushed back the Iraqi invaders to the common border and beyond. The complete collapse of Iraq seemed possible. Saudi Arabia, assisted by Kuwait, therefore, further increased its financial support to Iraq. Both countries poured between $20 and $27 billion into the Iraqi war effort by the end of 1982.[14]

Fortunately for Saudi Arabia, the war took another turn after 1982. The Iranians were successful in regaining control of their territory but failed to conquer Iraq. It once again therefore became the main objective of the Saudi government to enable Iraq to withstand further Iranian attacks. From February 1983 onwards, Saudi Arabia and Kuwait began selling 330,000 barrels of oil per day to Iraqi customers, keeping the Iraqi war economy alive.[15] Due to the inability of both Iraq and Iran to win the war militarily and Iranian stubbornness to accept a less than complete surrender of its adversary, another stalemate ensued. There were only minor changes in the

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11 Colin Wright, "Iraq – New Power in the Middle East," *Foreign Affairs*, 58/2 (1979), p. 259.

12 See William Quandt, "Reactions of the Arab Gulf States," in Ali E.H. Dessouki (ed.), *The Iraq-Iran War; Issues on Conflict and Prospects for Settlement* (Princeton: Princeton University Press, 1981), pp. 39-41.

13 See Gert Nonneman, "The GCC and the Islamic Republic: toward a restoration of the pattern," in Anoushiravan Ehteshami and Manshour Varasteh (eds), *Iran and the International Community* (London, New York: Routledge, 1991), p. 105.

14 See Hugo Gurdon, *Iran – The Continuing Struggle for Power* (Outwell: MENAS, 1984), p. 36; G.H. Jansen, "The Attitudes of the Arab Governments towards the Gulf War," in M.S. al-Azhary (ed.), *The Iran-Iraq War* (London: Croom Helm, 1984), p. 86.

15 See Gert Nonneman, "Iraqi-GCC Relations: Roots of Change and Future Prospects," in C. Davies (ed.), *After the War: Iran, Iraq, and the Arab Gulf* (Chichester: Carden Publications, 1990), p. 37.

front line, but the war became the notorious "war of the cities" and the "war of the tankers".

1987 seemed to prove that Saudi Arabia had "backed the winning horse". The continuous efforts of Iraq to internationalize the war now at last became effective. Under the pretext of securing free trade in the Gulf, America and other Western countries had begun to send naval forces to the area in 1984. By August 1987, 40 American ships carrying 20,000 troops were patrolling Gulf waters. By 1988 the number of ships had increased to 90 carrying 40,000 men, 50 of them American.[16] Internationally isolated, cut off from its supply routes, and challenged by a population increasingly tired of the war, the Iranian leadership had to withstand heavy pressure. This was increased tremendously when the UN Security Council issued Resolution 598, calling for a cease-fire between Iraq and Iran, accepted immediately by Iraq. The war seemed to have arrived at the same point it had started eight years ago, and in the end Iran had to accept a cease-fire, which went into effect on 20 August 1988.

The Kuwait Crisis: Saudi Arabia and Iran vs. Iraq

Almost immediately after the ceasefire the Saudi government modified its politics towards Iran. The neighbour on the other side of the Persian Gulf was weakened considerably by the war and the danger of exporting its revolution was diminished. On the other hand, Saddam Hussein was behaving like an undisputed winner and flexing his muscles. The Iraqi victory had, deliberately or not, once again led to an imbalance in the triangular system. The Saudi government was therefore no longer interested in a further weakening of Iran. Step by step King Fahd tried to placate his Iranian neighbours. The tremendously weakened Iran was all too eager to respond. Despite the breaking-off of diplomatic relations between the two countries, indirect talks between them increased using Pakistan as an intermediary.[17]

Nevertheless, King Fahd's attempts to befriend Iran and to restore the balance of the triangle were in vain. Less than two years after the end of the First Gulf war, Iraq invaded Kuwait. Information leaked in Baghdad that the Iraqi war machine might not stop at the border between the 19th Iraqi province (Kuwait) and Saudi Arabia but might carry the war deep into the Saudi oil province of al-Hasa. Iraq now proved to be an even greater threat to Saudi Arabia than it had been during the 1960s and 1970s. This U-turn in Iraq's position in comparison to the First Gulf War promptly resulted in a détente between Saudi Arabia and Iran.

Iran's leadership started to follow the slogan of: The enemy of my enemy is my friend. The détente between Iran and Saudi Arabia thus became one of the most remarkable successes of Iran's foreign policy during the Kuwait crisis, with full diplomatic relations between both countries being restored on 19 March 1991. At all events, there was strong evidence that Tehran and Riyadh had come to the

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16 See Henner Fürtig, *Der irakisch-iranische Krieg 1980-1988: Ursachen, Verlauf, Folgen* (Berlin: Akademieverlag, 1992), pp. 93-4.

17 Philip Robins, *The Future of the Gulf: Politics and Oil in the 1990s* (Aldershot: Gower, 1989), p. 20.

ultimate conclusion that stability and the securing of their own power presupposed a minimum degree of partnership. Although clashes continued to occur between them in connection with Shi'a or Wahhabi conversion activities in Central Asia or – indirectly – in the Afghan civil war, remarkable diplomatic activities still began in the spring of 1991.

The Iranian Foreign Minister Velayati paid an official visit to Saudi Arabia in April 1991. On his arrival he was quoted by the semi-official Saudi Arabian press bulletin as having said that the present positive development in the relationship between the two countries was the result of a deep and realistic understanding of the situation which prevailed in the Gulf region.[18] During an audience given by King Fahd for the Iranian Foreign Minister, both sides decided to convene a joint Iranian-Saudi economic commission. After the talks Velayati stressed that Iran and Saudi Arabia, as the two leading countries in the Persian Gulf, had decided to maintain close strategic and comprehensive cooperation to ensure regional security. He added that he had insisted during the meetings that regional cooperation and regional security could not take shape without the participation of regional countries, in particular the Islamic Republic of Iran. Sa'ud al-Faisal, his Saudi Arabian counterpart, was quoted as saying that his country agreed with Iran that it was necessary for the two countries to cooperate in international forums and organizations but that "on the international scene, Saudi Arabia considers itself in the same rank as Iran".[19]

In July 1991, the official Saudi government bulletin "Saudi Arabia" characterized the relations with Iran as "excellent".[20] A possible contributing factor to this euphoric assessment may have been Iran's promise to Sa'ud al-Faisal during his reciprocal visit in Tehran that the Islamic Republic would in the future stop offering support to opponents and "dissenters of any colour" in Saudi Arabia and the other member states of the GCC.[21] This then was the true turnabout in Iran's foreign policy that Uthman Al Umir, editor-in-chief of the Saudi daily "Ash-Sharq al-awsat", had observed and that would complete the development of the Islamic Republic from a revolution to a state.[22] In September 1991 during the annual session of the United Nations General Assembly, the Foreign Ministers of the GCC countries met with their Iranian counterpart, Ali Akbar Velayati, at the Iranian embassy in New York.[23] They discussed issues related to Gulf security and Iran's role as well as cooperation between Iran and the GCC. The Council's Foreign Ministers thought the meeting successful enough to propose another round of negotiations with Velayati in early 1992 to "establish a framework for the strengthening of their relations."[24] After the first meeting, Sa'ud al-Faisal told reporters that, if the current positive trends in Iran's diplomacy continued, Iran and the GCC could develop mutually beneficial

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18 *Saudi Arabian Bulletin* (London, July 1991), p. 5.

19 *BBC SWB*, ME/1057, 27 April 1991 and ME/1058, 29 April 1991.

20 *Saudi Arabia* (Washington D.C., July 1991), p. 4.

21 *Mideast Mirror* (London, 7 June 1991).

22 *Ash-Sharq al-awsat* (London, 5 June 1991).

23 See Mohammed H. Malek, "Iran after Khomeini: Perpetual Crisis or Opportunity?" *Conflict Studies*, 237/1 (1991), p. 15.

24 See Mordecai Abir, *Saudi Arabia: Government, Society and the Gulf Crisis* (London, New York: Routledge, 1993), p. 211.

relations during the 1990's. Later it became known that King Fahd had extended an invitation to Rafsanjani to visit Saudi Arabia.[25]

The rapprochement between Iran and Saudi Arabia culminated in Rafsanjani's visit to Riyadh in December 1991. However, despite the remarkable improvement of Iranian-Saudi Arabian relations, a number of important issues remained unresolved. These included the future leadership and security in the Persian Gulf area. Iran was primarily interested in negotiating a new regional order with Saudi Arabia and the GCC states. Rafsanjani intended to stabilize the new image of the Islamic Republic and use it to improve the position of his country in the post-war order. On the one hand, he made tremendous efforts to keep the United States out of any regional security arrangements for the future, and on the other hand he insisted on the integration of Iran in such arrangements. To this end he emphasized the GCC's own concepts of *self-reliance* and *Gulfanization*. Iran hoped that such a strategy would reduce the GCC's foreign dependency and its reliance on the U.S. in particular. Iran could then simultaneously solidify its image as the guardian of autonomy and conscience in the GCC.[26] Only by removing the high-profile Western, and especially American, military presence in the region, would Iran be able to strengthen its own position and fulfil its ambition to become the regional replacement of the West, and, without the Western military presence in the Gulf, the Iranian leadership could again attempt to reassert its authority as the dominant power and the only one equipped to ensure tranquillity. "Thus what may have started as a short-term Iranian policy of isolating Iraq though rapprochement with the West and its Gulf Arab allies was to blossom into a new framework of reference to guide Iran's foreign policy after the ceasefire."[27] But Iran's efforts were not very successful in both regards.

The sudden prospect of security cooperation between Iran and the GCC alarmed Washington. Only the American military protection of the Gulf Arab states could legitimize the permanent presence of the United States in a region President Carter in 1977 had declared to be of vital interest to the U.S. No American government has ever forgiven the Islamic Republic for the indignity bestowed upon the U.S. with its defeat in the revolution of 1978/79. In the absence of a threatening Iraq, American policy portrayed Iran as the main regional threat to the sheikhdoms. Washington offered the GCC its own terms for regional security by proposing official security treaties to every interested party. The majority of the GCC states agreed, weary after the experience of the Second Gulf War. Regardless of the future results of that policy, the United States, for the time being, was successful in convincing their war allies in the Gulf area of the advantages of a "dual containment" of both Iraq and Iran.

Tehran was naturally very upset that the GCC states were looking for a counterweight to Iran's rising power, rather than trying to develop a strategy of

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25 See Shireen T. Hunter, *Iran and the World; Continuity in a Revolutionary Decade* (Bloomington: Indiana University Press, 1990), p. 133.

26 See Hooshang Amirahmadi, "Iran and the Persian Gulf: Strategic Issues and Outlook," in Hamid Zanganeh (ed.), *Islam, Iran, and World Stability* (New York: St. Martin's Press, 1994), p. 123.

27 Anoushiravan Ehteshami, *After Khomeini; The Iranian Second Republic* (London, New York: Routledge, 1995), p. 147.

cooperation and collective action. It furthermore failed to convince the West that its endorsement of good neighbourliness and cooperation with the GCC could be seen as proof that Iran was no longer seeking to overthrow the Gulf regimes or to disrupt the flow of oil from the Gulf region.[28]

The disappointment became even more evident when the "Gulfanization" of any future security arrangements, as favoured by Iran, was replaced by an "Arabization". The Arab states still feared that if Iran was allowed to become a full member of any Gulf security arrangement it would inevitably dominate it in the long run. A number of Arab participants in *Desert Shield* and *Desert Storm* met on 5-6 March 1991 in Damascus and issued the Damascus Declaration on Gulf security, signed by the Foreign Ministers of Egypt, Syria and the six GCC member states. The so-called 6+2 formula directly threatened the Iranian strategy of involvement in any future security arrangement. Tehran immediately dispatched Foreign Minister Velayati and Vice President Habibi to Damascus to express Iran's displeasure with its apparent exclusion from this security scheme. They expressed their dismay privately to the Syrian President Hafiz al-Assad, Iran's strongest ally in the 1980s that Iran's views had not been taken into account when a Gulf security arrangement was formed.[29]

In general, however, the relations with the Arab world, and in particular with the Gulf monarchies, remained a priority in the new Iranian foreign policy for three reasons: oil, the location of the most important Islamic centres, and the American military presence. Iran continued to try and reach a modus vivendi with the Gulf countries, trying to prove that there could be no security in the region in the long run without Iranian involvement.[30] And last but not least, the Iranian efforts were directed at re-establishing the balance of the regional triangle so desperately disturbed by Iraq's invasion of Kuwait.

The Triangle in Dysfunction

The U.S. War against Iraq

The U.S.-invasion in Iraq and the subsequent ouster of Saddam Hussein in April 2003, i.e. the Third Gulf War, stands in sharp contrast to the previous two Gulf wars. Whereas the former only modified the triangular system of power in the Gulf region, the latter put this specific power system into question basically. The fact that an external actor, namely the U.S., initiated this political earthquake aggravated the crisis undoubtedly. By occupying Iraq and crushing the Baath-created state structure, the U.S. virtually replaced Iraq as a regional actor without completely substituting the vacant position. As the only superpower at the beginning of the 21st century,

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28 Ibid., p. 154.

29 See Hooshang Amirahmadi and Nader Entessar, "Iranian-Arab Relations in Transition," in Hooshang Amirahmadi and Nader Entessar (eds), *Iran and the Arab World* (Basingstoke: Macmillan, 1993), p. 6.

30 See Laurent Lamote, "Iran's Foreign Policy and Internal Crisis," in Patrick Clawson (ed.), *Iran's Strategic Intentions and Capabilities* (Washington D.C.: Insitute for National Strategic Studies, 1994), pp. 20-21.

the U.S. would under no circumstances be able to limit itself on regional politics. It is first and foremost a global player. It will definitely take time until a new Iraqi government can take over its part in regional politics – if that will happen at all. Five years after the invasion, the U.S. administration has still to answer the burning question whether the result was worth the effort.

As early as in the embryonic phases of war planning, the U.S. developed and presented visions of post-conflict Iraq. In the light of the fact that the two "hard" justifications for the war, i.e. the stocks of weapons of mass destruction in Saddam's hands and the cooperation between the Baath regime and the al-Qaida terrorist network of Usama bin Ladin, lacked solid proof even before the war, the Bush administration began to strengthen its case by underscoring the repressive nature of Saddam's regime and the benefits that would flow from a democratic replacement, capable of guaranteeing Iraq's unity and protective of individual and group rights. On 26 February 2003, around three weeks before the invasion, President Bush stated in front of a Heritage Foundation audience: "a new regime in Iraq would serve as a dramatic and inspiring example of freedom for other nations in the region."[31] A dozen days earlier, his Secretary of Defense, Donald Rumsfeld had stressed at the eleventh Annual Salute to Freedom that his country will work "to help the Iraqi people establish a new government that would govern a single country, free of weapons of mass destruction; and which respects the right of its diverse population and the aspirations of all the Iraqi people to live in freedom and have a voice in their government."[32]

The remaining and only justification for the war gave birth to great expectations concerning Washington's commitment. Now, it was not only a war to topple a "rotten" and dangerous regime, but the war itself was a method of "political engineering", a tool to reshape a country and an entire region. Under these circumstances, the brilliance of the military campaign was forgotten quickly. Experts and "ordinary" people alike knew for certain that only the easier phase was over when President Bush emphatically proclaimed, "Mission accomplished" on 1 May 2003. Jessica Matthews, the President of the Carnegie Endowment, was specifically graphic when stressing:

> The part that the United States is less good at, less practiced in, and less politically ready for is still to come. This more difficult phase will determine whether Americans, and the world, will look back on the Iraq war as not just a victory but a success.[33]

Unfortunately, already very soon after the military campaign, it became evident that post-Saddam planning was lagging far behind the military schedule. A policy of previously unbelievable zigzags, of trial and error began. Plan A envisaged a quick handover of power to an interim government formed mainly of exiles. Since they had little or no resonance in Iraq, and the general security situation worsened

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31 Available at http://www.whitehouse.gov/news/releases/2003/02/20030226-11.html.

32 See *War in Iraq: Political Challenges after the Conflict* (Amman/Brussels: ICG Middle East Report No. 11, 25 March 2003), p. 21.

33 Jessica T. Matthews, "Now for the Hard Part," in *From Victory to Success; Afterwar Policy in Iraq* (Washington D.C.: Carnegie Endowment for International Peace, 2003), p. 3.

daily, Plan A failed in May 2003. Plan B, i.e. direct administration by the U.S., replaced it. For this purpose the "Coalition Provisional Authority" (CPA) was established under the leadership of Paul Bremer, de facto the American pro-consul in Iraq. His first decisions overshadowed the entire course of Plan B. To disband the Iraqi army without confiscating their weapons produced 400,000 angry young men, most willing to resist violently. The immediately inaugurated de-Baathification program was aimed at the higher echelons of the former ruling party, but its "over-hastiness" frustrated hundreds of thousands of members who were opportunists at best. Under Saddam they were the backbone of the state apparatus, which collapsed consistently.

The fundamental lack of security preconditioned all further CPA decisions. Stanford University's Larry Diamond, who spent four months with the CPA in Baghdad in early 2004, concluded that security "is the central pedestal that supports all else. Without some minimum level of security, people cannot engage in trade and commerce, organize to rebuild their communities, or participate meaningfully in politics."[34] But the problems of Plan B were not only due to the lack of security. Most Iraqis translated direct administration as occupation. Within large parts of the Iraqi population, the image of the American troops changed from liberators to occupiers. This perception strengthened – also militant – resistance, even terrorism. In this situation the CPA made another grave mistake in its attempts to solve the crisis. The establishing and staffing of the new Iraqi state institutions went according to a strict sectarian and ethnic scheme. The "Lebanonization" of Iraqi administrative structures was designed by the CPA to enable a policy of divide-and-rule. As if its failure was unknown it repeated the British tactics in the Iraqi mandate as of 1920. In 2003 it was definitely not sufficient to solve the American problems in Iraq.

Therefore, Plan C came into existence. It is directly connected to the "Agreement on Political Process" signed in Baghdad on 15 November 2003 by the CPA and the Iraqi "Interim Governing Council" (IGC). The so-called Baghdad agreement became the Iraqi "roadmap" for regaining sovereignty on 30 June 2004. It was partly successful: by fixing a date for the end of the open occupation, it postponed the catastrophe at least. But the four major mistakes made by the CPA were still effective.

The already mentioned lack of a consistent plan for the political reconstruction of Iraq after the ouster of Saddam Hussein was the first mistake. Thus, the public got the impression of American negligence, even arrogance. Vagueness and incalculability encouraged enemies of a democratic reconstruction of Iraq and frustrated adherents.

Secondly, due to its lack of coherence and carefulness, the U.S.-master plan was basically of reactive rather than active nature. Plan C, for instance, the so-called Baghdad agreement, could only insufficiently hide its main purpose to provide an exit strategy for President Bush that would not damage his re-election chances. Furthermore, in its search for rapid successes, the CPA all in all relied on the political exile community, the clergy, and tribal leaders and not on the urban middle class as the most important social and political group/force for democratizing a society.

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34 Larry Diamond, "What went wrong in Iraq," *Foreign Affairs*, 83/5 (2004), p. 37.

Thirdly, the CPA repeated – without a significant necessity – the British policy from the early mandate time to rule Iraq along ethnic and sectarian lines. In its strict adherence on an ethnic/denominational screen when staffing Iraqi governmental and administrative institutions, it strengthened individual identity characteristics that were long since overlapped by other dividing lines such as between the urban and the agrarian sector, national and tribal structures, and – above all – between rich and poor. By forcefully reducing the identity of the Iraqis to their ethnic roots or religion, the CPA – involuntarily – increased the danger of a civil war or a new dictatorship.

Fourthly, the timing of propagating the democratization of Iraq as a reason to go to war was badly wrong. It came very late and only after the first two arguments for waging a war against Iraq, i.e. destroying Iraq's WMD and cutting relations between the regime and al-Qaida, lost any credibility. In Iraq, the region, and in the international arena, a perception emerged according to which the U.S.-government introduced a "soft" reason (democratization) only when the "hard" reasons (WMD, terrorism) evaporated. This perception obviously severely damaged the entire project of democratization. It is one of the main reasons for the fact that democratization became only *one* (among others) and not *the* development option for Iraq.

The fundamental weakening of Iraq must have had far-reaching repercussions for the other two "corners" of the triangle. One consequence is obvious for both Iran and Saudi-Arabia. The "eternal" threat embodied by the Iraqi nationalist Baath regime in general and Saddam Hussein's dictatorship in particular has vanished. No more Iraqi army with 400,000 men, Scud missiles, chemical weapons and the repeatedly proven expansionist drive. There is even no certainty whether Iraqi military power will rise again at all. Due to the mechanisms upholding the balance in the triangular system, one could anticipate that the remaining two actors would benefit now at the expense of Iraq. Yes, they do, but this is only one side of the coin.

With regard to the internal players of the region, the external actor reduced the traditional triangular system to – or respectively replaced it by – a balance-shaped system constituted by Saudi Arabia and Iran. Both countries do not have any experience whatsoever in dealing with such a system. In no way it is a prolongation or revival of the old "Twin Pillars" coalition that was basically defined by common interests vis-à-vis a third party. And the new system seems not even to be in balance. In mere figures it obviously favours Iran. Although Saudi Arabia is 1.3 times the size of Iran geographically, it has a fundamentally smaller population. At the beginning of the 21st century there were about 73 million Iranians in contrast to not more than 23 million inhabitants in Saudi Arabia. Of course, the demographic imbalance between both states influenced their respective military strength. Although the Saudi Arabian government has always tried to compensate for low manpower levels in its different military branches by purchasing the most sophisticated military hardware available, this was not sufficient to outmanoeuvre the Iranians. The discrepancy has remained to the present. Thus, at first glimpse with its victory over Iraq in the Third Gulf War, the U.S. has indeed destroyed Iran and Saudi-Arabia's archenemy but simultaneously made Saudi Arabia more vulnerable. The following parts attempt to verify this assumption.

Iran: The Undisputed Winner?

For centuries, the geopolitical situation of Iran remained basically unchanged. Danger and instability came either from the north, through the Caucasus, or from the west, from whatever power occupied the Tigris and Euphrates basin. When both threats were combined, as they were for much of the East-West-Conflict, Iran was in need of external support, and that support often turned into domination. Every Iranian leadership's dream is that it might be safe on both fronts. Therefore, the destruction of the Baath regime and the dissolution of the Iraqi army were at the heart of Iranian national interest. The implosion of the Soviet Union had for the first time in a century secured Iran's northern frontiers. The U.S. invasion of Afghanistan secured the Shiite regions of Afghanistan as a buffer in the east. If the western frontier could be secured, Iran would achieve a level of national security it had not known in generations.[35]

And, as a surplus, securing the western frontier would actually mean to defeat the Iraq of Saddam Hussein who had invaded Iran in 1980 and thus launched a war that lasted eight years causing almost one million Iranian casualties and billions of material damages. The Iranians were happy to hear that the second Bush administration cited Saddam's invasion of Iran as one of his many sins, pointing especially at his use of chemical weapons against Iranian civilians. Therefore, the U.S. undoubtedly did Iran a great favour when it defeated Saddam Hussein while simultaneously doing great damage to its own credibility in the region by proving unable to control and stabilize Iraq. However, Iran's real interest went beyond paralyzing Iraq; that condition could easily change. Its real interest is to keep Iraq weak and dependent. An Iraq dependent on Iran would mean that the only latent threat would come from the north and Iran would become the major native regional power in the Gulf. After the Iraq war the best tactics to achieve this goal seemed to be the instrumentalization of the Iraqi Shiites.

As mentioned above, deep ethnic and sectarian fault lines in Iraq have for decades indeed been overlapped by other – more societal – contradictions, but they are nevertheless still existent. And not only had the Americans recurred to them, but also the Iranians. Without doubt, the fundamental *sectarian* fault line running through Iraqi society is the division between Sunni and Shiite. The Shiite majority dominates the south of the country. The Sunni minority, which very much included Saddam Hussein and most of the Baath Party's national apparatus, spent the past generation brutalizing the Shiites, and Saddam Hussein's extended family also spent that time making certain that Sunnis who were not part of their tribe were marginalized. Today, with the Baath party as the centre of gravity dissolved, there is no direct substitute for it. If there is a cohesive group in Iraq – indeed a majority group – it is the Shiites. Although ideologically and tribally fragmented, the Shiites of Iraq are far better organized than U.S. intelligence reports estimated before the war. This is due to the creation of a clandestine infrastructure, sponsored by Iranian

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35　See George Friedman, "An unlikely alliance," *The Stratfor Weekly*, 2 September 2003, p. 2.

intelligence, following the failure of U.S.-encouraged Shiite uprisings in the 1990s.[36] Yet, one of the most important reasons for the U.S. not to advance to Baghdad in 1991 was the concern that an end of Saddam Hussein's rule would strengthen Iran and make it the dominant force in the Gulf.

Thus, well before the Iraq war began, many leading Iranian clerics expressed happiness about a probable American-led campaign. They assumed that it would inadvertently bolster Iraq's "Shiite brothers" and thus create a new regional ally for Iran's own clerical regime. The dream went even further. In a later stage, the entire Gulf area could come under Shiite, say Iranian control. The Shia world community is only about 15 percent of all Muslims, but 65 percent in Iraq, 90 percent in Iran, 60 percent in Bahrain, and some 50 percent in the Eastern province of Saudi Arabia.[37] Therefore, the Shiites became a powerful force under the new conditions; they represent the majority population in the Gulf. And not to forget, the Saudi oil fields are in a Shiite-dominated region of Saudi Arabia. "The Shi'a could awake to the geographical accident that has placed the world's major oil supplies in areas where they form the majority: Iran, Bahrain, the Eastern province of Saudi-Arabia and southern Iraq – a powerful 'Commonwealth of Petrolistan'".[38] In spite of original U.S. intentions, which might have been the unilateral governance of Iraq, the guerrilla war after Saddam's downfall created a dependency on the Shiites – and on Iran – that runs counter to the original plan. Iran has many possibilities to destabilize the process. It has substantial influence over Iraqi Shiite Islamist parties, in particular the Supreme Council for the Islamic Revolution in Iraq (SCIRI), which was founded in Tehran, and which actually represents the core of the United Iraqi Alliance, the majority faction in the newly elected Iraqi parliament. The SCIRI has its own militia, the Badr Brigade, which has operated in both northern and southern Iraq over the last decade.

As a matter of fact, the Islamic Republic of Iran was always more concerned with pursuing its national interests than its ideological and religious principles. Confronted with the choice of siding with their Islamic – albeit Sunni – brothers and driving the United States out of Iraq, or siding with the United States against the Sunnis, the Iranian mullahs decided to side with the U.S. Their national interest superseded their religious interests. As a result, the Iranians decided it was in their interest not to fight the Americans in Iraq.[39] A SCIRI leader frankly stated: "If Iran wants to fight the Americans in Iraq, it would become a hell for the Americans. They could send thousands of suicide bombers, but none are coming from Iran. I know the Iranians and what they are capable of, and they are not doing it."[40]

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36 Ibid., p. 3.

37 See Fred Halliday, "America and Arabia after Saddam," available at http://www.opendemocracy.net/debates/article-2-95-1900.jsp.

38 *Iraq in Transition: Vortex or Catalyst?* (London: Chatham House Middle East Programme BP, April 2002), p. 16.

39 See Friedman, "An unlikely alliance," p. 3.

40 Quoted in *Iran in Iraq: How Much Influence?* (Amman/Brussels: ICG Middle East Report No. 38, 21 March 2005), p. 24.

The Iranian leadership was upset by being portrayed by the Americans and their Iraqi "vassals" as part of the post-war problem rather then the solution it had hoped to be. Both the Americans and the Iraqis seemed to have forgotten that Iran had bore the brunt of Saddam Hussein's brutality in the First Gulf War, that Iran provided shelter for more than half a million Iraqi refugees after the Second Gulf War, and that Iran did not meddle in domestic Iraqi politics for all this time. Why then be cast as the chief villain in Iraq now?[41] Was Iran really the winner of the Third Gulf War or had the victory a bittersweet taste? So far the U.S. has removed two major threats for Iran's security: Iraqi President Saddam Hussein and the Pakistan-backed Taliban. Yet, Washington's "axis of evil" rhetoric and veiled threats have negated any comfort that these two actions might otherwise have conveyed to Iranian decision-makers. Further analysis unveils that even the pros and cons were not in a balance.

After the occupation of Afghanistan and its presence in Central Asia and the Gulf, the U.S. has essentially completely encircled Iran with the instalment of a pro-American regime in Baghdad. The U.S., the "Great Satan" in Iranian propaganda, is now physically present in both Afghanistan and Iraq, as well as off Iran's southern shores. This might become a possible prelude to an attempt to foment regime change in Iran, too. Is – under these convenient preconditions – the experience still valid that the U.S. can only deal with one crisis at a time? No one should reasonably doubt that the U.S. and Israel could at least launch air strikes against Iran if they identified targets worth the storm in the international media. But the American encirclement is not the only problem for Iran. Even the Shiite card is not the overwhelming trump it seems to be at first glimpse.

Although Iran supports the principle of universal suffrage in Iraq to secure a Shiite political majority, it is not sure on whether a Shiite rule in Iraq will always serve its interests. Firstly, Iraqi Shiites are nationalists. During the eight year long First Gulf War they defended their home country against the Iranian con-believers. Secondly, Najaf and Kerbela clearly surpass Qom and Mashhad in matters of religious prestige. When the clerics of Imam Ali's and Imam Hussein's shrines rediscover their voices, the majority of the world's Shiites will most probably listen to them and not to their rivals in Iran. Thirdly, the leading Iraqi clerics, including Grand Ayatollah Ali al-Sistani as *primus inter pares*, are strongly rejecting Khomeini's state model of Velajat-e Faqih. On the other hand, Iran does not want the development of a rival "Islamic Republic" in prestigious Iraq.

Thus, for the short-term perspective, Iran favours a situation in neighbouring Iraq where the Americans are bogged down for a lengthy period, at considerable cost. For the mid-term perspective Iran does not want the reestablishment of a strong centralizing dictatorship in Iraq with military pretensions. Neither is Tehran particularly keen to see an American puppet regime in Baghdad playing host to numerous U.S. bases. The ideal scenario would be a stable but weak Iraq, preferably federated (maximizing opportunities for Iranian influence), with sufficient economic growth to permit Iraq to grow into a useful market for Iranian goods. The majority of Iran's politicians is content to see a continuation of the present situation, offering

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41 See Anoushiravan Ehteshami, "Iran's international posture after the fall of Baghdad," *Middle East Journal*, 58/2 (2004), p. 189.

opportunities for economic and cultural influence, while offering the potential that the U.S. will eventually be forced to enter into a dialogue.[42] These modest wishes are presumably not characteristic for a triumphant winner but a country having "little choice but to sit on the sidelines while Iraq's future is being determined by other interlocutors."[43]

The Al Saʿud in Confusion

The Second Gulf War, i.e. the Kuwait crisis, led to a new quality in the already very close security cooperation between Saudi Arabia and the U.S. The most visible sign of the new momentum was Riyadh's offer to Washington to use Saudi soil for U.S. troops to push Saddam Hussein out of Kuwait. In the short run, the Al Saʿud gained twofold: the campaign resulted in an almost total defeat of Saddam Hussein, thus eliminating the immediate danger. And nobody dared to attack Saudi Arabia when it had signed a bulk of security agreements with the U.S. But in the long run, that decision also strongly backfired.

At first, many Saudis equalled their rulers' call for help with an oath of manifestation. Saudi Arabia was obviously unable to defend itself; all the billions of petrodollars spent for purchasing the most sophisticated armament in the West seemed to be wasted. At second, the permanent presence of American troops next to Islam's holiest places became the single most important source of militant Islamic anger. The more the United States were in fact the sole guarantor of security for the holy cities of Mecca and Medina, the more this situation was challenged by enraged and infuriated Muslims who were no longer ready to tolerate the absolute dependency on an external, Western, non-Muslim country. Usama bin Ladin's (after 1995) frequently issued fatwas against the American infidels and the Al Saʿud assisting them were supported – at least indirectly – by many Saudis. The 11 September 2001 terrorist attacks revealed the degree of alienation.

The attacks made clear that they were not only inspired by Usama bin Ladin, but that they were carried out mostly by Saudi citizens. Fifteen of the nineteen terrorists possessed Saudi passports. Washington rang the alarm bell. Voices doubting the trustworthiness of the Al Saʿud were becoming louder and louder. The new "anti-Saudi" atmosphere also affected the Congress. In November 2003, a group of senators presented the "Saudi Arabia Accountability Act". The Act entailed imposing military and diplomatic sanctions on Saudi Arabia for allegedly failing "to halt Saudi support for institutions that fund, train, incite, encourage, or in any way aid and abate terrorism."[44]

The U.S. did not opt for the fall of the House of Saʿud. It wanted a fundamental change in Saudi behaviour. And in this regard, Washington became impatient. When President Bush asked for "political reforms" in Saudi Arabia still in more nebulous phrases, he used much more concrete words when demanding a promise by the Al Saʿud to eliminate all forms of support to al-Qaida and Islamic terrorism. The

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42 See *Iraq in Transition*, p. 13.

43 Ehteshami, "Iran's international posture," p. 189.

44 See *Al-Ahram Weekly*, 18-24 December 2003.

demands were accompanied by requests to control and clamp down on financial and welfare organizations believed to be – voluntarily or not – channels of support for worldwide Islamic terrorism.[45]

But the much criticized Al Saʿud were not less shocked by the attacks on the World Trade Center and the Pentagon in September 2001. It took them a long time to acknowledge that Saudi citizens were responsible for those barbarous acts. It lasted until February 2002, when Riyadh finally unveiled the fact. Crown Prince Abdullah's foreign advisor Adil al-Jubair explained laconically: "After September 11, we went through shock, then denial, and then introspection."[46] The reaction of the ruling family was ambivalent. On the one hand, it fulfilled most of Washington's demands: more so since they were also reasonable in its own struggle against al-Qaida terrorism. On the other hand, the Al Saʿud played the card of almost omnipresent anti-Americanism in the Saudi population. That made it easy for them to blame the U.S., the committed and partisan friend of Israel, for using globalization, a pervasive military presence, and a dogmatic approach to measuring loyalty as means to threaten regime change and to undermine cultural traditions and family norms.[47] Abdulaziz Sager, the head of the Gulf Research Center in Dubai, rightly observed:

> The Bush administration has placed the Saudi government in a very uncomfortable and embarrassing bind. How can Saudi Arabia proceed with its reform agenda, which it seeks to implement of its own accord and will, without appearing in the eyes of the opposition and the world that it is submitting to the U.S. coercive demands?[48]

Shortly before the Third Gulf War, the Al Saʿud complied with the fact that 97 percent of the Saudi population was adamantly opposed to any form of cooperation with an American attack against an Arab, or even neighbouring state such as Iraq. Therefore, they saw it a wise political step to prohibit the U.S. to use Saudi soil for direct military attacks against Iraq. The U.S. subsequently moved their troops from the Sultan Air base near Riyadh to a new base in friendly Qatar. But this action did not only signal Saudi strength. Terrorists and al-Qaida adherents alike propagated that the ruling family had capitulated to the "people's furor". Therefore, they called for upholding or even increasing the pressure. The Al Saʿud, fully aware of this danger, assured the continuation of the security cooperation with the U.S. by clandestinely supporting the war in Iraq. Under the condition that the aircrafts did not fly direct sorties against Iraq, they allowed a gradual expansion of the U.S. Air Force presence at the Sultan air base. They opened some additional facilities in the north of the country to Special Forces operations in support of the invasion. And they did not restrict the use of the original Southern Watch operation conducted out of Al Kharj

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45 See Giacomo Luciani, "Weathering the Storm: Saudi Arabia and the United States," *The International Spectator*, 39/4 (2004), p. 67.

46 Quoted in *Arabian Business*, available from: http://www.itp.net/features/print/10389507740745.htm.

47 See Judith S. Yaphe, "Bush Policy and the (De)stabilization of the Persian Gulf," *Middle East Policy*, 12/1 (2005), p. 109.

48 Abdulaziz Sager, *Reform in Saudi Arabia: Current Challenges and Feasible Solution* (Dubai: GRC, 2003), p. 47.

in support of bombing runs over Iraq. They allowed tankers and refuelling and other logistical assistance to go forward.[49] In short, virtually every request made by the U.S. administration for military or logistical support was met positively. Two main reasons led to this behaviour.

Firstly, as Anthony Cordesman, one of the best military experts on Saudi Arabia remarked:

> Saudi Arabia remains dependent on the United States for training and technical services. It cannot sustain independent combat without U.S. support … and it cannot use many of its air control and warning assets without the U.S. backup. … Any break with the United States would virtually derail its modernization efforts.[50]

Secondly, Saudi Arabia wanted to remain a player in the game when the fate of its northern neighbour would be decided upon.

Although Saudi Arabia was altogether very much interested in a weakening of its long-time rival in the Gulf, it was equally intensely interested in securing the territorial and political integrity of Iraq. With the extremely Sunni Wahhabism as a kind of state religion, Riyadh's preference has always been a Sunni Muslim establishment firmly in power in Iraq, preserving both authoritarian rule and Iraq's territorial integrity. Even under Baath rule, Saudi Arabia was encouraging Sunni Islamist movements in Iraq and popular adoption of Wahhabism through political and financial sponsorship and cross-border tribal connections. For example, the former interim and current Vice-President of Iraq, Ghazi al-Yawr, also holds Saudi citizenship and belongs to the same tribe as Saudi Crown Prince Abdallah.[51] But Arab Sunnis are a minority in Iraq, and are fighting an uphill struggle since April 2003. Therefore, should Iraq really fragment into civil war, the Saudi ruling family would support the Sunni factions in Iraq. But in this case, Iraq's disintegration would seem unavoidable. And this would extend Kurdish, Iranian, and Turkish influence, all of which Riyadh opposes. The reason behind this deep concern is not Iraq's disintegration as such, but its repercussions for Saudi Arabia.

Iraq's fragmentation will affect the already fragile Saudi national identity. Tribal, sectarian, and regional antagonisms would be fuelled, for the Saudi kingdom is deeply divided. And, last but not least, a civil war in Iraq could awake Saudi Arabia's own oppressed Shiite minority. Thus, since the disintegration of Iraq is one of the worst scenarios for the Al Sa'ud, it is one of al-Qaida's most urgent desires conversely.[52] Even if a fragmentation of Iraq can be avoided, the dangerous situation for Saudi Arabia will continue. A united and centrally governed Iraq will – under the prevailing circumstances – be a country where the Shiites will have a dominant, or at least a leading position. Therefore, Saudi Shiites would always be affected. If the Shiites in Saudi Arabia rose with the backing of Iran and the Shiite-dominated Iraq, the Al Sa'ud would crumble. Not to mention the ideological challenge that the

49 See Saudi Arabia, "Enemy or Friend?" *Middle East Policy*, 11/1 (2004), p. 19.

50 Anthony Cordesman, "Saudi Redeployment of the F-15 to Tabuk," in *Saudi-U.S. Relations Information Service*, Washington D.C., 1 November 2003.

51 See Luciani, "Weathering the Storm," p. 70.

52 See *Iraq in Transition*, p. 15.

emergence of a pluralistic and democratic Iraq, or even a secular republic, would present to monarchical, Wahhabite Saudi Arabia.

Thus, even the Saudi's worst nightmare could materialize: a domestic insurrection, rising Shiite power, and a highly critical U.S. From their point of view, things can hardly get much worse. The Al Sa'ud have three choices. They can ally with the military Islamists, and face the United States and Iran together – a bad idea. They can try to make a deal with Iran and face the Islamists and the Americans – an even worse idea. Or they can turn back to the United States and use American power to crush the jihadists at home and serve as a shield against Iran – not a great choice, but the best of a bad lot. That will mean the Saudis not only will shut down all financial support for al Qaida, but also will give the United States direct access to Saudi intelligence files – without exception – and access to Saudi nationals who are working with al Qaida. That will be the American price for any deal.[53]

Fortunately for the Saudis, the more the Americans are focused on crisis management in Iraq, the more they will be ready to talk about a "discount" in the deal. In the light of the mounting problems in Iraq, Washington wants to prevent Saudi Arabia from descending into chaos and anarchy. Therefore, Washington's pressure for reform has diminished. Although the political class of the U.S. no longer trusts the Al Sa'ud, it will continue to support them. When Crown Prince Abdallah met President Bush in Crawford, Texas, in April 2005, both leaders were at pains to stress the warmth of their personal relationship as well as that between the two countries.[54] So far, the Saudi rulers are still sure that they are too important to the U.S. to remain undefended in a major crisis. This is not much for a rich country and a proud ruling family that were an equal and independent player in a working triangular regional system only five years ago. An Iraq in turmoil, an Iran that is not sure on whether to rejoice on the victory or to deplore the defeat in the Third Gulf War, and a Saudi Arabia in confusion have buried the traditional triangular system.

Conclusions

Any analysis of the Third Gulf War's results for the Gulf region comes back to a renewed elaboration of the consequences the war had for the traditional triangular system. Did a new system emerge, will it emerge, or will the triangle be reborn? In all events, the permanent U.S. presence in the Gulf created an entirely new environment where previous security structures and approaches became obsolete. The first impression suggests a quadratic system now. It seems as if the U.S. presence added a new corner to the model, and transformed the triangle into a square. But in reality the impression does not fit, because it supposes an independent Iraq, articulating and pursuing own national interests. Under the prevailing circumstances, Iraq's role in this regard is usurped by the U.S., as mentioned earlier. Thus, the continuing military presence of the U.S. in Iraq and the uncertainty of if Iraq will preserve its

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53 See Friedman, "The War in Iraq: Redefining and Refocusing," *The Stratfor Weekly*, 5 March 2004, p. 4.

54 See *MEES*, 23 May 2005.

integrity and will ever regain complete sovereignty created a new, artificial triangle comprised of the U.S., Iran, and Saudi Arabia/GCC.

Even the old two-against-one formula was reanimated in the artificial triangle. In spite of the mentioned quarrels between Washington and Riyadh after 9/11, the security cooperation – or better the dependency of the latter on the former – increased. Just as a reminder, Washington's efforts to enhance its military presence in the Gulf region after the Second Gulf War were matched by striving of most GCC members for shelter behind a strong American shield. Thus, sustainable efforts to build up indigenous defence capabilities remained unaccomplished. And both the U.S. and the GCC/Saudi Arabia have a vivid interest in containing Iran. For its part, Iran would find itself on the margins of this imposed structure: unbearable in a region that it regards to be so important to its prosperity. Iran's means to preserve its influence in the Gulf are manifold, but the most important ones can be reduced to two: the Shiite card and the nuclear option.

The Shiite card is a powerful asset, but – due to the previously mentioned reasons – not the trump that wins all. This is the basis for any sincere research on the reasons for Iran's refusal to abandon the nuclear option. On the other hand, does not the siege of Iran by the United States and its (semi)protectorates Iraq, Saudi Arabia, Bahrain, Kuwait, Qatar and the UAE suggest the replacement of the earlier quadratic, rather than triangular, system by a now bilateral system? Strangely enough, the external or at least non-Arab powers, i.e. the U.S. and Iran, are now the most powerful actors in the otherwise Arab Gulf region. This situation is at least as artificial as the U.S. being part of the specific triangular structure after the Third Gulf War. Thus, returning to safe ground would suppose a renaissance of the traditional triangle. Washington would probably not object to an Iraq acting as its strategic partner in the region as Imperial Iran did in the 1970. Iraq's oil could underpin the special relationship and enable Baghdad to build a strong, U.S.-supplied army that could, in conjunction with other American security partners in the Gulf, resurrect the old "Twin Pillars" scheme.[55]

Thus, after elaborating on the different models of security structures in the Gulf area, the solution to the grave problems does not seem to lie in a complete replacement of the old triangular system. History, tradition, and geography are among the many factors that favour the persistence of the system's specific shape. What should be changed instead is the notorious "two against the third"-formula. It should be replaced by a triangle that is balanced and in harmony.

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55 See Ehteshami, "Iran's international posture," pp. 189-90.

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From Local to Global Jihad and Back: Islamist Terrorists and their Impact on U.S. Gulf Policy

Guido Steinberg

Al-Qa'ida has been waging a terrorist campaign against the United States and its allies around the globe. The culmination point of this fight were the attacks on the World Trade Center and the Pentagon on September 11, 2001, and terms like "global *jihad*" and "jihadism" seemed appropriate to describe a "new" phenomenon which had struck the Western world with awe. However, in the years after September 11, several events hinted at a gap in this paradigmatic explanation of the development of Islamist terrorism:

- Usama Bin Laden published an audio-tape in mid-December, 2004, in which he addressed the people of Saudi Arabia and stated that the Meccan perpetrators of September 11 had attacked the World Trade Center and the Pentagon, "in order to defend Mecca and its surroundings (i.e. Saudi Arabia)". If his main target were the United States or the Western world, this would have been a highly surprising declaration.
- In April 2004, Jordanian security services uncovered a large plot to attack government installations in Amman planned by the Jordanian terrorist Abu Mus'ab al-Zarqawi, who at that time was operating in a highly hostile environment in Iraq, where he was constantly hunted by U.S. forces. Why did he divert considerable resources and one of his best operatives for a plot only superficially related to his fight against the U.S. in Iraq?
- In Iraq itself, in the course of the year 2004, more and more Iraqis, among them many civilians, became targets of terrorist activity. If *al-Qa'ida* and the Zarqawi network's aim was to hit the U.S., this was counterproductive. Trying to win Iraqis over to fight the U.S. would have seemed a more logical move, if the Islamists' goals were truly global.

In order to give an answer to these questions and explain the development of transnational terrorist networks in general, we need a shift in paradigms. While it is true that *al-Qa'ida* has global aims, many have ignored the local agenda it follows. Just as Bin Laden wants to oust the United States from Iraq, he wants to take over power in Saudi Arabia. And just as Zarqawi, who was killed by U.S. forces in Iraq in June 2006, wanted to establish an Islamist state in Iraq, he wanted to "liberate" his

home-country. While these local goals are well-defined, their international ambitions remain rather diffuse. For example, it is clear that Bin Laden wants to overthrow the Saudi government and force the U.S. to give up its security partnership with Riyadh. His political vision of the Islamist state to be founded on the ruins of the *Wahhabi* Kingdom is already less concrete. But whether he plans to attack and destroy the West (or the U.S.) after the liberation of the Muslim world and the establishment of an Islamist state (or states) is subject to speculation. As a consequence, in order to understand transnational terrorist networks, we first have to analyze their relations to their respective home-countries.

In the following, the study will first give an overview over al-*Qa'ida*'s development to a global terrorist organization and its recent decentralization, leading to a return of militants to their home-countries. The second part will deal with *al-Qa'ida*'s "re-localization" to its most prominent home-country, Saudi Arabia, whereas part three will show how the Zarqawi network has retained its focus on Jordan and Palestine, both in the light of the Iraq war, which started in early 2003. Part four will finally assess the importance of this interpretation for U.S. policy in the Gulf region, focusing on Saudi Arabia and Iraq.

From Local to Global *Jihad* (1996-2001)

On 7 October 2001, the anti-terror-coalition under the leadership of the U.S. began its military campaign against the Taliban and *al-Qa'ida* in Afghanistan, with the primary goal of destroying the nearly symbiotic relationship between the Taliban and the terrorist organization. This support by an independent state – and, if implicitly, by Pakistani military intelligence, the Inter Services Intelligence (ISI) – had been an important source of *al-Qa'ida*'s strength after Usama Bin Laden had moved to Afghanistan in 1996. In winter 2001/02, the special relationship between the two came to an end and, as a consequence, *al-Qa'ida* disintegrated.

Between 1996 and 2001, Usama Bin Laden had tried to create a centralized transnational organization by allying himself to militant Islamist movements from all over the Muslim world and by extending his control over all "Arab Afghans" and their infrastructure in Afghanistan and Pakistan. The organization's core group consisted of Bin Laden's followers who had already joined him during the years of the Afghan war against the Soviet Union or later in Sudan. In their majority, these were Arabs from the Peninsula, mainly Saudis as Bin Laden himself, Yemenis from his ancestral home country, and some Kuwaitis. All these nationalities shared common religious-ideological, cultural, and even tribal and family bonds, which assisted the foundation of a relatively cohesive core group. This Saudi-Yemeni cluster became the most dynamic force in international terrorism in the mid-1990s.

In 1997, Bin Laden and his followers entered a coalition with parts of the Egyptian *Gihad*-group led by Aiman al-Zawahiri, today considered to be the number two in the *al-Qa'ida*-hierarchy. This alliance between Egyptian and (Peninsular) Arabian groups marked the foundation of what was to become the global terrorist organization. In fact, this narrow definition of the term "*al-Qa'ida*" will be used in the following. Although the organization was clearly dominated by its Egyptian

and Saudi leadership, it tried to integrate militants from other countries, almost exclusively Arabs. In the following years, it established its control over the still existing and expanding network of training camps and guesthouses run by veterans of the Afghan war in Afghanistan and Pakistan and established a training hub for militants from all over the world.

Parallel to the development from a small militant group to a transnational terrorist organization, Bin Laden's *al-Qa'ida* went through ideological changes. During the Afghan war against the Soviet Union, Bin Laden seems to have adopted 'Abdallah 'Azzam's traditional ideology of a defensive *jihad* against non-Muslims occupying Muslim lands.[1] However, from the late 1990s he was influenced by Egyptian militants, who, rather than focusing on the "far enemy", concentrated their energies on the "near enemy", namely the Egyptian government. Non-Egyptian Arabs who adopted this strategy targeted their respective governments. Therefore, after 'Azzam's death in 1989, Bin Laden became a member of the Saudi Islamist opposition, which emerged in 1990. Then, the ruling family had decided to call for U.S. troops as a protection against Iraqi forces who had invaded Kuwait. Already in 1994, Bin Laden was reputed to be its most militant representative. In August 1996, when he published his programmatic *Jihad*-declaration, he declared war on the United States because of their occupation of the "Land of the two Holy Places".[2] At the time, he had already identified the U.S. government as an enemy, but the text itself focused on Saudi Arabia, being a detailed critique of Saudi policy since 1990 and concentrating on the ruling family's decision to invite American troops to the Kingdom. By expelling the U.S., Bin Laden clearly aimed at the overthrow of the ruling family in Riyadh.

It was the integration of the Egyptians into this emerging organization, which caused a major shift in strategy. When in February 1998, he, Zawahiri and some minor militant leaders declared the "World Islamic Front for the *Jihad* against Jews and Crusaders" (*al-Jabha al-Islamiya al-'Alamiya li-Jihad al-Yahud wa-l-Salibiyin*), they stated that it was every Muslim's duty to kill Americans and their allies, even civilians, wherever they could find them.[3] Saudi Arabia only played a secondary role in this argumentation, because Bin Laden had agreed to a compromise. As the Egyptian members of the *Gihad* and – less importantly – *Gama'a al-Islamiya* had only limited interest in the Saudi Arabian revolution, they chose to attack the U.S. as the most important foreign supporter of both the Saudi and Egyptian governments.

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1 For a short introduction into 'Abdallah 'Azzam's ideology see Marc Sageman, *Understanding Terror Networks* (Philadelphia: University of Pennsylvania Press, 2004), pp. 2-3, 35-37.

2 The Arabic text has been published under the title "*Jihad*-declaration against the Americans, who have occupied the Land of the Two Holy Places". For an abbreviated English translation see "Declaration of War (August 1996)", in Barry Rubin and Judith C. Rubin (eds), *Anti-American Terrorism and the Middle East. A Documentary Reader* (New York: Oxford University Press, 2002), pp. 137-142.

3 Under the title "*Nass bayan al-jabha al-islamiya al-'alamiya li-jihad al-yahud wa-s-salibiyin*," the text was published in the London Palestinian daily *al-Quds al-'Arabi* (23 February 1998). For an abbreviated English translation see "Statement: Jihad against Jews and Crusaders (23 February 1998)", in Rubin, *Anti-American Terrorism*, pp. 149f.

According to their argumentation, if the U.S. withdrew from the Arab world under the pressure of terrorist activity, it would be easier to bring down the Saudi and Egyptian regimes. And although *al-Qa'ida* increasingly widened the scope of its activities and developed a global agenda, it remained committed to the goal of overthrowing the autocratic governments in its militants' respective home-countries. The most striking evidence of Bin Laden's overriding interest in the political affairs of his home-country was his speech which was aired on *al-Jazeera* on December 15, 2004. Herein, he addressed the people of Saudi Arabia and severely criticized the ruling family for its alliance with the U.S. Most importantly, he reiterated his commitment to political change in Saudi Arabia and even went so far as to say that the Meccan perpetrators of September 11 had attacked the World Trade Center and the Pentagon, "in order to defend Mecca and its surroundings (i.e. Saudi Arabia)".[4] Thereby, once again, Bin Laden made clear that even the attacks on the territory of the U.S. had a regional dimension and that the fight against the Saudi and Egyptian governments remained *al-Qa'ida*'s primary goal.

Al-Qa'ida's orientation towards local goals and their subsequent internationalization was mirrored in the organization's terrorist activity. In 1998, when Bin Laden and Zawahiri had founded their alliance, *al-Qa'ida* attacked the American embassies in Nairobi and Darassalam, attacks which marked the beginning of its global campaign. This campaign found its culmination in the attacks of September 2001, when *al-Qa'ida* for the first time left its traditional field of action, which had ranged in a crescent from East Africa to Pakistan, and where it could count on local Arab support.

However, *al-Qa'ida* had only been able to develop its global reach by drafting professional terrorists into the organization which then enabled it to organize the attacks in the U.S. Khalid Shaikh Muhammad, a Kuwaiti of Pakistani origin who had several years of terrorist experience, joined *al-Qa'ida* in the second half of the 1990s.[5] Already in 1993, he seems to have played at least a minor role in the first bombing of the World Trade Center, the main suspect, Ramzi Yusuf, being his nephew. In 1994/95, both planned to detonate bombs on airplanes on their way from East and Southeast Asia to the U.S. In 1996, Shaikh Muhammad joined Bin Laden in Afghanistan and became a sort of "terrorist contractor" for *al-Qa'ida* with a high degree of operational independence, probably owing to his terrorist expertise and reputation. He does not fit into one of the national groups of militant Islamists and rather resembles the type of the profit-oriented terrorist, embodied e.g. by the Venezuelan Illich Ramirez Sanchez, a.k.a. "Carlos, the Jackal". Only after Khalid Shaikh Muhammad took over parts of *al-Qa'ida*'s operational planning did it develop the capabilities to plan and organize September 11.[6] Its Saudi-Yemeni core

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4 "Message to the Muslims in the Land of the Two Holy Places in particular and to the Muslim Community (*umma*) in general" (in Arabic), text in possession of the author.

5 "The Plots and Designs of Al Qaeda's Engineer," *Los Angeles Times*, 22 December 2002; "The CEO of al-Qaeda: Khalid Sheikh Mohammed," *Financial Times*, 15 February 2003.

6 See the course of events as detailed in *The 9/11 Commission Report. Final Report of the National Commission on Terrorist Attacks upon the United States* (Washington, D.C. 2004), p.

group was neither able to supply the terrorist know-how nor a sufficient number of operatives capable of learning how to fly an airplane.

When *al-Qa'ida* lost its basis in Afghanistan, the centralizing process and the professionalization of its terrorist activity was still work in progress, so that the organization disintegrated in the following years and developed into a rather lose network quite unlike what Bin Laden and Zawahiri seem to have envisaged until 2001. However, the organization survived by splitting up into the main elements of its structure, namely the single national groupings, hardly ever voluntarily, but under the pressure of events. These groups have dominated the terrorist scene worldwide since 2002.

From Global to Local *Jihad* (2001-2005)

In December 2001, most surviving *al-Qa'ida* members fled to Pakistan. When caught in Morocco in May 2002, three Saudi *al-Qa'ida* activists are reported to have detailed the instructions they received by a medium-level *al-Qa'ida* operative, the Saudi 'Abd al-Rahim al-Nashiri, close to the Afghan town of Gardez, in the Afghan province of Paktia. Most militants received rather vague orders to return to their home-countries or other places that they were familiar with and plan, organize, and perpetrate terrorist attacks there. Some, like the three Saudis in question, received detailed instructions to attack Western warships in the Straits of Gibraltar.[7]

As the *al-Qa'ida*-leadership was not able to coordinate their activities any more, local and regional groups became active again. Khalid Shaikh Muhammad and medium-level leaders like Nashiri planned and organized some of the attacks of the following years (like the one in Jerba/Tunisia in April 2002 where 21 tourists died), but when they were arrested, *al-Qa'ida*'s ability to control terrorist activity further deteriorated. In 2003 and 2004, local and regional groupings, mainly made up of returnees from Afghanistan who had retained their independent logistic capabilities, hit targets in Saudi Arabia and Turkey. Others, with only limited impact of *al-Qa'ida*-elements, perpetrated attacks in Morocco and Spain. It is unclear to what extent these groups have remained in contact with *al-Qa'ida* in Pakistan, but their freedom of action does not seem to be severely restrained by Bin Laden and Zawahiri. As a consequence, there was a trend towards operations aiming at Arab regimes in the region and a re-emphasis on targets in the Arab world among *al-Qa'ida* militants.

The forced inactivity of *al-Qa'ida* and its inability to control all those groups who had used its training camps in Afghanistan fostered the emergence of new militant networks, primarily, but not exclusively, in connection with the Iraqi insurgency. Their most important representatives are the Zarqawi network, which until autumn 2004 called itself *Jama'at al-Tawhid wa-l-Jihad* (*Tawhid* and *Jihad* Group), and the *Ansar al-Sunna* (Supporters of the Sunna) which emerged out of the Kurdish militant group

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148. The Commission called Muhammad a "terrorist entrepreneur".

7 "Three Saudis seized by Morocco outline post-Afghanistan strategy," *Washington Post*, 16 June 2002.

Ansar al-Islam (Supporters of Islam).[8] Both had trained members in Afghanistan until late 2001 and at least Zarqawi communicated with the *al-Qa'ida* leadership through couriers. Zarqawi had even commanded a training camp exclusively used by Palestinians, Jordanians, Syrians, and perhaps some Lebanese and Iraqis close to the Afghan city of Herat until 2001 and had resisted *al-Qa'ida*'s quest for supremacy. In the course of the Iraqi insurgency, it became increasingly obvious that both Zarqawi and *Ansar al-Sunna* had emancipated themselves from *al-Qa'ida* and its effort to bring all the Arab and Muslim *Mujahidin* under its control. Especially Zarqawi's network has been transforming itself into a powerful transnational terrorist group. However, the Kurdish-Iraqi group *Ansar al-Sunna* focused on its fight for an Islamist state in Kurdistan and Iraq, while Zarqawi, as the head of a Jordanian-Palestinian group, remained committed to the "liberation" of Jordan and Palestine.

The trend towards "decentralization" or "regionalization" of Islamist terrorist networks was clearly discernible in the terrorist campaigns in Iraq and Saudi Arabia from 2003. While new networks emerged in Iraq, profiting from the spread of Bin Laden's ideology, *al-Qa'ida* personnel returned to Saudi Arabia and started a local terrorist campaign, aiming at the overthrow of the Saudi monarchy. The regional agenda regained prominence, most importantly in the Persian Gulf region.

Terrorism is Coming Home: Saudi Arabia

The overthrow of the Saudi monarchy has always been one of *al-Qa'ida*'s main goals. Although this was already obvious in 1996, government and society in the Kingdom did not seriously address the threat posed by militant Islamists. In 1995 and 1996, two major attacks were perpetrated in the Kingdom. It remains unclear whether the Khobar Towers bombings in 1996, which killed 19 Americans and wounded nearly four hundred, were perpetrated by Shiite or Sunnite terrorists. But the November 1995 bombing of the headquarters of the Saudi National Guard and a nearby office complex that housed employees of the U.S. defense contractor Vinnell should have served as a warning to the Saudi government. Seven people died, among them five Americans, and several dozens were wounded. Although no direct connection to Bin Laden has been established until today, Sunnite militants were clearly responsible and an *al-Qa'ida* connection is likely.[9] However, for unknown reasons, the organization did not mount any large-scale terrorist attack in Saudi Arabia until 2003. There are widespread rumours that the Saudi government, through its then head of foreign intelligence, Prince Turki b. Faisal, paid a sort of protection money to *al-Qa'ida*. However, no hard evidence has been presented to support this argument. Although some sort of tacit agreement is not as unlikely as Saudi government responses would like the public to believe, it is more likely that Bin Laden voluntarily abstained from major attacks in the country from where his

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8 *Ansar al-Islam* and *Ansar al-Sunna* are by and large identical: Many Arab Iraqis have been drafted into the rank-and-file of the *Ansar al-Sunna* and it has integrated many independent groups now operating in central Iraq.

9 In 2003/04, *al-Qa'ida*-members in Saudi-Arabia cited the Riyadh bombing as a model attack for Sunnite Islamists.

organization drew most of its finances. Single attacks were no proof to the contrary as they neither seem to have been coordinated nor planned by *al-Qa'ida*. Beginning in November 2000, sporadic killings of foreigners signalled the existence of a strong militant underground in Saudi Arabia.[10] By targeting Westerners, the perpetrators aimed at the pro-Western foreign policies of the Saudi government. However, these attacks were not regarded as a major threat in Riyadh and the Saudi government persisted in denying the existence of *al-Qa'ida* cells in the country.

After September 11, Riyadh denied that *al-Qa'ida* had any special relationship with the Kingdom and pointed out that Bin Laden had been deprived of his Saudi citizenship as early as 1994. Until May 2003, it became increasingly difficult for the Saudi government to negate the existence of a support network for *al-Qa'ida*. Already in autumn 2001, news about a Saudi religious scholar (*'alim*) named Humud al-Shu'aibi (d. 2002) spread, who issued a religious ruling that all Muslims were obliged to join the Taliban in their fight against the U.S.[11] Some of his disciples soon became leading supporters of *al-Qa'ida* in the Kingdom, hinting to the existence of a large ideological, logistical, and financial support network for the organization.

After the battle of Tora Bora in December 2001, many Saudis left Afghanistan and returned to their home-country. The leading figure among the Saudi militants was Yusuf al-'Uyairi (d. 2003), *al-Qa'ida*'s logistical head in the Kingdom and an important ideologue. He seems to have been the person responsible for the coordination between the *al-Qa'ida* leadership in the Pakistani-Afghan border region and the organization's cells in Saudi Arabia.[12] As it seems, the Saudis did not receive any instructions to attack, as they remained inactive throughout 2002. Only when it became clear that the U.S. and British governments had decided to replace Saddam Husain's regime in Iraq, debates about whether to start a terrorist campaign in Saudi Arabia intensified. It is not known whether the *al-Qa'ida*-leadership influenced their decision to strike. Many militants objected by pointing out the importance of the country as a logistical and financial hub, a position it might lose if the government

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10 Saudi authorities blamed Western alcohol smugglers for the killings. This is rather improbable, as the attacks continued after the alleged culprits were jailed and because several attacks targeted Westerners working for security-related companies like Vinnell and British Aerospace. See Thomas Koszinowski and Hanspeter Mattes (eds), *Nahost Jahrbuch 2000. Politik, Wirtschaft und Gesellschaft in Nordafrika und dem Nahen und Mittleren Osten* (Opladen: Leske und Budrich, 2001), p. 142.

11 The *fatwa* appeared on several Islamist websites, e.g. www.qoqaz.net.

12 'Uyairi had already joined the war against the Soviets in Afghanistan when he was 18 and had trained young recruits in the *Faruq* training camp. He had joined Bin Laden as his bodyguard in Sudan and fought against American troops in Somalia in 1993. Returned to Saudi Arabia, he spent two years in jail and – after his release – took over logistical tasks and the collection and transmittance of donations for *al-Qa'ida* and for the Saudis fighting in Chechnya. He also wrote ideological treatises for the latters' website. Between 2001 and 2003 he authored several books on *jihad*, the Taliban, and the conflict in Iraq. They have become popular in militant circles worldwide. For his biography see *Saut al-Jihad* 1, 14-17; *Saut al-Jihad* 2, 13-17. His most important book was "The Future of Iraq and the Arab Peninsula after the Fall of Baghdad" ("Mustaqbal al-'Iraq wa-l-Jazira al-'Arabiya ba'da suqut Baghdad," n.p., n.d. [2003]).

cracked down on the militants' infrastructure after a possible attack. But the war in Iraq in March and April 2003 finally triggered *al-Qa'ida*'s terrorist campaign in Saudi Arabia.

In early May 2003, Saudi security forces raided a safe house close to a compound of Western expatriates in Riyadh where they found weapons, explosives and other terrorist equipment. Several inhabitants of the flat managed to flee after they had attacked the security forces with firearms. The following day, the Saudi government published a wanted list of 19 militants of this group, most of them *al-Qa'ida*-members who had fled Afghanistan and returned home. On May 12, in spite of intensified search efforts by the Saudi security forces, at least nine of the fugitives managed to enter three housing compounds mainly inhabited by Western expatriates and to detonate car bombs. 26 people died, among them several Americans and some Saudis. Their main target seems to have been the housing compound of Vinnell, an American defence contractor, which trains the Saudi National Guard and which had already been targeted in 1995.[13]

These attacks prompted the Saudi government to rethink its policy and intensify its fight against al-Qa'ida in the Kingdom. In the following months, it cracked down on terrorist cells and could soon report spectacular successes. Several wanted terrorists were killed or caught, among them Yusuf al-'Uyairi. Security forces found several large arms and explosives caches all over the country. Furthermore, the government also cracked down on the intellectual guides of the militants, most of whom where students of Humud al-Shu'aibi. The religious scholars 'Ali b. Khudair, Nasir al-Fahd und Ahmad al-Khalidi had supported the 19 wanted terrorists in an Internet statement and asked the government to refrain from persecuting the "Mujahidin". Therefore, all three were arrested in late May.[14]

Although al-Qa'ida had lost its leading figure and many important operatives, it showed its resilience in early November 2003, when one of its cells attacked the housing compound al-Muhayya, west of Riyadh. The attackers first opened fire on the guards on the front gate and in the ensuing chaos they drove cars – which had been painted like police cars – into the compound and detonated their bombs. However, this time most of the 17 victims were Muslim Arabs from different countries, among them children. While attacks on American targets might have found some support even if the attacks took place in their home-country, many Saudis were repelled by what they considered pointless violence against innocent victims. Even militant circles in Saudi Arabia protested against this attack.[15] It might be conjectured that 'Uyairi's death had led to a loss of coordination among separate cells and, therefore, a shift in al-Qa'ida's tactics which had hitherto focused on the killing of Western, especially

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13 *Washington Post*, 13 May 2003. Vinnell has become a symbol of the American-Saudi security partnership in militant circles.

14 "Clerics among latest arrests in Saudi suicide bombings," *Los Angeles Times*, 29 May 2003. While 'Ali al-Khudair seems to have been the leading figure among them, Nasir al-Fahd (b. 1968) might prove to be the more influential personality in the long run. He authored a religious ruling (*fatwa*), in which he justified the use of weapons of mass destruction by *al-Qa'ida*. "Letter on the ruling about the use of weapons of mass destruction against the unbelievers (in Arabic)", by Nasir b. Hamad al-Fahd, Rabi' al-Awwal 1424.

15 *Arab News*, 10 November 2003; *New York Times*, 10 November 2003.

American foreigners.[16] The Saudi government seized the opportunity to support this trend in public opinion and let the three jailed scholars appear on Saudi TV where they publicly repented and withdrew former religious rulings (fatawa) in which they had endorsed al-Qa'ida's violence. They declared that the murder of innocent Muslims in the Muhayya attacks had convinced them that the perpetrators were no martyrs but criminals who had committed suicide, an act forbidden by Islam.[17]

Although militant Islamist circles remained convinced that the scholars had been forced to utter these declarations, the Muhayya attacks had clearly become a PR-debacle for al-Qa'ida. However, different parts of the organization drew different conclusions. While one part (consisting of one or more cells) returned to targeting Westerners, a second one, which called itself the "Brigades of the two Holy Places" (Kata'ib al-Haramain) focused its attacks on Saudi security forces. It has not been established whether it formed a part of the al-Qa'ida groups in Saudi Arabia, but it is unlikely that any single structure had emerged without a connection to the global organization. Rather, it might be conjectured that the Haramain-Brigades were simply a relatively independent cell which specialized in attacks on Saudi security forces. The group declared its responsibility for a car bomb attack on a building of the Directorate of General Investigations (al-Mabahith al-'amma), the secret police of the Interior Ministry, in central Riyadh on April 21, 2004, where six people died and nearly 150 were injured. The new leader of al-Qa'ida in the Kingdom, 'Abd al-'Aziz al-Muqrin, denied that al-Qa'ida had been responsible and insisted that the organization's targets remained Americans, Jews, and other Westerners.[18]

"Abd al-'Aziz al-Muqrin had taken control of the organization in March 2004, which from then on called itself *al-Qa'ida* on the Arab Peninsula" *(Tanzim al-Qa'ida fi Jazirat al-'Arab)*. By naming itself after the mother organization, it made clear that it viewed itself as a regional subsidiary of *al-Qa'ida* and suggested a close relationship with Bin Laden and Zawahiri. While it is unknown to what extent both were able to communicate with their followers in Saudi Arabia, most of the new organization's prominent members had at some point of their careers joined Bin Laden's inner circle in Sudan or Afghanistan and should therefore be considered part of the core of *al-Qa'ida*. Although Muqrin – parallel to Bin Laden – had obviously adopted an agenda of global *jihad* as long as he saw no possibility to fight in Saudi Arabia, his main target remained his home-country. Many Saudi militants shared his conviction that Saudis had to fight their rulers if they had the chance to do so.

However, the question whether to join the *jihad* in Saudi Arabia or in Iraq remained the most controversial issue debated by Saudi militants since March 2003. Some militants were of the opinion that the fight against the Americans in Iraq was more urgent than the struggle against the Saudi family. On the contrary, Muqrin repeatedly argued that at least the Saudi militants should stay and fight in Saudi Arabia.[19]

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16 "al-Qa'ida is a balloon filled with water ..." (in Arabic), *al-Hayat*, 8 December 2003.

17 See e.g. *al-Hayat*, 14 December 2003; *Gulf News*, 15 and 29 December 2003.

18 Saudi Arabia Backgrounder, "Who are the Islamists," *ICG Middle East Report*, No. 31, 21 September 2004, p. 13.

19 *Saut al-Jihad* 1, p. 22. Hamza b. 'Abd al-Muttalib was a famous companion of prophet Muhammad who died in battle.

The fact that Muqrin and his successor, Salih al-'Aufi, repeatedly addressed this subject might be considered evidence for a trend among Saudis to join the militant groups in Iraq. And in fact, there are reports that many Saudis were among them. The *al-Qa'ida* leadership in Saudi Arabia, however, stuck to its *jihad* against the Saudi family.

From May 2004, Muqrin put his announced strategy into practice, by starting a hitherto unprecedented terrorist campaign primarily focusing on Westerners in the Kingdom. Those attacks sent a shock wave not only through the expatriate community in Saudi Arabia, but through the whole Western world. *Al-Qa'ida* obviously tried to expel foreigners from Saudi Arabia in order to damage the Saudi energy sector which relies heavily on Western expatriate labour. The security forces were unable to cope with this kind of challenge, leaving serious doubts as to whether their lack of professionalism abided ill for the stability of the Kingdom. Worldwide, the impression spread that the Saudi government was unable to manage the terrorist threat. As a consequence, many expatriates left and oil prices, already on the rise since spring, skyrocketed in summer 2004.[20]

The *al-Qa'ida* terrorists in Saudi Arabia were following events in Iraq closely and tried to present their fight as parallel to the Iraqi insurgency. Already during the rampage in Yanbu, the gunmen are said to have depicted the attack as revenge for the events in Falluja, where U.S. forces fought against insurgent strongholds in April 2004. In at least two cases, *al-Qa'ida*'s hit teams were called the "Falluja brigades" in Internet statements posted by the organization. Furthermore, Muqrin seems to have been inspired by Abu Mus'ab al-Zarqawi's tactics in Iraq, who – in May 2004 – had kidnapped the American businessman Nicholas Berg and published the video of his beheading on the Internet. In mid-June, *al-Qa'ida* adopted this way of multiplying the effect of its terrorist campaign by moving on to attack individual Westerners. First, they shot an American employee of an electronics company in his garage in Riyadh and published the film on the Internet. Some days later, on June 12, 2004, they kidnapped the American engineer Paul Johnson and posted the video of his decapitation in Islamist chat rooms.[21]

Muqrin grasped the importance of professional media coverage of his group's activities just as Zarqawi did. Since September 2003, *al-Qa'ida*'s media office in Saudi Arabia had published the biweekly Internet magazine "Voice of *Jihad*" (*Saut al-Jihad*), which dealt with current and ideological issues. In December, a second, also biweekly magazine appeared, "al-'Uyairi training camp" *(Mu'askar al-Battar)*, named after Yusuf al-'Uyairi, *al-Battar* being his alias name. The magazine served as a sort of cyber training camp and dealt with tactical issues, physical and military preparation. It is this new combination of professional public relations with daring assaults on foreigners and the oil industry which made "*al-Qa'ida* on the Arab Peninsula" so dangerous. While it was obvious that the organization was able to recruit new members in Saudi Arabia, its activity on the Internet also threatened to broaden its scope beyond the Saudi borders. While the magazines were primarily

20 "Al Qaeda targets U.S. oil supplies," *Christian Science Monitor*, 1 June 2004.
21 "Saudi builds a reputation as leader of terror cell," *Washington Post*, 18 June 2004.

designed for a Saudi auditorium, they became increasingly popular with Islamists worldwide.

Muqrin was killed some days after Paul Johnson's execution, and most leading members of his group were either caught or killed as well. Although this weakened the organization, it proved capable of new attacks in December 2004, after a period of recovery. On December 6, an *al-Qa'ida* cell attacked the American consulate in Jiddah, but the gunmen were unable to enter the interior and, therefore, no Americans were killed. Again, in a statement by "*al-Qa'ida* on the Arab Peninsula" claiming responsibility, the cell was called the "Martyr Abu Anas al-Shami battalion" ("*Sariyat al-shahid Abu Anas al-Shami*"), after Zarqawi's Jordanian ghost-writer and leading ideologue who had been killed in Iraq by U.S. forces in September.[22] The attack itself was named "the Falluja raid" ("*Ghazwat Falluja*"), hinting at the U.S. campaign to regain control of the town in November and thereby alluding to the militants' attempt to present the insurgency in Iraq and the terrorist campaign in Saudi Arabia as part of one and the same struggle against the West and corrupt regimes in the Arab World.[23]

However, this propaganda effort did not influence the Saudi militants' local strategy, which was further endorsed by Usama Bin Laden's audio message of mid-December 2004, in which he addressed the Saudi people. On 29 December, one of their cells attacked the Interior Ministry itself and – simultaneously – a building of the emergency forces of the interior ministry in Riyadh. However, the terrorists were not able to position their car bomb close enough to the building of the ministry so that the destructions – although the bomb seems to have been very powerful – remained superficial.[24] The organization later claimed to have targeted the interior minister Prince Naif himself and his son Muhammad, the second-in-command in the ministry. Although the attacks ended in a failure, it is noteworthy that *al-Qa'ida* in December 2004 (in Jiddah and Riyadh) attacked "hard targets", which shows that its members must have been extremely self-confident. Furthermore, by attacking the powerful interior minister, *al-Qa'ida* again made clear that it aimed directly at the overthrow of the Saudi ruling family.

Fighting for Jerusalem in Iraq: Abu Mus'ab al-Zarqawi

Although Abu Mus'ab al-Zarqawi has been primarily depicted as an anti-American terrorist, he underwent a similar development as Bin Laden. While sticking to his original goal to overthrow the Jordanian monarchy, he drafted a specific agenda for Iraq, from where he developed plans to achieve his original goals after having expelled U.S. forces.

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22 On Abu Anas al-Shami see "Abu Anas al-Shami's death is a hard blow to Zarqawi's group" (in Arabic), *al-Sharq al-Ausat*, 23 September 2004.

23 On the different names of the hit teams see Saudi Arabia Backgrounder, "Who are the Islamists?," p. 14.

24 "Suicide Bomber attacks Saudi Arabia's Interior Ministry," *New York Times*, 30 December 2004.

In August 2003, five months after the beginning of the war, the Iraqi resistance had turned into a broad insurgency and militant Islamist groups were clearly a part of it. Already in July 2003, U.S. forces in Iraq revealed that they had arrested fighters of *Ansar al-Islam* (Supporters of Islam). This was a small Kurdish group which had been founded under the name *Jund al-Islam* (Soldiers of Islam) in September 2001 in the then autonomous Iraqi Kurdistan, as an alliance of smaller militant groups which had splintered from the Islamic Movement of Kurdistan (*al-Haraka al-Islamiya fi Kurdistan*).[25] The militants established a Taliban-like rule in a small enclave south of Sulaimaniya and east of Halabja with their headquarters in the small town of Biyara close to the Iranian border.[26] *Ansar al-Islam* had attracted international attention because the Jordanian terrorist Abu Mus'ab al-Zarqawi had sought refuge in *Ansar al-Islam*'s enclave in 2002. When *al-Qa'ida* disintegrated after the loss of its basis in Afghanistan, Zarqawi and most of his followers had fled via Iran back to the Arab East. Zarqawi seems to have spent most the year 2002 in Iran and in *Ansar al-Islam*'s enclave in Iraqi Kurdistan. This is why both *Ansar al-Islam*'s and Zarqawi's activities in Northern Iraq came under scrutiny by the international public, when U.S. Secretary of State Colin Powell – defending the forthcoming attack on Iraq before the UN security council on 5 February 2003 – argued that Zarqawi's group constituted the most visible part of a working relation between the Iraqi regime and *al-Qa'ida*.[27]

On 7 August 2003, the first major suicide attack took place in Iraq, targeting the Jordanian embassy. Some observers mentioned *Ansar al-Islam* as possible culprit, but it is more likely that Zarqawi was responsible, because he followed an explicitly anti-Jordanian agenda. The exact relationship of the Zarqawi-network to *Ansar al-Islam* is unknown. It seems, however, as if the two operate as distinct groups, but follow complementary strategies and divide their area of operations. While *Ansar al-Sunna* mainly operates in Mosul and the Kurdish areas, the Zarqawi network focuses on the Sunni triangle and Baghdad. As Zarqawi found refuge in Northern Iraq in 2002, it seems likely that the two organizations cooperate, even though there is some degree of competition between them. Interrelations between the two groups are manifold.[28]

The rise to prominence of the Zarqawi-network is the most striking example of the emergence of new terrorist groups after the disintegration of *al-Qa'ida*. However, in mid-October 2004, Zarqawi published a declaration in which he swore allegiance to Usama Bin Laden. Subsequently, he changed the name of the *Tawhid* and *Jihad* Group to *Qa'idat al-Jihad fi Bilad al-Rafidain* (*Qa'idat al-Jihad* in

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25 Jonathan Schanzer, "Ansar al-Islam: Back in Iraq," *The Middle East Quarterly*, 11/1 (Winter 2004), available at http://www.meforum.org/article/579.

26 "Radical Islam in Iraqi Kurdistan: The Mouse that Roared?," *ICG Middle East Briefing*, 7 February 2003, available at www.crisisweb.org, pp. 4-6.

27 "Pentagon reportedly skewed C.I.A.'s view of Qaeda tie," *New York Times*, 22 October 2004. By now, the September 11 Commission has discredited Bush's view about a cooperation between the two.

28 In many reports, distinctions between the two groups are blurred. See. e.g. Jonathan Schanzer, "Inside the Zarqawi Network," *The Weekly Standard*, 16 August 2004, available at http://www.washingtoninstitute.org/media/schanzer/schanzer081604.htm.

Mesopotamia). By choosing a name of a local subsidiary to the global organization, he finally seemed to have joined *al-Qa'ida*. Indeed, Bin Laden accepted Zarqawi as the head ("*amir*") of *al-Qa'ida* in Iraq in an audio message which was published in late December 2004.[29] These events finally seemed to decide the outcome of a debate about whether Zarqawi's network was indeed an integral part of *al-Qa'ida*, a hypothesis already supported by Colin Powell in his above-mentioned address to the security council, when he tried to convince the world that Saddam Husain's Iraq was supporting *al-Qa'ida*. However, even if Zarqawi formally joined the organization, he benefited more from this merger than Usama Bin Laden and Aiman al-Zawahiri, who were not be able to control him or his organization's activities. Zarqawi, on the contrary, became able to tap *al-Qa'ida*'s support networks in the Gulf, which helped him finance his organization and win more recruits. He might even have been able to convince more Saudis to join him in Iraq, while the local *al-Qa'ida*-leadership in Saudi Arabia was urging the militants to remain and fight the Saudi regime there.[30]

The Jordanian Zarqawi had been to Pakistan and Afghanistan at the end of the First Afghan war, but had only become a leading personality among Jordanian militants during the 1990s, when he was jailed in Amman. After his release in 1999, he returned to Afghanistan. He did not play a prominent role among the Arabs there, because Bin Laden and his Egyptian allies dominated the scene, but had established himself as the leading personality among Jordanians of Palestinian origin. In Herat, close to the Iranian border and far from *al-Qa'ida*'s headquarters in Kandahar, he established a training camp for Jordanians, Palestinians, Syrians, Lebanese, and Iraqis and built up an organization called *al-Tawhid* ("Monotheism").[31] Although he must have cooperated with *al-Qa'ida* to some extent, as otherwise he would not have been allowed to lead a training camp in Taliban territory, he asserted his independence, albeit somewhat ambivalently. According to testimonies by a former member of his organization, *Tawhid*-membership was restricted to Jordanians and Palestinians, and Zarqawi stuck to his original goal, namely the fight against the Jordanian regime and the "liberation" of Palestine rather than join *al-Qa'ida*'s program of global *jihad*.[32]

After his flight from Afghanistan, Zarqawi plotted terrorist attacks from Northern Iraq and Iran. For example, he was said to be responsible for the murder of an U.S.-American aid worker in Amman in October 2002. When it became clear that the U.S. would attack Iraq, Zarqawi took the chance to reorganize his network and redirect it for the fight against the Americans in Iraq, and, increasingly, against representatives of the new Iraqi government. He relied on a growing number of Iraqi personnel in his network and cooperated with former regime loyalists.[33] Most of the suicide bomb attacks in Iraq since summer 2003 have been perpetrated by Zarqawi's group,

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29 The full statement appeared on the internet in late December: "Message to the Muslims in Iraq in particular and the Muslim community (*umma*) in general, by Shaikh Usama b. Muhammad Bin Laden" (in Arabic), text in possession of the author.

30 On the relation between Zarqawi and *al-Qa'ida* in detail see my article "Der neue Bin Laden?" *Internationale Politik*, 60/2 (February 2005), pp. 78-85.

31 *Tawhid*, "the profession of the unity of God", is the core concept of Muslim theology. Islamists argue that this principle has been neglected by their adversaries.

32 "How terror groups vied for a player," *Christian Science Monitor*, 11 May 2004.

33 "'The Arab *Mujahidin*' in Iraq are 2000 ..." (in Arabic), *al-Hayat*, 8 November 2004.

among them the one on the United Nations headquarters in Baghdad in August and on the headquarters of the Italian troops in Nasiriya in November 2003. He was also responsible for the suicide attack in Najaf on August 29, 2003, which killed some 80 persons, among them the head of the Shiite Supreme Council for the Islamic Revolution in Iraq (SCIRI), Muhammad Baqir al-Hakim.[34]

Only in winter 2003/04 did it turn out that the Zarqawi network played such a prominent role. In January, the first of several audio tapes appeared, on which Zarqawi detailed the Muslim's duty to join the *jihad* against the U.S.[35] This was the beginning of a propaganda campaign which borrowed heavily on the Saudi *al-Qa'ida*'s successful use of video and audiotapes, internet magazines, and statements in order to foster the medial effects of its terrorist activities. This is when Zarqawi renamed his group and began publishing statements under the new name *Jama'at al-Tawhid wa-l-Jihad*. His group also designed its own black flag, which sported a yellow circle at its center, most likely signifying the rising sun. Above the circle, the militants had written the Muslim profession of faith and below the name of the organization. All these activities pointed at Zarqawi's self-confidence as a terrorist leader equal to Bin Laden and Zawahiri. He perfected his PR-campaign by videotaping the beheadings of citizens of the coalition states or others supporting the U.S. in order to rouse public opinion in their home-countries. The first of this kind was the video of the execution of the young American businessman Nicholas Berg in May 2004. This tactic had already been used in Afghanistan and Chechnya, but never as effectively as by Zarqawi. The beheadings of two American and of a British hostage in October were the culmination points of this campaign.[36] The Western and Arab worlds watched in horror. In the course of the year 2004, however, Zarqawi, like the other groups of the insurgency, increasingly targeted representatives of the new government. These attacks proved to be less spectacular in the eyes of the Western public but seriously hindered the development of Iraqi security forces to be able to combat the insurgency.

Zarqawi underlined his quest for recognition as an equal to Bin Laden by developing his own strategy, which he put into practice from early 2004. In January, U.S. troops in Iraq found a letter written by Zarqawi addressing Bin Laden and Zawahiri, proving that there were attempts to establish a communications channel between them.[37] In this letter, Zarqawi quite strikingly described the difficulties of warfare against the Americans in Iraq and elaborated a strategy according to which only the provocation of a civil war between Shiites and Sunnites in the country would create an environment in which Islamist terrorist groups would have a chance

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34 "*al-Hayat* in the houses of the Zarqawi-*Mujahidin* ..." (in Arabic), *al-Hayat*, 14 December 2004.

35 The text was entitled "Join the caravan" (*Ilhaq bi-l-qafila*), thereby alluding to a famous book by 'Abdallah 'Azzam, in which he called for Muslims to join the jihad in Afghanistan and free Muslim lands from non-Muslim rule. 'Azzam, 'Abdallah, *Join the Caravan* (in Arabic), n.p., n.d., available at http://www.tawhed.ws/r?i=1600.

36 "Video shows beheading of kidnapped British engineer," *New York Times*, 9 October 2004.

37 The letter was published on the website of the Coalition Provisional Authority, available at http://cpa-iraq.org/transcripts/20040212_zarqawi_full.html.

to continue operating in the long term. "Zero hour" for a broad attack on the Shiites in order to provoke their retaliation against the Sunnites would be the day four months before the transfer of power from the American-controlled Coalition Provisional Authority (CPA) to an Iraqi Interim Government. Since the scheduled date for this transfer was June 30, and if Zarqawi had indeed authored or authorized this letter, March 1 was the zero hour for spectacular attacks on the Shiites.

According to the Muslim calendar, March 1 was the *'Ashura*-holiday, when Shiites all over the world commemorate Imam Husain's, Prophet Muhammad's grandson's, martyrdom in passion plays. In spite of massive security measures, in the morning of March 2, suicide bombers managed to detonate several bombs close to the shrines of the Shiite Imams Husain and Musa al-Kazim in Karbala and Baghdad, respectively.[38] More than 180 people died in one of the most devastating attacks of the Iraqi insurgency. The attackers had clearly targeted Shiite civilians who had gathered around the shrines of their Imams to celebrate *'Ashura*. Zarqawi's organization proved capable of executing a previously announced attack in spite of severe operational difficulties. Furthermore, the fact that he had realized the large-scale anti-Shiite attack that he had announced in his strategy letter, proved his commitment to an anti-Shiite strategy.[39] By targeting the Shiites and trying to provoke a civil war, Zarqawi showed a marked independence from *al-Qa'ida*'s strategy. Although Bin Laden and his followers are staunchly anti-Shiite in principle, they had never attacked them directly, in order not to provoke other enemies in an already hostile environment. The "civil-war-strategy" was as much designed to foster Zarqawi's position in Iraq as it was to demonstrate his independence from Bin Laden. In the following months, the *Tawhid*-and-*Jihad*-group became the most visible actor among the Iraqi insurgents, and it claimed responsibility for the most indiscriminate killings of civilians, most of them Shiites.

If Zarqawi did indeed stick to his goal to overthrow the Jordanian monarchy, this anti-Shiite strategy requires an explanation, especially because Shiites do not play any role in his home-country. Zarqawi had taken the opportunity of U.S. forces invading a country in the Middle East to lead his anti-American *jihad* from his new base in Iraq. He relied heavily on Iraqi personnel so that he could not stick to his former agenda, focusing exclusively on Jordanian and Israeli targets. According to one of his followers, Zarqawi had adjusted his strategy to the new situation: First, the militants would have to expel the Americans from Iraq, where they would install an Islamist regime and whence they would extend their *jihad* to the neighboring countries, with the final aim to liberate Jerusalem.[40] It is obvious here, that Zarqawi pragmatically integrated a new element into his strategy because he had to take

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38 "At least 143 die in attacks at two sacred sites in Iraq," *New York Times*, 3 March 2004.

39 There are widespread doubts – not shared by the author of this article – as to the authenticity of the January letter. Zarqawi reiterated his statements in an audio-tape published in early April 2004. "'Text' of Al-Zarqawi message threatening more attacks" at http://www.fas.org/irp/world/para/zarqawi040604.html.

40 "al-Zarqawi: An Islamic government in Iraq ..." (in Arabic), *al-Hayat*, 10 September 2004.

the Iraqis' interests into account. The anti-Shiite civil-war-scenario seemed to suit theirs and Zarqawi's aims best. Thereby, his shift in strategy resembled Usama Bin Laden's re-orientation in 1997/98, when he had to integrate the Egyptian militants in his growing organization.

In spite of his concentration on Iraq, Zarqawi did not lose sight of his original aims, namely the "liberation" of Jordan and Palestine. He demonstrated this most strikingly in late April 2004, when Jordanian security services uncovered a plot to attack the headquarters of the Jordanian General Intelligence Department, the residence of the prime minister and the American embassy in Amman with trucks loaded with huge quantities of explosives. Official sources stated that the plotters had added chemicals, which were supposed to be set free by the explosion so that the number of victims might have reached up to 80.000.[41] Most independent commentators, however, thought it more likely that the chemicals used were planned to enhance the efficacy of the explosives so that the attack would rather have resembled a conventional car bomb attack. Zarqawi supported this hypothesis in an audiotape which was published on April 30, in which he confirmed that he had planned an attack on the headquarters of the Jordanian secret service. However, he denied to have developed chemical weapons and to have planned to kill innocent Muslims: "God knows that, if we owned such a bomb, we would not hesitate to use it against Eilat, Tel Aviv or other cities." The attacks were rather planned to hit the Jordanian government because the country had become an important base for the American war in Iraq.[42] The events in Amman showed quite strikingly that Zarqawi was still plotting for the overthrow of the Jordanian monarchy and his anti-Israeli diatribes served this purpose by mobilizing Palestinian public opinion in the country.

Conclusion: Terrorism, Political Reform and U.S. Policy

Bin Laden aims and Zarqawi aimed at liberating Saudi Arabia and Jordan, respectively. They became terrorists as parts of Islamist opposition movements in these states and their primary aim remained to overthrow the governments in their home-countries. Although they added other goals in the course of their careers, like an American withdrawal from the region, the establishment of Islamist states and possibly a regional super-state, they have never lost sight of their home countries. In fact, their only well-defined goals aim at their respective governments, while their global agenda, although seemingly obvious, remains rather diffuse. Therefore, the fight against terrorism should basically be one against the militant parts of the (among others) Saudi, Egyptian, and Jordanian Islamist opposition movements. It will be decided in Riyadh, Cairo, Baghdad, and Amman, not in Madrid, London or New York. While repression of the terrorist networks is necessary, the far more important and difficult task is to win over the sympathizers. Only a thorough reform of political systems in the region will reduce internal conflicts and thereby opposition to repressive regimes. Only governments which integrate larger parts of

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41 "Jordan detains 9th suspect in foiled chemical attack," *Arab News* (Jiddah), 4 August 2004.

42 This audio tape was published on several Islamist websites.

the population into the decision-making process and offer venues to utter grievances will be stable in the long run. Reforms might not end terrorist activity, but they will reduce widespread sympathies for these movements and will therefore reduce recruitment opportunities and logistic capabilities up to the point where they render terrorist groups politically irrelevant. These reforms are most urgent in the countries on the Peninsula and the Gulf, namely Saudi Arabia, Kuwait and Yemen, who have produced the core group of *al-Qa'ida*, but also in Egypt, and the North African countries.

Ending the Israeli-Palestinian conflict will help reduce the recruitment for militant Islamists in the region, but it will not end the attractivity of *al-Qa'ida* and the Zarqawi-network. Especially Zarqawi was able to win over Palestinians as he staunchly propagated attacks in Jordan and Israel and gained credibility among Palestinians, while Bin Laden is often considered to have only addressed the Palestinian issue because of its propaganda value. Therefore, even after Zarqawi's death, *al-Qa'ida* in Iraq has a far greater potential to mobilize Palestinians than Bin Laden has and might thereby pose future problems for the host countries of the Palestinian Diaspora and Israel. This is why – besides ending the conflict in Palestine/Israel properly – only suitable solutions for the Palestinian Diaspora in Jordan, Syria, and Lebanon will hinder a further growth of terrorist networks. As it is unlikely that this community will return to their home-country, these solutions will depend on a thorough reform of the political system of the countries mentioned, whose regimes have used the Palestinian plight for their own political purposes for decades.

U.S. policy in the region ultimately depends on whether it succeeds in stabilizing Iraq. It remains to be seen whether U.S. troops and security forces of the Iraqi government will be capable of managing the insurgency. The insurgents will not be able to overthrow the Iraqi government, but they have already succeeded in provoking a civil war between Shiites and Sunnites. If it continues, it might provoke an intervention by Iraq's neighbors and possibly the total disintegration of Iraq as it has existed since 1920. Such a situation would benefit Islamist terrorist networks.

In marked contrast to Iraq, Saudi Arabia's stability is not threatened by any large-scale insurgency and the ruling family has proved able to improve internal security standards considerably after the events in Iraq triggered a terrorist campaign from May 2003. Here, the destabilizing effects of the American war and the subsequent insurgency in Iraq have become most obvious, but the ruling family succeeded in managing the ongoing crisis. If any U.S. policy-maker did indeed plan, as was reported, to give up the age-old alliance with the Kingdom, then the war's aftermath showed that Iraq will not in the foreseeable future be ready to replace Saudi Arabia as a strategic ally of the U.S. in the region. Although critical of the U.S. attack on Iraq, Riyadh remained a reliable partner in security and oil issues. As a consequence, official U.S. criticism of Saudi Arabian policy has been toned down considerably since 2003. However, as long as the Saudi Arabian power elite does not give up its traditional alliance with the Wahhabi religious scholars, there will be limits to reform in the Kingdom – especially in education and justice – and Anti-Americanism among many Saudis will remain a liability to U.S.-Saudi relations. This Anti-Americanism is due to U.S. policy in the region to some extent, but is also a matter of principle, fed

by the official endorsement of Wahhabi teachings in the Saudi educational system.[43] In order to ease the tensions within the Kingdom, Riyadh and Washington agreed upon the withdrawal of American troops from Saudi Arabia in spring 2003, which was concluded already in September 2003.[44] The Islamist opposition, however, continued criticizing the "occupation" of the Kingdom and often cited the remaining military men working in training capacity as evidence. Just as Saudi Arabia is stable and will most likely remain so, it will have to deal with a strong – and possibly militant – Islamist underground movement for many years.

The Bush administration has rightly identified the democratization of Arab states as a priority for the coming years. Only a thorough reform of the political systems will lead to an eradication of Islamist terrorism in the long run. Whether this strategy will be successful mainly depends on whether the U.S. will consistently follow the policy it has formulated in recent years. The litmus test will be its willingness to exert pressure on its allies in the region, most notably Saudi Arabia and Egypt, to liberalize their political systems and allow for enhanced political participation.

People in the region doubt that the U.S. is seriously pursuing a policy of democratization. Therefore, the U.S. should concentrate its efforts on regaining credibility in the Arab world, not through public diplomacy, but through political deeds. The Israeli-Palestinian conflict is one arena for this project. If the U.S. would reengage with the Israelis and the Palestinians in order to find a lasting solution, it would profit immensely in terms of credibility.

The war in Iraq has damaged U.S. interests in the region. Energies which could have been spent on the arduous long-term task of pushing the region towards reform are now wasted in order to reduce the damage done by a campaign which was not necessary and which has furthermore destabilized the whole Arab East. Therefore, U.S. Middle East policy has shifted its focus from democratization to stability. Facing the threat of Iranian hegemony in the Arab East, the U.S. has decided to reinvigorate its alliances with pro-Western regimes in Cairo and Riyadh. As a consequence, Washington seems to have given up its demands for major reforms in Egypt and Saudi Arabia. All the grand designs for a reform of the Middle East therefore seem to be doomed to failure.

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43 On Anti-Americanism in the Kingdom see my article "Saudi Arabia," in Sigrid Faath (ed.), *Anti-Americanism in the Islamic World* (London: Markus Wiener Publishers, 2006), pp. 77-94.

44 *New York Times*, 9 February 2003 and 22 September 2003.

Societal Change in Saudi Arabia and U.S. Regional Policy

Joshua H. Pollack[1]

Introduction

As the guarantor of security in the Persian Gulf, the United States is the most important foreign ally of the Kingdom of Saudi Arabia. Extensive common interests bind the two countries together; their shared objectives include the unity of Iraq, the deterrence of Iranian adventurism in the Persian Gulf region, peace and quiet on the Israeli-Palestinian front, the independence of Lebanon from Syria, the suppression of terrorism and the ideology of al-Qaida, and the stability of Saudi Arabia itself. Yet the Kingdom's social and economic situation tends to undermine the willingness of Saudi leaders to cooperate with their American counterparts. The consequences of this estrangement have been particularly severe for the central pursuit of the regional policy of the administration of President George W. Bush: the reconstitution of Iraq as a unified, stable, and democratic state following the invasion of March 2003.

Despite the importance of religious ideology, the sources of Saudi domestic problems, at their roots, are social and economic. Having become comprehensively reordered around the distribution of plentiful oil revenues in the 1970s, Saudi society has struggled ever since to adapt to a period of relative scarcity.[2] The collapse of oil revenues in the mid-1980s forced a headlong retreat from broad-based profligacy, giving way to a more selective pattern that disproportionately benefits the royal family and its core constituency in the business community. For other Saudis, the gulf between expectations and reality has never closed.

How these changes have been experienced, and how they have been interpreted, bear directly on the stability of Saudi Arabia and relations with the United States. The mainstream of Saudi society has experienced these changes as a loss of dignity, both personally and nationally. Naturally endowed but perennially indebted, the Kingdom is perceived as a mendicant before a haughty and self-interested United

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2 Saudi Arabia has been described as an "allocation state" or a "rentier state," based less on productive activity than on the distribution of resources and opportunities through patronage and family networks. See Giacomo Luciani, "Allocation vs. Production States: A Theoretical Framework," in Giacomo Luciani (ed.), *The Arab State* (Berkeley and Los Angeles: University of California Press, 1990), pp. 65-84; and Hazem Beblawi, "The Rentier State in the Arab World," in Luciani (ed.), *The Arab State*, pp. 85-98.

States. A sense of humiliating dependence on a foreign, non-Muslim power crystallised during the Persian Gulf War of 1990-91 and clashes with the Kingdom's formal sources of legitimacy: upholding the strict form of Sunni Islam preached by Muhammad ibn Adbul Wahhab in the 18th century, and protecting the sanctity of the holy cities of Islam. Further accentuated by the example and challenge of revolutionary Shi'ite Iran, religious ideology has become the main avenue for dissent and opposition within Saudi Arabia, and a justification for terrorism and upheaval.[3] The sensitivity of Saudi leaders to this problem restricts their willingness to collaborate with U.S. policy.

The Transformation of Arabian Society

Recent developments are difficult to grasp without a brief examination of the patterns, scope, and intensity of societal change that made modern Saudi Arabia. During the period of its consolidation in the 1920s and early 1930s, the Kingdom was a peripheral, pre-modern land, a near-wilderness whose people were mostly villagers or nomads. In the decades after the Second World War, within half of a human lifespan, it became a largely literate, urban society with a major role in the world economy. Three major factors drove this transformation: the creation of the new state, whose monopoly on violence ended the possibility of a nomadic livelihood based on extortion; the rise of large-scale oil production and exports, which could support an economy based on largesse; and the state's assumption of control over oil revenues.

State Formation and its Discontents

The rise of al-Saud family in the early 20th century began in the remote highland region of Najd, in the Arabian interior. Perhaps half its population consisted of nomadic or semi-nomadic bedouin herders. The expansion of the Saudi state out of the Najdi oasis town of Riyadh sent ripples through nomadic society. Both to promote commerce and to fix borders with the neighbouring territories controlled by Great Britain, the new ruler, Abdulaziz bin Abdurrahman al-Saud, decreed an end to the raiding and extortion that supported bedouin life. The settling-down of the Najdi bedouin had begun as early as the 1910s: in the process of recruiting the fanatical *ikhwan* ("brethren") warriors who would prove instrumental to the conquest of the Hijaz region in 1924, the king persuaded certain tribes to sell their livestock and establish colonies that dotted Najd and the inland parts of Hasa, the region facing the Red Sea coast. The *ikhwan* exchanged herding and raiding for subsistence farming,

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3 The classic framework for explaining political violence requires a divergence between expectations and human experience across a spectrum of values, including prosperity, power, and honor, accompanied by justifications for a resort to violence, both normative (idealistic) and utilitarian (practical). Saudi Arabia's situation contains all of these factors in abundance, except for strong utilitarian justifications. See Ted Robert Gurr, *Why Men Rebel* (Princeton, NJ: Princeton University Press, 1970).

religious indoctrination, and holy war, but never truly surrendered their autonomy to Abdulaziz, whose most reliable power base consisted instead of townsmen.[4]

The end of war spelled an end to the *ikhwan* way. The negotiation of the northern borders in the 1920s led within a few short years to the final confrontation between the king and the *ikhwan*, whose persistence in raiding into territory newly delineated as British threatened the peace and challenged the king's authority. In anticipation of later struggles, once the subjects of the al-Saud came to perceive their relationship with the authorities negatively, the same uncompromising Islamic revivalism that justified Saudi authority also became the means to challenge it. In the years before the final suppression of the *ikhwan*, Abdulaziz had sought to deflect the ideological question by presiding over the imposition of severe Najdi Islam upon the relatively cosmopolitan Hijaz. Yet the deeper issue could not be deferred indefinitely.[5]

Largesse and the Global Economy

Unable to prosper through war, the tribes became the dependents of the Saudi state. Even at the dawn of oil exploration in the early 1930s, the Kingdom was already organizing itself around royal largesse: the greater part of the royal budget was devoted to subsidizing the bedouin, who were encouraged to settle around Riyadh.[6] External forces also fostered dependence: in the 1940s, Karl Twitchell observed that the growing popularity of motor vehicles had ended the export trade in camels.[7] In the 1950s, just as sizeable oil revenues started to enter the royal treasury, a long drought drew bedouin in ever greater numbers to the threshold of Riyadh to receive charity. By the early 1960s, the al-Saud had begun a series of land grants, mainly in Najd, aiming to settle the bedouin in spite of their traditional prejudice against farm labour.[8]

By this time, a more extensive experiment in largesse was underway in Hasa (now called the Eastern Province), where oil production was centred. The Saudi oil

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4 Christine Moss Helms, *The Cohesion of Saudi Arabia: Evolution of Political Identity* (Baltimore: Johns Hopkins Press, 1981), pp. 127-50; Joseph Kostiner, *The Making of Saudi Arabia, 1916-1936: From Chieftaincy to Monarchical State* (New York: Oxford University Press, 1993), pp. 72-9; Rayid Khalid Krimly, *The Political Economy of Rentier States: A Case Study of Saudi Arabia in the Oil Era, 1950-1990*, Ph.D. Diss., (Washington, D.C.: George Washington University, 1992), pp. 115-32; Madawi al-Rasheed, *A History of Saudi Arabia* (Cambridge: Cambridge University Press, 2002), pp. 56-62.

5 Robert Lacey, *The Kingdom* (New York: Harcourt Brace Jovanovich, 1981), pp. 210-214; Helms, *The Cohesion of Saudi Arabia*, pp. 225-74; Kostiner, *The Making of Saudi Arabia, 1916-1936*, pp. 85-140; al-Rasheed, *A History of Saudi Arabia*, pp. 65-71.

6 Krimly, *The Political Economy of Rentier States*, pp. 149-54.

7 K.S. Twitchell, *Saudi Arabia: With an Account of the Development of Its Natural Resources* (Princeton: Princeton University Press, 1947), pp. 19-20.

8 David Holden and Richard Johns, *The House of Saud* (London: Pan Books, 1981), pp. 392-393; William Powell, *Saudi Arabia and its Royal Family* (Secaucus, N.J.: Lyle Stuart Inc., 1982), pp. 191-192; Alexei Vassiliev, *The History of Saudi Arabia* (New York: New York University Press, 2000), pp. 421-424; Kiren Aziz Chaudhry, *The Price of Wealth: Economies and Institutions in the Middle East* (Ithaca, NY: Cornell University Press, 1997), pp. 174-75.

industry, and to a fair extent the surrounding province itself, were in the hands of the Kingdom's largest private employer, a consortium of American oil firms called Aramco. In the late 1950s, aiming to forestall nationalization after a series of bitter labour disputes, Aramco executives launched a program of developmental assistance for Saudi employees and their families. In practice, these efforts meant providing new housing, schools, hospitals, roads, and electricity for the entire region.[9] Aramco's enactment of largesse set precedents that the royal family would adopt soon enough for itself. One was an extensive reliance on the government and corporations of the United States to establish Saudi institutions and infrastructure.[10] Another was the distribution of economic opportunities to a new Saudi contractor class; in the early 1960s, an array of Aramco-backed enterprises sprang up across the Eastern Province.[11]

In the early years, these practices did not extend deeply into Najd. In an apparent effort to insulate the interior from foreign influences, the authorities refrained from building extensive road networks there.[12] For similar reasons, foreign embassies were located in Jidda, not moving to Riyadh until 1984.[13] The transformation of the centre, when it came, was only more dramatic as a result.

Instant Modernity

The decade of the oil boom, starting in 1973, shattered most remnants of traditional life, extending the regime of largesse and dependency across the entire Kingdom. The oil embargo of 1973-74 not only heralded a shift in power from Aramco to the Saudi state; it also swung the economic spotlight to Najd. Having secured the means to legitimize social and technological change by placing the religious authorities on the state payroll (discussed below), King Faysal bin Abdulaziz and his successor Khalid bin Abdulaziz finally opened Najd to the outside world. A massive building campaign transformed Riyadh from a dusty town of about 160,000 people in 1970 to a metropolis of two million in 1992.[14]

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9 Robert Vitalis, *America's Kingdom: Mythmaking on the Saudi Oil Frontier* (Stanford, Ca.: Stanford University Press, 2007), pp. 54-184, 200-208.

10 In fact, this pattern was already established, albeit not on the same scale. See Thomas W. Lippman, *Inside the Mirage: America's Fragile Partnership with Saudi Arabia* (Boulder, Co.: Westview, 2004).

11 Chaudhry, *The Price of Wealth*, pp. 90-91.

12 Sarah Yizraeli, *The Remaking of Saudi Arabia: The Struggle between King Sa'ud and Crown Prince Faysal, 1953-1962* (Tel Aviv: Moshe Dayan Center for Middle Eastern and African Studies, 1997), pp. 134-44.

13 Helen Chapin Metz (ed.), *Saudi Arabia: A Country Study* (Washington, DC: Federal Research Division, Library of Congress, 1993), p. 107.

14 Vassiliev, *The History of Saudi Arabia*, pp. 459-60. In official statistics, Riyadh had 2.7 million inhabitants in 1992, Jidda 2.0 million; see Central Department of Statistics, "Number of Population & Housing Units of the Biggest Twenty Cities in the Kingdom by Census Results Year 1413 A.H (1992 A.D.)," available at http://www.cds.gov.sa/english/enewsectiondetail. aspx?id=64. For Riyadh, Krimly cites figures of 667,000 for 1974 and 1,389,000 for 1987; see Krimly, *The Political Economy of Rentier States*, p. 332. For a striking visual comparison of

So extravagant was the new oil income that the government virtually abandoned the system of tax collection it had build up over the prior two decades. Instead, the export revenues that poured into the national treasury filtered down to the public through a new bureaucracy of distribution. New or expanded ministries and state development banks provided employment for a large fraction of the Saudi workforce, especially within the confines of Riyadh. The new organizations were staffed mainly by Najdis, who steered a disproportionate share of the available wealth to their families and friends.[15]

Over a few short years, with the assistance of U.S. government experts, the Kingdom set out to purchase a new national infrastructure—mainly from American firms—optimistically laid out in five-year development plans.[16] Although largesse-driven inflation became a problem in the late 1970s, the Saudi public had been relieved of almost all taxation, and despite entrenched patterns of favouritism, millions benefited from an array of state subsidies, ranging from food to education to land grants. Government jobs were guaranteed to high-school graduates. For the first time, as well, large numbers of Saudis could afford Western consumer goods and foreign travel. The royal family itself set new standards for lavishness.[17]

The Foreign Influx

The oil boom was also felt beyond the borders of the Kingdom. Floating on a cushion of subsidies and sinecures, Saudis were not eager to compete for private-sector jobs. They took an increasingly dim view of manual labour, which had come to be regarded almost universally as a mark of inferiority. The overwhelming majority preferred to leave the field to the millions of foreign workers who, along with their families, swelled the urban population.[18] As early as 1973, expatriates had become the majority of the private-sector workforce.[19] Within a few years, the

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Riyadh in 1972 and in 1990, see "Riyadh, Saudi Arabia," in United States Geological Survey, *Earthshots: Satellite Images of Environmental Change*, 12 January 2001, available at http://earthshots.usgs.gov/Riyadh/Riyadh.

15 Krimly, *The Political Economy of Rentier States*, pp. 226-35, 260-61; Chaudhry, *The Price of Wealth*, pp. 139-92; Daryl Champion, *The Paradoxical Kingdom: Saudi Arabia and the Momentum of Reform* (New York: Columbia University Press, 2003), pp. 76-120.

16 Lippman, *Inside the Mirage*, pp. 159, 167-78.

17 Holden and Johns, *The House of Saud*, pp. 394-406, 410-14; Sandra Mackey, *The Saudis: Inside the Desert Kingdom* (New York: Signet, 1990), pp. 233-42.

18 Holden and Johns, *The House of Saud*, pp. 406-409; Mackey, *The Saudis*, pp. 385-97; Krimly, *The Political Economy of Rentier States*, pp. 315-30; Andrzej Kapiszewski, *Nationals and Expatriates: Population and Labour Dilemmas of the Gulf Cooperation Council States* (Reading, UK: Ithaca Press, 2001), pp. 38-41.

19 54 percent in 1973, according to Central Department of Statistics, *Statistical Indicator 1977*, p. 27, as cited in Krimly, *The Political Economy of Rentier States*, p. 322. Various editions of the same publication show private-sector employees to have been 37 percent expatriate in 1962, 54 percent in 1973, 64 percent in 1976, 82 percent in 1981, 84 percent in 1985, and 82 percent in 1988 (see ibid.). By one estimate, 94.5 percent of private-sector employees were foreign in 1994; see *Saudi Economic Survey* (13 December 1995), p. 13, as

foreign presence had grown so great as to be perceived as a threat to the Kingdom's national character.[20]

The proportion of indigenous Saudis to foreigners is not known with certainty. The most recent official figures, from the 2004 census, count 22.7 million people, including 6.1 million foreign residents, or 27.1 percent of the whole, about the same proportion found in the previous census in 1992.[21] Yet persistent reports indicate that official statistics exaggerate the indigenous population and undercount expatriates.[22] The official Saudi population numbered 16.5 million in the census year of 2004, but a reasonable estimate places it instead at 11.6 million.[23] A May 2004 press account quoted the Labour Minister as numbering expatriates at 8.8 million.[24] By these estimates, the population of Saudi Arabia would have been just 57 percent Saudi in 2004.

General concerns provoked by the demographic transformation are secondary to a more specific sense of humiliation: Saudi pride is wounded not by low-status labourers and nannies from India or the Philippines, but by the thought of the positions of prestige and authority occupied by Western experts and managers in the private sector. The "Western" and "American" stamp of modernization and imported luxuries have provoked resentments that only deepened when the onrush of plenty began to falter in the early 1980s. From that time forward, both the United States,

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cited in Onn Winckler, *Arab Political Demography, Volume One: Population Growth and Natalist Policies* (Brighton, UK: Sussex Academic Press, 2005), p. 100.

20 Mackey describes Saudi cities during the boom years as "huge caldrons of Third World humanity and American fast-food chains." See Mackey, *The Saudis*, p. 395. Holden and Johns describe 1978-1979 as a turning point in attitudes to foreigners; see Holden and Johns, *The House of Saud*, pp. 508-509.

21 Royal Embassy of Saudi Arabia, Washington, DC, "Census results show population total of 22.7 million," 11 November 2004, available at http://www.saudiembassy.net/2004News/News/HeaDetail.asp?cIndex=4800. The 1992 census counted 16.9 million people, including 4.6 million foreign residents, or 27.4 percent of the whole. See Central Department of Statistics, "Population by Nationality, Sex and Age Groups in the Kingdom 1413 A.H. (1992 A.D.)," available at http://www.cds.gov.sa/english/enewsectiondetail.aspx?id=64.

22 See, for example, Metz (ed.), *Saudi Arabia*, pp. 59-60; Champion, *The Paradoxical Kingdom*, p. 197, n. 63; Winckler, *Arab Political Demography, Volume One*, pp. 16-18, 43-4; and Lawrence Wright, *The Looming Tower: Al-Qaeda and the Road to 9/11* (New York: Alfred A. Knopf, 2006), pp. 154-55. Also see the notes following.

23 The author's estimate in Table 5 is roughly consistent with Safran's (about 5 million in 1980); see Safran, *Saudi Arabia*, pp. 223, 447, n. 20. It is also close to that of Krimly, who offers five estimates for 1990 between 6.9 million and 8.6 million, averaging 7.7 million; see Krimly, *The Political Economy of Rentier States*, pp. 318, 320-321. In September 2001, Saudi Ambassador to the U.S. Bandar bin Sultan referred to Saudi Arabians as "12 million people," lower than the official figure but still higher than the estimate given here; see Bandar bin Sultan interview with Lowell Bergman, PBS *Frontline*, September 2001.

24 "Expatriates Number 8.8m," *Arab News*, 25 May 2004, available at http://www.arabnews.com.

and Americans individually, increasingly became symbols of Saudi Arabia's own unattained aspirations.[25]

Dissent and Crisis

In hindsight, it is unimaginable that such extraordinary changes would not have disruptive effects, as millions of Saudis traded a pre-modern and independent existence for a modern, urban, globalized one, sustained by royal largesse and marked with a foreign (American) brand. Neither could the state indefinitely meet the rising expectations of the generation of Saudis born shortly before and during the boom period. Beginning in the mid-1980s, and especially following the Iraqi invasion of Kuwait, dissent, protest, and violence came to have serious implications for the stability of the Kingdom and for its relationship with the United States.

The Islamic Colour of Dissent

Many early forms of social mobilization or political opposition followed the banners of organized labour, communism, or (most famously) Arab nationalism. A small leftist opposition was still active in the Eastern Province as late as the 1980s.[26] Overall, however, the Islamic strand stands out. Not only does Islamic protest appeal to the ideas in which the whole of Saudi society is indoctrinated, but it has been triggered by each visible intrusion of the Western, non-Islamic world, including movies, television, Christmas trees, female education, and the teaching of the Copernican heresy.[27] Islamic protest has also been the most difficult form of dissent for the rulers, as the self-proclaimed champions of Islam, to oppose.

Religious dissent was voiced at first not by marginal elements but by the recognized *ulama*, or religious scholars. By the late 1960s, under King Faysal, the princely authorities had largely hired the *ulama* as government employees, typically in the universities, enlisting them as sanctioners of change. The founding of a Ministry of Justice and other government bodies in the early 1970s embedded the religious establishment within the new state bureaucracies. In return, the religious authorities—both the scholarly *ulama* and the *mutawwa*, a class of urban morality enforcers—

25　Champion calls these attitudes the "*mudir* [director] syndrome," defined as "a concept of honour in employment which dictates that nothing less than a position of authority, status and respect is acceptable." Champion, *The Paradoxical Kingdom*, pp. 200-201. Powell, *Saudi Arabia and Its Royal Family*, pp. 160-63; Mackey, *The Saudis*, pp. 126-30, 396-97; Mai Yamani, *Changed Identities: The Challenge of the New Generation in Saudi Arabia* (London: Royal Institute of International Affairs, 2000), pp. 35-6, 84-5; Kapiszewski, *Nationals and Expatriates*, pp. 158-60.

26　Helen Lackner, *A House Built on Sand: A Political Economy of Saudi Arabia* (London: Ithaca Press, 1978), pp. 89-109; Mordechai Abir, *Saudi Arabia in the Oil Era: Regime and Elites, Conflict and Collaboration* (Boulder, Co.: Westview Press, 1988), pp. 194-97; Mamoun Fandy, *Saudi Arabia and the Politics of Dissent* (New York: St. Martin's Press, 1999), pp. 43-6.

27　Each of these controversies took place in the early-to-middle 1960s. See Holden and Johns, *The House of Saud*, pp. 260-62.

received considerable control over the status of women, educational practices, media censorship, and public life in general. The *mutawwa* became especially ubiquitous after the Iranian revolution and the violent takeover of the Holy Mosque in Mecca in 1979, which moved the al-Saud to reinforce their Islamic credentials.[28] Among other effects, these policies have fostered boredom and depression; young Saudis lack almost any form of public entertainment, or any socially accepted opportunities to socialize between genders.[29]

Whatever benefits the strategy of cooptation reaped, it also served to undermine the authority of the *ulama*. During the period of boom and modernization, three major strands of Islamic social critique began to emerge, one of them within the religious establishment, the other two beyond its influence. All three strands played roles in the series of crises that plagued the Kingdom following the end of the oil boom.

The *sahwa al-islamiyya* (Islamic awakening) took root within the universities, among junior *ulama* influenced by exiled Egyptian and Syrian Muslim Brothers in the 1960s. At first, *sahwa* scholars and preachers concerned themselves less with politics than with social and cultural critique. Accepting the use of new technologies, but perceiving their country to be under "cultural attack" from the West, they shaped their ideas in reaction to a small secularist trend growing among Western-educated Saudis. Their writings and audiotapes reached a wide audience. The *sahwa* movement took on an openly political stance for the first time during the Kuwait crisis, leading to a collision with the princely authorities, followed by a wary reconciliation. Leading *sahwa* figures now enjoy a great deal of popular legitimacy, and have become effectively independent of the senior appointed *ulama*, communicating directly with the public via the Internet.[30]

The *salafiyya* (ancestral way) movement was more socially marginal and insular, rejecting the authority of the royal and religious authorities. It did attract a few alienated individuals from the establishment milieu. Notably, Juhaymun al-Utaybi, the leader of the *salafi* splinter group responsible for the seizure of the Holy Mosque in Mecca in 1979, had studied with a leading *alim*, Shaykh Abdulaziz bin Baz.[31] Nor was al-Utaybi the sole example: at the time of the events in Mecca, Usama bin

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28 Powell, *Saudi Arabia and its Royal Family*, pp. 134-51; Abir, *Saudi Arabia in the Oil Era*, pp. 20-31; Krimly, *The Political Economy of Rentier States*, pp. 294-306; Vassiliev, *The History of Saudi Arabia*, pp. 439-41; al-Rasheed, *A History of Saudi Arabia*, pp. 124-25, 155.

29 Lawrence Wright, "The Kingdom of Silence," *New Yorker*, 5 January 2004, pp. 48-73; John R. Bradley, *Saudi Arabia Exposed: Inside a Kingdom in Crisis* (New York: Palgrave, 2005), pp. 87-101, 153-79.

30 International Crisis Group, "Saudi Arabia Backgrounder: Who Are the Islamists?" *Middle East Report*, No. 31, 21 September 2004, pp. 1-2; Uriya Shavit, "Al-Qaeda's Saudi Origins," *Middle East Quarterly*, 13/4 (Fall 2006), pp. 3-14, available at http://www.meforum. org/article/999; Stéphane Lacroix, "Islamo-Liberal Politics in Saudi Arabia," in Paul Aarts and Gerd Nonneman, *Saudi Arabia in the Balance* (New York: New York University Press, 2005), pp. 37-40.

31 Bin Baz himself authorized the use of force to recapture the Mosque. See Abir, *Saudi Arabia in the Oil Era*, pp. 25-28; Thomas Hegghammer and Stéphane Lacroix, "Rejectionist

Ladin, the son of a leading business family, had been a student at King Abdulaziz University in Jidda, active in Muslim Brotherhood circles.[32] The authorities' decision to suppress the politicized *sahwa* movement during the mid-1990s would, for a time, leave the field open to radical *salafis* in prison and in exile.

The third strand, the Shi'a Reform Movement, protested the suppression of Shi'ite religious practices and the neglect of Shi'ite communities. Its adherents also considered the rule of the al-Saud as illegitimate. In late 1979, thousands in the Eastern Province, emboldened by the example of the Islamic revolution in Iran, entered the streets to observe the suppressed Shi'ite holiday of *ashura muharram*, and were greeted with force.[33] Since this time, the Shi'ites have been perceived as a potential fifth column for Iran. Concerns about Iranian-inspired sabotage and insurrection ran high during the Iran-Iraq war of the 1980s; later, the U.S. government concluded that Iran-backed Shi'ites were responsible for the bombing of U.S. Air Force housing near Dhahran in 1996. Lately, the overthrow of Iraq's Sunni-dominated Ba'athist regime has raised the profile of the Saudi Shi'a, and the collapse of order in Iraq has spurred fears that "sectarianism" and intercommunal violence might spread into the Kingdom.

The First Wave of Crisis

The early-to-middle 1980s ushered in a period of existential fears, economic recession, and institutional sclerosis. Iran's revolutionary fervour pushed the al-Saud onto the defensive, adding impetus to the drive for religious legitimization. Iranian Shi'ites were a vociferous presence during the *hajj* observances of the mid-1980s. In October 1986, in an apparent response to these challenges, Fahd bin Abdulaziz changed his title from "His Majesty" to "Guardian of the Two Shrines." The next July, during the *hajj*, Saudi security forces clashed violently with Iranian pilgrims, killing an unknown number.[34]

During the oil-price crisis of 1986, the private sector contracted and deflationary pressure set in. Although still restrained by public response, the government began to cut expenditures more aggressively. Unemployment mounted, as the government stopped expanding the public payroll. By 1988-89, subsidies on food, agriculture, electricity, and social security had fallen to little more than one-fifth the peak level of 1981-82. Deficit spending continued regardless; the government's attempts to reinstate taxation fell flat.[35] The system had become so comprehensively structured

Islamism in Saudi Arabia: The Story of Juhaymun al-'Utaybi Revisited," *International Journal of Middle East Studies*, 39/1 (2007), pp. 103-22.

32 Steve Coll, "Young Osama," *New Yorker*, 12 December 2005; Wright, *The Looming Tower*, pp. 78-83.

33 Fandy, *Saudi Arabia and the Politics of Dissent*, pp. 195-228; International Crisis Group, "The Shi'ite Question in Saudi Arabia," pp. 2-4.

34 Abir, *Saudi Arabia*, pp. 110-11, 125-38, 157-59.

35 Krimly, *The Political Economy of Rentier States*, pp. 383-85; Chaudhry, *The Price of Wealth*, pp. 150, 152, 274-75.

around largesse, clientelism, and administrative rent-seeking opportunities that anything more than incremental attempts at reform faltered.[36]

Increasingly, Saudis could not escape noticing how the extravagances and self-dealing of the royal family contrasted with their own declining circumstances. Those without good connections no longer prospered. For many with rising expectations, life had become an undignified struggle for economic survival, made all the more bitter by the observation that Americans, not Saudis, held the positions of highest status in the private sector.[37] The government's responses to unemployment were, if anything, even less effective than its fiscal reforms. Renewed pledges to Saudize the labor market made little difference; neither did exhorting frustrated university graduates to seek technical training or enlist in the military.[38]

Another approach to the discontent of young Saudi males, with fateful consequences, was to encourage them to volunteer for the guerilla war against the Soviet Union in Afghanistan. The Afghan *jihad* was itself a high priority of Saudi foreign policy. Preachers raised sums for the Afghan factions, creating a flow of money to Afghanistan that paralleled the government's own.[39] Preaching and cassette tapes by activist *ulama* also drew otherwise aimless young Saudi men to the *jihad*.[40] The government may have sought influence over the "Arab-Afghan" fighters from Saudi Arabia and other countries; originally distributed among Afghan commanders, they later gathered in camps organized by the construction engineer from Jidda, Usama bin Ladin, who both raised his own funds and enjoyed the support of Saudi intelligence.[41]

The end of the national solidarity created by the Iran-Iraq War, combined with return of the Arab-Afghans, spelled trouble within the Kingdom. Like their distant *ikhwan* predecessors, who also had found purpose in *jihad*, the veterans of the Afghan conflict could not always be controlled. When a restless bin Ladin sought to promote an Islamic revolution in Yemen in 1989, his onetime friends in government seized his passport, to his surprise and dismay.[42] In the same year, the royal governor of Asir province had Aidh al-Qarni, a prominent *sahwa* preacher, jailed on morals charges. Al-Qarni was exonerated, reportedly after thousands of Saudis rallied to his cause.[43]

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36 Steffen Hertog, "Segmented Clientelism: The Political Economy of Saudi Economic Reform Efforts," in Aarts and Nonneman, *Saudi Arabia in the Balance*, pp. 111-43.

37 Yamani, *Changed Identities*, pp. 70-90.

38 Abir, *Saudi Arabia*, pp. 111, 147-50.

39 Mohammad Yousaf and Mark Adkin, *Afghanistan – The Bear Trap: The Defeat of a Superpower* (Havertown, Pa.: Casemate, 2001), pp. 80-83, 106-107. Steve Coll, *Ghost Wars: The Secret History of the CIA, Afghanistan, and Bin Laden, from the Soviet Invasion to September 10, 2001* (New York: Penguin Books, 2004), pp. 82-4, 86; Wright, *The Looming Tower*, pp. 99-104.

40 Khalid al-Hamadi, "Al-Qa'ida From Within, as Narrated by Abu-Jandal (Nasir al-Bahri)," *Al-Quds Al-Arabi*, 15 March 2005 (FBIS translation).

41 Coll, *Ghost Wars*, pp. 87-8; Wright, *The Looming Tower*, pp. 103-120.

42 Wright, *The Looming Tower*, pp. 153-54.

43 Joshua Teitelbaum, *Holier Than Thou: Saudi Arabia's Islamic Opposition* (Washington, DC: Washington Institute for Near East Policy, 2000), p. 26.

The Second Wave of Crisis

Into this atmosphere of simmering unrest came the Iraqi invasion of Kuwait in August 1990. In the summer and fall of 1990, over half a million American troops, as well as contingents from coalition partner countries, arrived on Saudi soil. The Kingdom's massive defence expenditures, including billions of dollars in acquisitions from U.S. firms, now seemed to have incurred indebtedness without building any capacity for self-defence. These developments did not play well with Saudi subjects who had deeply felt the loss of subsidies over the past few years: in hindsight, what justified their sacrifices?[44]

A wave of open dissent broke upon the Kingdom. Western-educated Saudis seized the opportunity offered by the greatly expanded presence of the foreign news media to petition for liberalization. The liberals' demands included judicial reform, greater social equality, free media, restraints on the *muttawa*, and greater mobility and participation in society for women.[45]

The *sahwa* activists quickly struck back. In May of 1991, 52 religious scholars, including Aidh al-Qarni, Salman al-Awdah, and Saffar al-Hawali, with the collateral support of Shaykh bin Baz, delivered a sweeping petition of their own. Seizing on a royal pledge to establish a consultative council, the "letter of demands" proposed the reordering of government, law, and foreign affairs around *sharia* (religious rulings), by implication transferring decision-making power from the royalty to the *ulama*. It also called for: enacting egalitarian economic reforms, ending the Kingdom's dependence on its overbearing foreign patron, islamizing Saudi embassies, guiding foreign policy and away from illicit alliances and toward Muslim causes, and building national armed forces independently able to defend the country and its holy places.[46]

The polite rebellion of the scholars stunned the royal authorities. During the restless stalemate that followed, the princely authorities struggled to restrain the *sahwa* shaykhs. They enlisted the *ulama* to rule against challenges to royal authority, and sought to counteract criticism by lavishing new sums on religious education, at home and abroad, as well as funneling cash to the embattled Bosnian Muslims.[47] Matters came to a head in the summer of 1994, when al-Awdah and al-Hawali were

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44 Abir, *Saudi Arabia*, p. 176.

45 Eleanor A. Doumato, "Women and the Stability of Saudi Arabia," *Middle East Report*, No. 171 (July-August 1991), pp. 34-7; Robert Fisk, "Saudis attack rulers by tape and fax," *Independent*, 21 June 1993; Abir, *Saudi Arabia*, pp. 186-89; Teitelbaum, *Holier Than Thou*, pp. 30-31. For the text of the "Secular Petition" of December 1990, see Human Rights Watch, *Empty Reforms: Saudi Arabia's New Basic Laws* (May 1992), appendix, available at http://www.hrw.org/reports/1992/saudi/APPEN.htm.

46 For Utaybi's letters, see Joseph K. Kechichian, "Islamic revivalism and change in Saudi Arabia: Juhaymun al-'Utaybi's 'letters' to the Saudi people," *The Muslim World*, 80/1 (January 1990), pp. 1-16, excerpted in Champion, *The Paradoxical Kingdom*, pp. 132-36; for the "Letter of Demands," see Champion, *The Paradoxical Kingdom*, pp. 221-23.

47 Teitelbaum, *Holier Than Thou*, pp. 101; al-Rasheed, *A History of Saudi Arabia*, p. 176; Champion, *The Paradoxical Kingdom*, pp. 60-61.

arrested after attacking the government's stance on the civil war in Yemen. Other oppostitionists fled to London.[48]

The Rise of bin Ladin in Exile

The silencing of the *sahwa* left open to others a well-defined space for Islamic protest. In their failure to seize the reins of the state, and in their subsequent reconciliation with the al-Saud, the *sahwa* conceded much of the "Islamic" agenda to a new breed of rejectionist. After the Iraqi invasion of Kuwait, Usama bin Ladin had personally protested the American military presence in Saudi Arabia to senior princes, offering the use of "his" army of Arab-Afghans instead. In their predictable dismissal of his concerns, he found a *casus belli*.[49] In 1992, bin Ladin managed to reclaim his passport and left the country for Pakistan, soon thereafter establishing himself in Sudan as an organizer of Islamic revolutionaries under the rubric of al-Qaida.[50]

In the spring of 1994, a new Saudi opposition group with a London office, calling itself the Advice and Reform Committee (ARC), began disseminating by facsimile a series of communiqués signed by bin Ladin. He blasted the Kingdom's foreign and domestic policies, including the arrests of the leading *sahwa* shaykhs.[51] Bin Ladin's broadsides moved the regime to dispatch emissaries to Khartoum, calling upon him to return to the Kingdom and reconcile with King Fahd by publicly calling him a good Muslim.[52]

His reply came in a lengthy July 1995 missive addressed to the king. It meticulously recited "the grave matters that you and those around you have committed against the entitlements to Allah, his religion, his creatures, his country, his holy places, and his nation." In Bin Ladin's eyes, the king was no longer a Muslim, having abandoned *sharia* for alien practices and accepted subordination to "the interests of the Western and crusader nations." Bin Ladin dismissed the "alleged kingdom" of the Saudis as

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48 The shaykhs were imprisoned until late in the decade. Fandy, *Saudi Arabia and the Politics of Dissent*, pp. 92-3; Teitelbaum, *Holier Than Thou*, pp. 56-60, 99-108.

49 Coll, *Ghost Wars*, pp. 222-23; Wright, *The Looming Tower*, pp. 157-58.

50 Wright, *The Looming Tower*, pp. 161-162. Other accounts have bin Ladin departing in 1991 (e.g., Coll, *Ghost Wars*, pp. 222-223). Despite its origins among a diverse group of Arab volunteers in Afghanistan in the late 1980s, and its later merger with Ayman al-Zawahiri's Egyptian Islamic Jihad, al-Qaida's strength was founded primarily on Saudi factors, including the personality of bin Ladin himself. On the Egyptian connection, see Marc Sageman, *Understanding Terror Networks* (Philadelphia: University of Pennsylvania Press, 2004), pp. 1-59; and Wright, *The Looming Tower*, pp. 121-44. The author thanks Alec Barker for advice concerning this section.

51 Fandy, *Saudi Arabia and the Politics of Dissent*, pp. 177-94. Several ARC communiqués are available in the original Arabic and in translation from the Combating Terrorism Center (CTC). See, for example, Usamah bin Muhammad bin Ladin, "Saudi Arabia Unveils its War Against Islam and its Scholars," Advice and Reform Committee Statement No. 6, 12 September 1994, CTC translation available at http://www.ctc.usma.edu/aq_003345.asp.

52 Wright, *The Looming Tower*, pp. 198-201.

"no more than an American protectorate subject to American laws." He concluded by demanding Fahd's abdication and the resignation of his government.[53]

In May 1996, Saudi, Egyptian, and American pressure on the Sudanese government forced bin Ladin out of the country.[54] In August, from a new sanctuary in semi-anarchic Afghanistan, bin Ladin issued through the Arabic press in London a "Declaration of War" against America and the Saudi royal family alike. It called for a boycott of American products and a guerilla war against American forces in Saudi Arabia.[55] Saudis, Yemenis, and other Arab veterans of the holy wars of the 1980s and 1990s soon flocked to bin Ladin's new training camps in the hills.[56]

Alliance under Pressure

Fears of validating bin Ladin's claims discouraged the Saudi authorities from working with the U.S. against al-Qaida and other common enemies. Ambassador to the U.S. Bandar bin Sultan later explained that complaints from Western allies about Saudi balkiness even helped the regime to refute bin Ladin's claims that the royal family was "in the pocket" of the Americans.[57]

The Saudis also did little to intervene against al-Qaida's fundraising, since its major fundraising mechanism consisted of exploiting the same religious charities used to burnish the regime's domestic credentials.[58] The charities maintained branches in places where few reliable financial controls existed; thus, even from Sudan, Bin

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53 Usama bin Ladin, "An Open Message to King Fahd," Advice and Reform Committee Statement No. 17, July 11, 1995. CTC translation available at http://www.ctc.usma.edu/aq_000103.asp and http://www.ctc.usma.edu/aq_003345.asp. According to Wright, "the thunder of bin Laden's language jolted and titillated his mute countrymen." Wright, *The Looming Tower*, pp. 208-210.

54 Khalid al-Hamadi, "Al-Qa'ida From the Inside, as Narrated by Abu-Jandal (Nasir al-Bahari), Bin Ladin's Bodyguard," *Al-Quds al-Arabi*, 21 March 2005 (FBIS translation); Wright, *The Looming Tower*, pp. 219-223.

55 Usamah bin Muhammad bin Ladin, "Message From Usamah Bin-Muhammad Bin-Ladin to His Muslim Brothers in the Whole World and Especially in the Arabian Peninsula: Declaration of Jihad Against the Americans Occupying the Land of the Two Holy Mosques; Expel the Heretics From the Arabian Peninsula," *Al-Islah*, 2 September 1996 (FBIS translation).

56 Khalid al-Hamadi, "The Inside Story of Al-Qa'ida, as Told by Abu-Jandal (Nasir al-Bahri), Bin Ladin's Personal Guard," *Al-Quds al-Arabi*, 28 March 2005 (FBIS translation).

57 Bandar bin Sultan interview with Lowell Bergman, PBS *Frontline*, September 2001.

58 *Terrorist Financing: Report of an Independent Task Force Sponsored by the Council on Foreign Relations* (Washington, DC: Council on Foreign Relations, 17 October 2002), p. 8; John Roth and Douglas Greenburg and Serena Wille, "Monograph on Terrorist Financing," Staff Report to the National Commission on Terrorist Attacks Upon the United States, p. 6, available at http://www.9-11commission.gov/staff_statements/911_TerrFin_Monograph.pdf; Victor Comras, "Al Qaeda Finances and Funding to Affiliated Groups," *Strategic Insights*, 4/1 (January 2005), available at http://www.ccc.nps.navy.mil/si/2005/Jan/comrasJan05.asp; Glenn R. Simpson, "U.S. Tracks Saudi Bank Favored by Extremists: Officials Debated What To Do About Al Rajhi, Intelligence Files Show," *Wall Street Journal*, 26 July 2007.

Ladin was positioned to tap into Saudi funds intended for Bosnia, diverting them for own *jihad* projects in Somalia and elsewhere.[59] Intent on maintaining a role in Bosnia, wary of appearing subservient to the U.S., and determined to hide the extent of their opposition problem from the outside world, the Saudi authorities went about isolating bin Ladin cautiously and incrementally, while avoiding discussions of such a sensitive issue with U.S. counterparts. After realizing that a U.S.-incorporated charity was linked to al-Qaida, the Saudis quietly closed its branch in Saudi Arabia.[60]

The royal family's sensitivity to bin Ladin's critique only grew during the late 1990s, as the spread of satellite television news gave a restive Saudi public continual exposure to scenes of death and devastation in Iraq and Chechnya. Interviews with al-Jazeera also provided Usama bin Ladin with a new means of reaching a mass audience in the Arab world.[61] The confrontation with Iraq was of special concern because the American and British warplanes that patrolled the "no-fly zone" over southern Iraq were stationed in Saudi Arabia. After the Khobar Towers bombing in 1996, they had been situated at Prince Sultan Air Base (PSAB) near al-Kharj, southeast of Riyadh. As early as 1996, the Saudi authorities began to deny the use of PSAB for sorties against Iraq.[62] Their discomfort only grew when al-Qaida's leaders seized on the base as a rallying point for confronting the United States, alluding to it as a "spearhead" through which a "brutal crusade occupation" attacked "the neighbouring Muslim peoples" in Iraq, to the benefit of "the Jews' petty state."[63]

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59 David D. Aufhauser, statement before the Senate Judiciary Subcommittee on Terrorism, Technology and Homeland Security, 23 June 2003; Evan F. Kohlmann, *Al-Qaida's Jihad in Europe: The Afghan-Bosnian Network* (New York: Berg, 2004), pp. 35-52; Khalid al-Hamadi, "Al-Qa'ida From Within, as Narrated by Abu-Jandal (Nasir al-Bahri), Bin Ladin's Personal Guard," *Al-Quds al-Arabi*, 19 March 2005 (FBIS translation).

60 The U.S. government did not target the Benevolence International Fund (BIF) until after 9/11; according to federal prosecutors, the charity funneled contributions to al-Qaida, the Afghan Hezb-i Islami, and the Chechen *mujahidin.* (See "Government's Evidentiary Proffer Supporting the Admissibility of Coconspirator Statements," *United States of America v. Enaam V. Arnaout*, available at news.findlaw.com/hdocs/docs/bif/usarnaout10603prof. pdf.) A bin Ladin missive subsequent to the closure of the Saudi branch of BIF appears to call on readers to donate to its overseas branches instead; see Usamah bin Muhammad bin Ladin, "The Bosnia Tragedy and the Deception of the Servant of the Two Mosques," Advice and Reform Committee Statement No. 18, 11 August 1995, AFGP-2002-003345, CTC translation available at http://www.ctc.usma.edu/aq_003345.asp. In the same collection, see also Usamah bin Muhammad bin Ladin, "Prince Salman and Ramadan Alms," Advice and Reform Committee Statement No. 13, 12 February 1995.

61 See, for example, Sharon Waxman, "Arab TV's Strong Signal: The al-Jazeera Network Offers News the Mideast Never Had Before, and Views That Are All Too Common," *Washington Post*, 4 December 2001. Concerning Chechnya, see Thomas Hegghammer, "Terrorist Recruitment and Radicalization in Saudi Arabia," *Middle East Policy*, 13/4 (Winter 2006), pp. 39-60, at p. 49.

62 Kenneth M. Pollack, *The Threatening Storm: The Case for Invading Iraq* (New York: Random House, 2002), pp. 71-94; Rachel Bronson, *Thicker Than Oil: America's Uneasy Partnership with Saudi Arabia* (New York: Oxford University Press, 2006), pp. 220-21.

63 World Islamic Front, "Jihad Against Jews and Crusaders," *al-Quds al-Arabi*, 23 February 1998, translation available at http://www.fas.org/irp/world/para/docs/980223-fatwa.

Relations in Decline

The heavily televised Israeli-Palestinian fighting that broke out in September 2000 further inflamed the Saudi public. For Arabs in general and Saudis in particular, the conflict is symbolically weighty: in bin Ladin's writings, most pointedly, the fate of Palestine under the British mirrors and anticipates that of Saudi Arabia under the Americans.[64] Saudi princes looked to America to address the situation, hoping that last-ditch efforts by the Clinton Administration would achieve a settlement. When the fighting continued, they cast blame in Washington's direction.[65]

Saudi officials hoped that the new Bush Administration would resume President Clinton's personal diplomacy in the Israeli-Palestinian arena, but soon realized that President Bush would not meet with Palestinian leader Yasir Arafat.[66] In response, Saudi Crown Prince Abdullah refused repeated invitations to visit Washington, instead calling upon Bush to restrain Israel through telephone calls, letters, and intermediaries.[67] In a June 2001 interview, Abdullah subtly rebuked Bush by hinting that the Americans had become so passive that it was now up to the Saudis to provide leadership.[68]

In the midst of this behind-the-scenes diplomatic crisis, 19 al-Qaida members, including 15 Saudis, launched the infamous September 11, 2001 attacks on the United States.[69] The attacks threw the leadership in Riyadh into confusion: Usama bin Ladin, the worst enemy of the regime, had emerged overnight as a heroic figure

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htm. Authorship is attributed to Ayman al-Zawahiri; see Wright, *The Looming Tower*, pp. 259-61.

64 "So King 'Abd-al-'Aziz was behind the loss of the Muslims' first qiblah [Jerusalem]. He allied himself with the Christians against Muslims. And he abandoned the mujahidin, instead of espousing the al-Aqsa Mosque issue and supporting those struggling for the sake of God's cause [the Arab Revolt of the late 1930s]. And here is his son, King Fahd, trying to fool Muslims with the second trick in order to squander our remaining holy sites. He lied to the ulema who sanctioned the Americans' entry… He told them that the matter was simple and that the U.S. and coalition troops would leave in a few months. And here we are approaching the seventh year since their arrival and the regime is unable to move them out." Bin Ladin, "Message From Usamah Bin-Muhammad Bin-Ladin to His Muslim Brothers in the Whole World and Especially in the Arabian Peninsula."

65 Elsa Walsh, "The Prince," *New Yorker*, 23 March 2003, pp. 48-63; Bill Clinton, *My Life* (New York: Alfred A. Knopf, 2004), p. 925; Susan Sachs, "Saudi Heir Urges Reform, and Turn From U.S.," *New York Times*, 4 December 2000.

66 Mary Dejevsky, "The Monday Interview: Prince Turki al-Faisal," *Independent*, 11 August 2003.

67 Jane Perlez, "Mitchell Report on Mideast Violence May Thaw the Ice; U.S. Gingerly Discusses Taking More Active Role," *New York Times*, 17 May 2001; Jane Perlez, "Bush Senior, on His Son's Behalf, Reassures Saudi Leader," *New York Times*, 15 July 2001; Bob Woodward, *State of Denial* (New York: Simon & Schuster, 2006), pp. 45-7.

68 Roula Khalaf, "Regal Reformer: Crown Prince Abdullah, Regent to Saudi Arabia's King Fahd, has Spearheaded Diplomatic and Economic Change," *Financial Times*, 25 June 2001.

69 Robert G. Kaiser and David Ottaway, "Saudi Leader's Anger Revealed Shaky Ties," *Washington Post*, 10 February 2002.

throughout the Arab world, and just as bad, Americans seemed inclined to blame the al-Saud. For months afterward, Interior Minister Nayif bin Abdulaziz refused to acknowledge Saudi subjects' involvement in the 9/11 attacks.[70] As American anger against Saudi Arabia mounted, Saudis reacted defensively, with many ceasing to vacation in the U.S., buy American consumer products, or keep their money in U.S. banks.[71]

As an aroused United States prepared for war in Afghanistan, the Saudi government sought to stay out of the way. The Saudis cut their ties to bin Ladin's hosts, the Taliban, but did not embrace the war effort. Foreign Minister Saud al-Faisal hinted that any American requests to send aircraft against Afghanistan from Saudi bases would not be welcomed.[72] Senior U.S. officials, not wishing to exacerbate the problem, repeatedly asserted that the Saudis had cooperated with every American request. This claim was made possible by refraining from making requests that might be refused. But in the absence of an open dialogue, hints and signals were sometimes missed.[73]

Worse tensions were to come. Reacting to early hints of a "Phase Two" conflict with Iraq, the Saudis initially ruled out the possibility of launching attacks on any other Arab country from their soil.[74] As the Americans set about building support for the next war, Abdullah launched a diplomatic counter-campaign, by all appearances aiming both to deflect the White House from its growing obsession with Iraq and to return the Israeli-Palestinian conflict to centre stage. In mid-March 2002, when Vice President Dick Cheney toured Middle Eastern capital to secure support for a war with Iraq, Abdullah and other Arab leaders sent him home with a message that Israeli-Palestinian issues took priority.[75] Later that month, the Crown Prince

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70 See, for example, Howard Schneider, "Man on Bin Laden Tape Now Said to Be Guerilla," *Washington Post*, 18 December 2001.

71 "Summer vacationers shun the U.S.," *Arab News*, 15 February 2002, available at www.arabnews.com; Robin Allen, "Bank's deposits hit by 'anti-US protests,'" *Financial Times*, 24 May 2002; Scott Peterson, "Saudis channel anger into charity," *Christian Science Monitor*, 30 May 2002; Roula Khalaf, "Saudi investors pull out billions of dollars from US: Move signals deep alienation following September 11," *Financial Times*, 21 August 2002.

72 Neil MacFarquhar, "Saudis Criticize the Taliban And Halt Diplomatic Ties," *New York Times*, 26 September 2001; David B. Ottaway and Robert G. Kaiser, "After Sept. 11, Severe Tests Loom for Relationship," *Washington Post*, 12 February 2002.

73 Eric Schmitt and Michael R. Gordon, "Top Air Chief Sent," *New York Times*, 21 September 2002; Vernon Loeb and Dana Priest, "Saudis Balk at U.S. Use of Key Facility; Powell Seeks Reversal of Policy; Refusal Could Delay Airstrikes at Terrorists," *Washington Post*, 22 September 2001; Patrick E. Tyler, "Saudis Feeling Pain of Supporting U.S.," *New York Times*, 24 September 2001; Roula Khalaf, "Saudi Arabia Denies Agreeing to Aid Strikes," *Financial Times*, 1 October 2001; Thomas E. Ricks, "Rumsfeld Confident Of Use of Saudi Bases; Royal Family Appears to Signal Assent," *Washington Post*, 4 October 2001.

74 Roula Khalaf, "Riyadh Fears the Fallout from War," *Financial Times*, 8 October 2001. Only in September 2002, once the U.S. sought a new UN Security Council resolution on Iraq, was this stance eased. CNN Live Today, September 16, 2002; Todd S. Purdum, "Saudis Indicating U.S. Can Use Bases If U.N. Backs War," *New York Times*, 17 September 2002.

75 Michael R. Gordon, "Bush Plans Talks With Saudi Prince on Mideast Plan," *New York Times*, 18 March 2002.

unveiled his own Arab-Israeli peace initiative at an Arab summit meeting in Beirut. In April, finally meeting with President Bush at his ranch in Texas, the Saudi leader brought photographs and a videotape of domestic upheaval and protest, ignored talk of Iraq, and staged an angry walk-out Scheduled to last two days, the meeting ended after five hours, without the customary joint statement.[76]

In the Shadow of Iraq

With the royal family unable to avert the invasion of Iraq, the threat of upheaval loomed over the Kingdom. What had been a trickle of small-scale attacks against Westerners in Saudi cities became a protracted campaign of hostage-taking, massacres, and bombings. As the situation in Saudi Arabia gradually came under control, the situation in Iraq worsened, spurring the Saudi authorities to find ways to contain the problem next door. American and Saudi leaders have found themselves increasingly at odds: U.S. officials accused the Saudis of tolerating a flow of volunteers to Iraq and, later on, of directly supporting Sunni Arab militias as a counterweight to the Shi'ite-dominated government in Baghdad. By helping to disrupt Sunni Arab participation in the Iraqi elections of January 2005, Saudi terrorist recruits, many of them suicide bombers, contributed to the demise of American plans for a new Iraq.

Al-Qaida in the Arabian Peninsula

In late 2002, as the invasion began to assume the appearance of inevitability, the Saudi government faced growing trouble at home. The Ministry of Islamic Affairs struggled to hold mosque preachers to an apolitical line.[77] Opposition was widespread and intensely felt, even among secular individuals.[78]

Despite earlier refusals, the Saudi authorities chose to accept some additional risk by accommodating American requests for the use of certain facilities, including a base near the Iraqi border and a command centre located at PSAB. The payoff turned out to be the long-awaited withdrawal of U.S. combat forces from the Kingdom, which was announced at the end of April, just a few weeks after the invasion, and finally took place in September.[79] When the fighting commenced, however, an unnamed

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76 Karen De Young, *Soldier: The Life of Colin Powell* (New York: Alfred A. Knopf, 2006), pp. 387-88; Patrick E. Tyler, "Saudi Proposes Mideast Action Led by U.S.," *New York Times*, 27 April 2002.

77 Abd-al-Rahman al-Shamrani, "Warning Against the Trap of Unconfirmed News, Al-Ammar: Friday Sermons Not the Place for Politics," *Ukaz*, 21 December 2002 (FBIS translation).

78 "Saudi intellectuals oppose war on Iraq," *Jordan Times*, 16 March 2003.

79 Don van Natta, Jr. "Last American Combat Troops Quit Saudi Arabia," *New York Times*, 22 September 2003. In a series of interviews, Deputy Secretary of Defense Paul Wolfowitz described withdrawal of combat forces from Saudi Arabia as one of the aims of the invasion of Iraq. See Paul Wolfowitz interview transcripts with New England Cable News, March 23, 2003, *Baltimore Sun*, 12 April 2003, Fox News Channel, 17 April 2003, and *Vanity Fair*, 9 May 2003, available at http://www.defenselink.mil/transcripts/.

senior Arab diplomat" in Riyadh described the country as a "volcano" ready to erupt, and suggested that if the Saudi public knew of the use of the command centre by the U.S. military, "they'd be in the streets."[80]

In fact, the Saudi "volcano" was already well on its way to erupting. The pattern of attacks on Westerners that began in late 2000 had continued and grown to include attempted large-scale attacks in the centre of the Kingdom, accompanied by recurring news of arrests and trials.[81] A new organization, al-Qaida on the Arabian Peninsula, announced its responsibility and its agenda through a series of Internet publications. For the next year and a half, amid arrests and bombings, Saudi Arabia seemed continuously poised to converge with the mounting chaos in Iraq.[82]

In the aftermath of the May attack, the authorities intensified their crackdown, launching a publicity campaign against terrorism. Crown Prince Abdullah vowed "to confront and destroy the threat posed by a deviant few and those who endorse or support them."[83] The authorities published the first of what would become a series of three "most-wanted" lists. Nearly every week brought news of another explosion or gun battle somewhere in the Kingdom.

The Saudi terrorists drew inspiration from the Iraqi insurgency, and sought to use public anger against the war to generate sympathy for their own cause. In April 2004, two events emanating from Iraq were strongly felt in Saudi Arabia: the inconclusive siege of the city of Fallujah by U.S. Marines, and the publication of photographs depicting sadistic treatment of Iraqi prisoners by U.S. Army personnel at Abu Ghraib Prison near Baghdad. While the Abu Ghraib photos heightened a vicarious sense of victimization, the battle for Fallujah electrified the Saudi public, creating feelings of triumph over oppression. During the fighting, worshippers at mosques in Riyadh and Qasim reportedly prayed for an insurgent victory over the U.S.[84] Preachers delivered similar sentiments in televised Friday sermons from the pulpits of the holy shrines in Mecca and Medina.[85]

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80 Craig S. Smith, "Saudi Arabia Seems Calm, but, Many Say, Is Seething," *New York Times*, 24 March 2003.

81 For an overview, see the chronology assembled and periodically updated by J.E. Peterson. J.E. Peterson, *Saudi Arabia: Internal Security Incidents Since 1979* (Arabian Peninsula Background Note APBN-003, January 2004; updated to 1 July 2006), available at http://www.jepeterson.net.

82 Anthony H. Cordesman and Nawaf Obaid, "Al-Qaeda in Saudi Arabia: Asymmetric Threats and Islamist Extremists," Center for Strategic and International Studies, January 26, 2005; Humud al-Ziyadi, "Terrorist Cells Wear Down After Two Years Since the Regrettable Events," *Al-Watan*, 12 May 2005 (FBIS translation); Joshua Teitelbaum, "Terrorist Challenges to Saudi Arabian Internal Security," *MERIA Journal*, 9/3 (September 2005), pp. 1-11; Roel Meijer, "The 'Cycle of Contention' and the Limits of Terrorism in Saudi Arabia," in Aarts and Nonneman, *Saudi Arabia in the Balance*, pp. 271-311.

83 Royal Embassy of Saudi Arabia, Washington, DC, "Address to the nation by Crown Prince Abdullah Bin Abdulaziz," press release, 13 May 2003.

84 Sulayman Nimr, "Worshippers in Saudi Arabia Recite Prayer for the Victory of Iraqis," *al-Hayat*, 9 April 2004 (FBIS translation).

85 "Friday Sermons Condemn Attacks on Al-Fallujah, Demand U.S. Pullout from Iraq," *FBIS Report*, 9 April 2004.

The Management of Unrest

The survival of Saudi Arabia in the crucible of America's war in Iraq was not completely assured. The counter-terrorism campaign at its height provided ample opportunities to question the loyalty and competence of the security forces.[86] Still, al-Qaida in the Arabian Peninsula fared poorly in recruiting from the broad public; a heavily disproportionate share of its membership already had fought in Afghanistan or Bosnia, or had attended the terrorist training camps in Afghanistan. Several had also served time in prison.[87] The insurgents' failure to draw the mainstream to their cause, despite widespread latent sympathies, allowed the security forces to chip away at their organization.[88] Their potential recruits began to turn elsewhere. In a March 2005 Internet statement that seemed to indicate the diminishing possibilities of the Saudi insurgency, the new leader of al-Qaida in the Arabian Peninsula pledged his support to Abu Musab al-Zarqawi in Iraq, and also endorsed a wave of attacks within the smaller Arab states of the Persian Gulf. Several Saudis on the most-wanted lists would later appear in Iraq.[89]

The insurgents faced a disadvantage insofar as the Saudi public was more supportive of al-Qaida's anti-Americanism than its agenda of revolution.[90] One explanation for mainstream reluctance to overthrow the *status quo* is a healthy fear of replicating the chaos showcased in Iraq.[91] But the maintenance of civil order and even the continuation of the regime may have turned on the strategies chosen by the authorities to contain the problem. The techniques employed to these ends included an unrelenting publicity campaign, punctuated by royal amnesties, public recantations of extremism, and the steady rolling-up of names on the most-wanted lists. Other approaches included enlisting credible *ulama* to challenge terrorist

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86 Teitelbaum, "Terrorist Challenges to Saudi Arabian Internal Security," pp. 5-7.

87 Hegghammer, "Terrorist Recruitment and Radicalization in Saudi Arabia," pp. 45-6.

88 Joel Brinkley, "Saudis Blame U.S. and Its Role in Iraq for Rise of Terror," *New York Times*, October 14, 2004; Cordesman and Obaid, "Al-Qaeda in Saudi Arabia," pp. 4-5; Mordechai Abir, "The Erosion of Al-Qaeda's Power in Saudi Arabia," *Jerusalem Issue Briefs* (June 2007), 7:3, available at http://www.jcpa.org.

89 Associated Press, "Qaida in S. Arabia Vows to Send 'Martyrs' to Iraq to Join Zarqawi," available at www.naharnet.com, 18 March 2005; Saad Al-Matrafi, "Broken in the Kingdom, Al-Qaeda Goes Gulf," *Arab News*, 21 March 2005, available at http://www.arabnews.com; Sa'ud al-Sarhan, "Al-Qa'ida in Saudi Arabia—From Suspicion to Flirtation," *Al-Sharq al-Awsat*, May 20, 2005 (FBIS translation); Teitelbaum, "Terrorist Challenges to Saudi Arabian Internal Security," p. 2; Mohammed M. Hafez, *Suicide Bombers in Iraq: The Strategy and Ideology of Martyrdom* (Washington, DC: United States Institute of Peace Press, 2007), pp. 174-78.

90 A national opinion survey conducted between July and November 2003 showed 49 percent of respondents willing to express approval of Usama bin Ladin's sermons and rhetoric, but only 5 percent willing to express a wish to see him become ruler. See Nawaf Obaid, "What the Saudi public really thinks," *Daily Star*, 24 June 2004. See also Neil MacFarquhar, "Saudis Support a Jihad in Iraq, Not Back Home," *New York Times*, 23 April 2004.

91 Lawrence Wright, remarks at "Al Qaeda 2.0: Transnational Terrorism After 9/11," conference sponsored by the New America Foundation and the New York University Center on Law and Security, Washington D.C., 2 December 2004.

supporters to Internet debates, and providing hundreds of incarcerated sympathizers with intensive counselling and instruction, supplemented with financial assistance, in order to reform their worldview.[92]

Another feature of the crisis, familiar from previous decades, was the dispersal of young Saudi men to fight and die abroad. In the past, the Saudi authorities had blocked attempts to foster unrest too close to their own frontiers (i.e., in Yemen). Neither had large numbers of Saudi volunteers previously waged *jihad* where it would be directly contrary to American interests. But now the theatre of war was next door in Iraq. On the eve of a renewed U.S. offensive in Fallujah in November 2004, 26 *sahwa* figures, including al-Awdah and al-Hawali, issued an "Open Letter to the Struggling Iraqi People" through al-Awdah's website. To its implicitly Saudi audience, the letter issued a religious ruling in favour of holy war in Iraq, "a jihad of self-defense" against "the occupiers."[93] The document stopped short of endorsing al-Zarqawi's strategy of anti-Shi'ite violence, suggesting both a preference for a united Iraq and sensitivity to concerns that Iraq-style sectarian violence not be replicated inside Saudi Arabia.[94]

Exactly how many young Saudi men went to fight in Iraq since March 2003 is unknown, but the response to the U.S. offensive in Fallujah in November and December 2004, coincident with Ramadan, marked a watershed. Thousands of young Saudis and other Arabs reached Iraq, mainly through Syria. Many acted as suicide bombers.[95] Their campaign of terror focused on Sunni Arab areas, peaking

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92 Jamal Khashoggi, interview in London with Mahan Abedin, Jamestown Foundation, 7 July 2004, pp. 4-5; Saad Al-Matrafi, "Scholar Agrees to Debate Deviant," *Arab News*, 24 October 2005, available at http://www.arabnews.com; "Detainee in Al-Ha'ir Jail – I Never Prayed Before I Joined and they Lured me with a Film about the Killing of Muslims," *Ukaz*, 15 November 2005 (FBIS translation); Y. Yehoshua, "Reeducation of Extremists in Saudi Arabia," *MEMRI Inquiry and Analysis Series*, No. 260, 18 January 2006, available at www.memri.org; "Saudi Arabia Gives Extremists Financial Incentives to Renounce Their Views," *MEMRI Special Dispatch Series*, No. 1564, 30 April 2007, available at www.memri.org; David B. Ottaway, "Saudi Effort Draws on Radical Clerics to Combat Lure of Al-Qaeda," *Washington Post*, 7 May 2006; Terence Henry, "Get Out of Jihad Free," *Atlantic Monthly*, 299/5 (June 2007), pp. 39-40.

93 Despite its title, the letter appeared not to address Iraqis, referring to them as "our Muslim brethren in that ancient country." Salman al-Awdah et al., "Open Letter to the Struggling Iraqi People," www.islamtoday.net, 8 November 2004 (FBIS translation).

94 The same sensitivity is present in a subsequent al-Awdah statement condemning "sectarianism," despite separate statements condemning Shi'ites; see, respectively, "Al-Awdah: United States Ignites Sectarian War To Cover Failure in Iraq," www.islamtoday.net, 5 November 2006 (OSC translation); and (for example) Abdallah al-Rashid, "Al-Awdah: We Cannot be Silent about Shiite Penetration of Sunnis," www.islamtoday.net, 22 October 2006 (OSC translation).

95 Ghaith Abdul-Ahad, "Outside Iraq but Deep in the Fight: A Smuggler of Insurgent's Reveals Syria's Influential, Changing Role," *Washington Post*, 8 June 2005. Richard Beeston and James Hider, "Following the trail of death: How foreigners flock to join holy war," *Sunday Times*, 25 June 2005; Mishari al-Dhayidi, "Terrorists in Iraq Want Saudis Only as Suicide Bombers of Sources of Finance," *Al-Sharq al Awsat*, 20 September 2005 (FBIS translation).

on January 30, 2005, Iraq's election day.[96] Sunni Arab voter turnout was negligible, and the resulting government would be dominated by Shi'ite parties.[97]

Since the formation of its new sovereign government, instead of undergoing reconciliation and state-building, Iraq has degenerated into sectarian warfare and ethnic cleansing, a process that accelerated after the destruction of the Shi'ite Askariyya Mosque in Samarra in February 2006. Heightened sectarian tensions have been felt throughout the Gulf region.[98] In Saudi Arabia, these tensions have been largely channelled back toward Iraq: in the fall of 2006, even after Grand Mufti al-Shaykh urged unnamed people not to direct Saudi youths to Iraq, a group of 38 *ulama*, including Safar al-Hawali, disregarded him, proclaiming holy war against Americans, Shi'ites, and "collaborators" in Iraq.[99]

Increasingly concerned with the potential spread of insurgency and sectarian warfare from a "fragmented Iraq," the Saudi government has focused on erecting a security barrier along the length of the Saudi-Iraqi frontier.[100] The Saudis have also has pressed the U.S. not to withdraw its forces from Iraq "prematurely," despite the "illegitimate" character of the occupation. Riyadh's main card has been the threat of replacing departing U.S. troops with Saudi-backed Sunni militias, designed to counteract Shi'ite forces backed by Iran.[101] The strain in U.S. Saudi-relations has

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96 Joseph A. Christoff, "Rebuilding Iraq: Preliminary.Observations on Challenges in Transferring Security Responsibilities to Iraq Military and Police," U.S.Government Accountability Office, GAO-05-431T, 14 March 2005, pp. 9-10. The NCTC Worldwide Incidents Tracking System records nine suicide-bomb attacks on Baghdad polling places on election day.

97 James Glanz, "Too Angry or Fearful to Vote, Sunni Iraqis Are Marginalized," *New York Times*, February 12, 2005; John F. Burns and James Glanz, "Iraqi Shi'ites Win, But Margin is Less Than Projection," *New York Times*, 14 February 2005; Dexter Filkins and James Glanz, "Iraq's Assembly is Given Charter, Still Unfinished," *New York Times*, 23 August 2005.

98 Toby Jones, "The Iraq Effect in Saudi Arabia," *Middle East Report*, No. 237 (Winter 2005), available at http://www.merip.org/mer/mer237/jones.html; Andrew Higgins, "As U.S. Puts Pressure on Iran, Gulf's Religious Rift Spreads," *Wall Street Journal*, 26 February 2007; Hannah Allam, "Saudi Shiites fear fallout from Iraq sectarian strife," *Seattle Times*, 8 April 2007.

99 Abdallah al-Urayfij, "The Mufti to Ukaz: I Warn the Youths Against Travelling to Iraq; Repeating Umrah Encroaches Upon Muslims," *Ukaz*, 9 October 2006 (OSC translation); "'Exclusive' report: 'Saudi Ulema Issue Statement To Support Sunnis in Iraq,'" www.almoslim.net, 10 December 2006 (OSC translation).

100 "Fragmented Iraq: Implications for Saudi National Security," Saudi National Security Assessment Project (SNSAP) report, 15 March 2006; Henry Schuster, "Saudi Arabia's desolate gateway to war next door," www.cnn.com, 7 April 2006; Yochi Dreazen and Philip Shishkin, "Growing Concern: Terrorist Havens in 'Failed States'," *Wall Street Journal*, 13 September 2006.

101 Megan K. Stack, "Hands-Off or Not? Saudis Wring Theirs Over Iraq," *Los Angeles Times*, 24 May 2006; Helene Cooper, "Saudis Give U.S. A Grim What If," *New York Times*, 13 December 2006; Helene Cooper, "U.S. Officials Voice Frustrations With Saudis' Role in Iraq," *New York Times*, 27 July 2007. See also F. Gregory Gause III, "Saudi Arabia: Iraq, Iran, the Regional Power Balance, and the Sectarian Question," *Strategic Insights*, 6/2 (March 2007), available at http://www.ccc.nps.navy.mil/si/2007/Mar/gauseMar07.asp; Christopher

been highlighted by a significant symbolic downgrade: following the replacement of the long-time ambassador to the U.S., Bandar bin Sultan, with another prominent prince, Turki al-Faisal, the ambassador's position was suddenly assumed by a non-royal official.[102] In a further sign of strain in U.S.-Saudi relations, King Abdullah brokered a short-lived agreement between Palestinian factions, to the dismay of U.S. officials, who sought to isolate the more radical Hamas movement.[103]

It may be possible to exaggerate the significance of the actions of several hundred to a few thousand young Saudi men with limited life prospects and a surfeit of anti-American rage. The remaking of Iraq was a complex undertaking for which the United States and its coalition partners were never adequately prepared, and the unravelling of the endeavour appears over-determined. While underappreciated, the Saudi factor has been only one of a number of circumstances conspiring against the achievement of the Bush Administration's goals. More time will be required to place it in proper perspective. Yet the dysfunction of Saudi Arabia's economy and society, and the continuing anger and dissatisfaction of young Saudis, give no signs of abating. These factors will continue to perturb Saudi relations with the United States and the transformation of the regional dynamics of the Persian Gulf according to U.S. interests.

Dickey, "Saudi's War of Independence from Washington," *Newsweek.com*, March 29, 2007, available at http://www.msnbc.msn.com/id/17863202/site/newsweek/.

102 Robin Wright, "Saudi Ambassador Abruptly Resigns, Leaves Washington," *Washington Post*, December 12, 2006; Hassan M. Fattah, "Bickering Saudis Struggle for an Answer to Iran's Rising Influence in the Middle East," *New York Times*, December 22, 2006.

103 Christopher Dickey, "A Desert's Lion in Winter," *Newsweek*, April 9, 2007.

Chapter 11

The Perils of Nation-Building in Iraq: The Implications for U.S. Policy in the Middle East

Liam Anderson

The terms "nation-building" and "state-building" are often used interchangeably, yet the two are not synonymous. The difference between them is comparable to the difference between a "nation" and a "state." While the latter is a territorially defined entity, encompassed by internationally recognized boundaries, and governed by a political power capable of exercising a monopoly of coercive force, the former identifies a people bound together by shared historic, ethnic, cultural, and/or linguistic ties. In some parts of the world – in most of Western Europe, for example – this distinction is largely academic in so far as state and nation coincide; in other regions, such as the Middle East, and particularly, the state of Iraq, this distinction has real and enduring relevance. Iraq has been a state since the early 1920s and at times, indeed, a highly efficient and productive state. However, it has never been a nation. As a consequence, nation-building in Iraq adds layers of complexity that previous nation-building efforts, in Germany and Japan, say, were never forced to confront. To succeed in Iraq, the United States must rebuild Iraq's economic, physical and social infrastructure virtually from scratch while simultaneously ushering into place and nurturing a political system that is democratic, pluralistic and tolerant. This has to be reached while facing well-organized and violent insurgency whose major goal is to prevent the U.S. from succeeding, and it must leave in place an Iraq that, for the first time in its history, is at peace with itself and where all its disparate groups accept the state as a legitimate entity. Yet the problems facing the U.S. are, in some ways, even more acute than this suggests. In the following analysis it is argued that as the occupation has proceeded, the U.S. has found itself increasingly locked into a series of vicious cycles from which there is no obvious escape. The most immediate of these is that the continued presence of occupation forces seems to fuel the insurgency, yet their withdrawal would almost certainly tip the country into full-scale civil war. More ominously for the long-term stability, even viability of Iraq as a state, the introduction of democracy via the two elections of January and December 2005 appears have exacerbated rather than soothed historical divisions. Hence, the U.S.'s pursuit of democracy in Iraq has ended up further undermining the country's historically fragile sense of national unity and may, ultimately, rip the country apart. Such an outcome would have disastrous consequences for Iraq, the broader Gulf region, and future U.S. strategic interests in the Middle East.

The analysis proceeds as follows: Section one examines the broader strategic vision underlying the U.S. invasion and occupation of Iraq. The emphasis here is on the central idea of using Iraq as a launch-pad from which to spread democracy throughout the Middle East. The second section presents a brief historical overview of the societal divisions that have shaped the conduct of politics in Iraq since its creation in the 1920s. It provides an indication of the raw material from which the U.S. must construct both state and nation. Sections three and four analyze some of the dilemmas facing the U.S. as it tries to achieve this and highlights their seeming intractability. Finally, section five offers a brief evaluation of the broader strategic implications of U.S. success or failure for the Gulf region as a whole.

A "Grand Strategy of Transformation" for the Middle East

The failure of coalition forces to unearth the stockpiles of chemical and biological weapons that were assumed by many to exist has greatly undermined the stated justifications for the removal of Saddam's regime. At the same time, it seems clear that the weapons of mass destruction (WMD) rationale was instrumental rather than fundamental in the decision to go to war. Underlying the decision was a far more sophisticated and ambitious vision of how the U.S.'s awesome military power could be used as a force for radical change in the world's most strategic geopolitical region.[1] The broad outlines of the vision are straightforward. The removal of Saddam's regime and its replacement with a tolerant, liberal, free-market democracy at the heart of the Middle East would, in the words of President Bush, "serve as a dramatic and inspiring example of freedom for other nations in the region."[2] One by one, repressive regimes in the Middle East collapse (either with or without U.S. military assistance) and democracy and prosperity rise triumphant in their place. In this way, a "zone of democratic peace"[3] emerges at the heart of the Arab World, rendering the region infinitely safer for both the U.S. (and Israel). The connection between the removal of Saddam's regime and the broader War on Terror, while not apparent to many, can be traced via the spread of stable, prosperous democracies in the Middle East. As repression and poverty are increasingly replaced by freedom

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1 Scholars will no doubt argue for years to come about the reasons underlying the Bush Administration's decision to invade Iraq and about the sincerity of the stated commitment to democratize Iraq. Almost certainly, key players in the decision were motivated by a variety of considerations. For current purposes, however, the "real" reasons for the decision are less important than the fact that the Bush Administration has repeatedly committed itself to the goal of democratizing Iraq, and from there, the region as a whole. From this point on, the true measure of success for the Administration's Iraq policy is whether it can deliver on this commitment.

2 The full text of President Bush's speech is available at http://www.guardian.co.uk/usa/story/0,12271,904085,00.html

3 The phrase "zone of democratic peace" is taken from a 2000 report by the neoconservative think tank – the Project for the New American Century (PNAC), *Rebuilding America's Defenses. Strategy, Forces and Resources for a New Century* (Washington D.C.: PNAC, September 2000), p. 14.

and prosperity, the root causes of terrorism are addressed. The democratization of the Middle East will, so the argument goes, "drain the swamp." Taken at face value, the "democratic domino" theory marks a striking departure from past U.S. policies in the region, which had hitherto focused support on reliable, but often repressive authoritarian regimes that provided a bulwark against the spread of anti-Western ideologies (principally, Communism and Islamic Fundamentalism) and that could ensure the West easy access to the region's reserves of fossil fuels.

The removal of Saddam's regime would also come with a range of ancillary benefits. These include an end to sanctions on Iraq and the possible redeployment of U.S. troops from sensitive Saudi territory to permanent bases in a (hopefully) pro-Western, democratic Iraq. Both issues were cited by Osama Bin Laden as justification for his call to *jihad* against the U.S. in 1998.[4] Clearly, the establishment of a Western-leaning regime in a country sitting atop the world's second largest reserves of oil is a non-trivial part of the calculation – both in terms of opportunities for U.S. oil companies, and, in the broader geopolitical sense, in terms of controlling future oil flows from the Gulf.[5] Finally, the invasion of Iraq would afford the U.S. the opportunity to provide a potent display of its military pre-eminence. The dismantling of Iraq's huge (but poorly-equipped and -motivated) land army by a small, powerful, and highly mobile U.S. fighting force would convey to other "rogue states" in the region (principally, Iran and Syria) the potential consequences of defying the world's only remaining superpower.[6] All these ancillary factors no doubt made war against Iraq more popular to a broader coalition, but at the heart of the rationale for the removal of Saddam's regime lay, in the words esteemed historian John Lewis Gaddis, "a plan for transforming the entire Muslim Middle East: for bringing it, once and for all, into the modern world."[7] As Gaddis rightly notes, "There's been nothing like this in boldness, sweep and vision since Americans took it upon themselves, more than half a century ago, to democratize Germany and Japan."[8] Without wishing to underestimate U.S. nation-building efforts in these two countries, the starting point in both cases was a largely homogenous population; in other words, an extant nation. This is not so in Iraq, where a multitude of ethnic, sectarian, and tribal divisions provide inhospitable terrain for nation-building.

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4 For complete text of Bin Laden's declaration of *jihad*, see, http://www.terrorismfiles. org/individuals/declaration_of_jihad1.html

5 While the world remains addicted to fossil fuels, the power that controls the supply of these enjoys a huge strategic advantage over potential competitors. The significance of this in the context of China's growing thirst for oil should be obvious.

6 For an excellent discussion of the arguments surrounding the size of the invading force, see, James Fallows, "Blind into Baghdad," *The Atlantic Online*, January/February 2004. Available at http://www.theatlantic.com/.

7 John Lewis Gaddis, "A Grand Strategy of Transformation," *Foreign Policy*, November/ December 2002, p. 55.

8 Ibid, p. 54.

Iraq: State in search of a Nation

The modern state of Iraq assumed its current geographical configuration in 1925 when the British attached the former Ottoman province of Mosul to the provinces of Baghdad and Basra. In so doing, the British appended a majority Kurdish province, to two areas overwhelmingly populated by Arabs and effectively condemned Iraq to permanent insurrection. The Kurds launched major uprisings against central authority on average once a decade during the course of the twentieth century, with the severity and frequency of these increasing as the century progressed. There are, perhaps, two defining moments in this history of Kurdish struggle against Arab Iraq. The first occurred at the end of the Iran-Iraq War in 1988 with the unleashing of large quantities of chemical weapons on the Kurds during the infamous *Anfal* campaign. The second took place as a consequence of the 1991 Gulf War. In the aftermath of Saddam's defeat by allied forces, and spurred on by a speech by President George Bush Sr., the Kurds rose up once more and were comprehensively routed by forces loyal to Saddam.[9] Facing virtual extinction in the Zagros Mountains, the Kurds were rescued by Britain, the U.S., and France, who organized safe havens, and, ultimately, a "no-fly zone" along the 36th parallel to protect the Kurds from further suffering. Thus insulated, the Kurds governed themselves as an independent state in all but name until the war in 2003, and, for the most part, prospered during their separation from the Arab part of the state.[10]

The *Anfal* campaign – which included the gassing of 5,000 Kurdish civilians at the town of Halabja – has left a reservoir of inter-ethnic hatred that will take decades of peaceful coexistence to dissipate. Experience of self-government during the 1990s meanwhile, enabled the Kurds to forge the basic political institutions of statehood – political parties, parliaments, Prime Ministers, and standing armies – and sustain a liberal, though limited democracy for most of the period.[11] Nearly a generation of Kurds has grown up speaking only Kurdish, and with no experience of being governed from Baghdad. Among the Kurdish population at large, there is little enthusiasm for rejoining Arab Iraq; indeed, the dominant sentiment appears to favour independence, or, at a minimum, a form of autonomy that would leave the Kurds governing their own affairs much as they did over the 1991-2003 period.

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9 In two speeches on 15 February 1991, President Bush called on "the Iraqi military and the Iraqi people to take matters into their own hands and force Saddam Hussein, the dictator, to step aside." Quoted in Andrew Cockburn and Patrick Cockburn, *Out of the Ashes. The Resurrection of Saddam Hussein* (New York: HarperCollins, 1999), p. 33.

10 The Kurdish experiment in self-rule was not without its problems, however. Much of this was due to the rivalry of the two major political forces in the Kurdish region, the Patriotic Union of Kurdistan (PUK), and the Kurdistan Democratic Party (KDP), which, in 1994, degenerated into open military conflict. Since 1996, however, the two parties have maintained reasonable relations and the quality of life for Kurds in general has improved dramatically.

11 The quality of democracy in the Kurdish region is undermined by the political dominance of the PUK and the KDP, neither of which is particularly internally democratic. Nonetheless, basic freedoms – of speech, the press, religion and assembly – have been maintained for most of the period.

Relative to the Kurd-Arab division, that between Sunni and Shi'a Arabs is altogether more complex. Unlike the Kurds, most of whom are geographically concentrated in the three northernmost provinces of Iraq, the country's Sunni and Shi'a populations are significantly more integrated.[12] In addition, there are an unknowable but potentially significant number of secular Iraqis for whom sectarian affiliation is not a relevant source of identity. Those who stress the degree of unity among Iraq's Arab population and downplay the significance of the Sunni/Shi'a division can also point to the relative absence of sectarian strife during the country's modern history and the mostly unified Sunni/Shi'a resistance to invading forces at various times – in 1920 (against the British), and from 1980 to 1988 (against Iran).[13]

Despite sporadic displays of Arab unity, however, it is simply indisputable that sectarian affiliation has always played an important role in Iraq's political life. Except briefly during the 1958-1963 period, Iraq has always been governed by Sunni Arabs, and Shi'a Arabs have been systematically excluded from the upper echelons of political power.[14] Within the other key institutions of state – the armed forces, the bureaucracy, the internal security services – this same basic pattern of systematic discrimination has prevailed.[15] The "Declaration of the Shi'a" – a document drawn up by a range of prominent Shi'a exiles in 2002 – described the situation thus, "The Shii is treated as a second-class citizen almost from birth, and is deliberately distanced from any major position of authority or responsibility."[16] "To be a Shi`a in Iraq," the Declaration concluded, "is to be condemned to a lifetime of powerlessness, fear, anxiety and discrimination."[17] Of course the problem is not just one of long-

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12 Baghdad and Basra, for example, have sizable populations of both groups, while to the South of Baghdad, in the so-called "Triangle of Death," Shi'a majorities coexist uneasily with significant Sunni minorities in towns such as Mahmudiyah and Latifiyah. Nonetheless, the bulk of Iraq's Sunni Arab population is located in a triangle stretching from Baghdad, to Mosul in the North, and to the Syrian border in the West, while the regions south of Baghdad are overwhelmingly populated by Shi'a.

13 There is a danger, however, of overstating the degree of sectarian unity exhibited during the Iran-Iraq War. The Supreme Council for the Islamic Revolution in Iraq (SCIRI), and its armed wing, the Badr Brigades, were formed in Iran from exiled Iraqi Shi'a in order to conduct terrorist/insurgent operations against the government in Baghdad. Likewise, it is simply unclear what motivated Iraq's Shi'a population to fight against Iran. It might have been Iraqi nationalism, as many argue, but it might equally have been in defense of the Arab "nation" against Persians, or, more plausibly out of fear of the consequences of not fighting.

14 The exception was the rule of Brigadier Abdel Karim Qassim from 1958-1963. Qassim's father was a Sunni Arab, and his mother a Shi'a Kurd. However, in spite of his promising demographic profile, Qassim's rule was characterized by serious political unrest, which in turn created the conditions for the emergence of the Ba'ath Party as a serious political force. Qassim himself was executed during a military coup in 1963.

15 In certain sectors – commerce and finance, for example – the Shi'a have traditionally prospered. Their exclusion has been from access to *political* power.

16 The full text of the "Declaration" is available at http://www.iraqishia.com/Docs/Declaration.htm.

17 The authors of the "Declaration" included doctors, lawyers, university professors, tribal leaders, prominent religious scholars, and former officers in the Iraqi army. The authors may (or may not) represent the views of the mass of Iraq's Shi'a population, but it is significant that

standing, state-sanctioned discrimination against Iraq's Shi'a population; it is also a simple question of numbers. The Sunni Arab rulers of Iraq constitute at most about 20 percent of the population, while the Shi'a community number approximately 60-65 percent. Historically then, Iraq has been governed by a "tyranny of the minority," a situation that has clearly changed with the introduction of democracy. Henceforth, the Shi'a majority will dictate the "narrative" of Iraq, and it remains to be seen whether the Shi'a – itself internally divided – can craft a more coherent and inclusive narrative than Iraq's Sunni Arab governments were able to provide.[18] Put another way, a future government of Iraq will need to create a sense of national identity for Iraq capable of transcending the ethnic (Arab-Kurd) divide while simultaneously withstanding the inversion of traditional structures of political power. Absent this, it is difficult to see how Iraq can hold together as a state, still less evolve into a beacon of democracy at the heart of the Middle East.

The Dilemmas of Occupation

Since the end of major combat operations, U.S. occupation forces have faced a daunting series of dilemmas for which there appear to be no good solutions. Early examples include Paul Bremer's decisions to disband the Iraqi army and to conduct a much more rigorous and far-reaching de-Ba'athification program than previously envisaged. Both decisions were heavily criticized, yet it is far from clear that retaining the army intact, presumably complete with its Sunni Arab officer corps, and a more limited de-Ba'athfication initiative would have been acceptable to Iraq's Shi'a majority, and ultimately, the continued presence of coalition troops in Iraq depends on the tacit acquiescence of the country's Shi'a population.[19]

A deeper dilemma has dogged efforts to rebuild Iraq's shattered infrastructure. The failure of the U.S. to deliver meaningful improvements in the material quality of life for many Iraqis can only fuel resentment against occupying forces and increase the numbers of those willing to resist violently.[20] As the insurgency has evolved, it has

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the authors plainly perceive the Shi'a *as a group* to have been victims of political persecution on the part of Sunni Arab governments. In this critical respect, therefore, the sectarian divide has clear significance for the Shi'a.

18 The divisions among Iraq's Shi'a population have become steadily less pronounced and meaningful since the end of the war. The emergence of Ayatollah Sistani as the de facto "voice of the Shi'a" has helped heal (or at least, conceal) latent divisions. Sistani's pronouncements appear to carry weight across a broad spectrum ranging from secular Shi'a (such as Ahmed Chalabi and Iyad Allawi) to the firebrand cleric Muqtada al-Sadr.

19 With hindsight, extensive de-Ba'athification and the disbanding of the army were mistakes, and have been recognized as such by Paul Bremer. De-Ba'athification deprived the coalition of vital expertise and experience at a time when both were in short supply. Both policies generated resentment (and unemployment) among the victims and provided an ideal recruitment pool for the Sunni insurgency.

20 The problems associated with the reconstruction of Iraq's physical infrastructure have been evidently far greater than anticipated by the Bush Administration. Iraq's infrastructure never recovered after sustaining heavy damage during the 1991 Gulf War. Subsequently, over a decade of stringent economic sanctions prevented the import of the spare parts necessary for

increasingly and deliberately sought to sabotage reconstruction efforts by targeting non-governmental aid agencies, civilian contractors, employees of corporations operating in Iraq and anyone else deemed to be collaborating with occupation forces. So, in precisely those areas where reconstruction is most needed in order to win hearts and minds and drain support from the insurgency (mainly cites in the Sunni Triangle); meaningful reconstruction has become all but impossible.

Defeating the insurgency creates yet another dilemma when juxtaposed against the U.S.'s broader mission in Iraq and the Middle East in general. The insurgency appears to comprise an amalgam of groups, tactically united around the goal of driving coalition troops out of Iraq but strategically divided as to what comes next for Iraq.[21] Groups of foreign fighters in Iraq, such as the late Abu Musab al-Zarqawi's "Unity and Jihad" (now renamed as "Mesopotamian Al-Qaeda") are well organized, highly motivated, and extremely violent, but probably enjoy little in the way of support among Iraq's broader Sunni population. These groups have no constructive role to play in Iraq's future and will need somehow to be rooted out and destroyed. But the numerical bulk of the insurgency appears to comprise indigenous "Iraqi nationalist" groups, who operate with the tacit support of the Sunni population, and for whom the primary rallying cry for resistance is the presence of foreign troops on Iraqi soil.[22] These groups cannot simply be destroyed because they represent the hostility of a broader community that has endured nothing but poverty, violence and misery since the ouster of Saddam's regime and the arrival of U.S. troops. From this perspective it is the *presence* of coalition forces that fuels the insurgency and so the obvious solution is for these forces to withdraw. At that point it may become possible to find a political solution to the Sunni insurgency.[23] Yet in the absence of capable indigenous

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reconstruction. By March 2003, therefore, Iraq's infrastructure was on the verge of collapse, a collapse that became total during the frenzy of looting that followed the disintegration of Saddam's regime. Two years on, it appears that little progress has been made in many areas, and in some, the infrastructure has actually deteriorated since the end of the war. In a July 2004 report, the non-partisan U.S. General Accounting Office (GAO) presented a bleak picture of state reconstruction efforts to that point, noting that whereas at the end of the war (May 2003), 7 of Iraq's 18 governorates enjoyed 16 or more hours of electricity per day, by May 2004, after a year of occupation, only one (Kurdish-controlled) governorate was at the same level of supply. That history's most powerful country has presided over a deterioration of Iraq's vital power generating sector is testament to the magnitude of the task that faces the U.S. mission in Iraq.

21 For a useful listing and analysis of Iraq's various insurgent groups, see http://www.globalsecurity.org/military/ops/iraq_insurgen…

22 There is relatively little reliable information available about the insurgency. But reports from those journalists willing to operate in Sunni regions indicate that the dominant motive for resisting is the desire to see occupying forces leave Iraq. One of the best accounts of the motivations of insurgents in Fallujah is provided in Patrick Graham, "Beyond Fallujah. A Year with the Iraqi Resistance," *Harper's Magazine*, June 2004, pp. 37-48.

23 This is obviously a risky strategy that will prove effective only to the extent that it is the occupation that fuels the insurgency. If, as a recent report indicates, much of the insurgency is being orchestrated by former regime elements (FREs) as part of a plan hatched by Saddam prior to the invasion, then there is a possibility that the ultimate goal of FREs is the restoration of Sunni rule. In this case, the removal of occupation forces will not curtail the

security forces, the withdrawal of coalition forces could plausibly tip Iraq into a full-scale civil war that would almost certainly spread beyond the borders of Iraq. Hence, the presence of U.S. troops sustains the insurgency and effectively excludes the Sunni community from meaningful participation in Iraq's political future, while their absence runs the risk of precipitating something far worse.

The Dilemmas of Democratization

Judged according to its own stated criteria, the true measure of success for the Bush Administration's mission in Iraq is whether it leaves in place a stable, unified *democratic* state. Taming the Sunni insurgency and reconstructing Iraq's physical, economic and social infrastructure are necessary, but not sufficient conditions for achieving this goal. Creating a survivable democracy in Iraq presents a further series of formidable challenges not the least of which is that there is little in the way of raw material with which to work. While political pluralism and civil society are not unknown in Iraq's history, the country has never experienced genuine democracy.[24] More often than not, meaningful changes in power have occurred violently at the end of a gun fight rather than peacefully at the ballot box. More seriously, the deepening divisions among Iraq's ethnic and sectarian groups lay bare what should have been evident all along. Iraq's sense of national unity, if it exists at all, is fragile in the extreme. Historically there have been few cross-cutting forces in Iraq's political life that have succeeded in transcending ethnic and sectarian cleavages. The Iraqi Communist Party (ICP) during its zenith in the 1950s was one such force; arguably, Iraq's army was another, but clearly, neither is currently in a position to serve a similar function. Iraq's once proud middle class, which included in its ranks representatives of all Iraq's various groups, was also a unifying and moderating force. Unfortunately, decades of emigration, war, and sanctions have destroyed Iraq's middle class as a potentially significant political player. Instead, the dominant elements of Iraqi national identity – Arab nationalism and strict secularism – have reflected the beliefs of successive Sunni Arab rulers and have been forces that have divided rather than unified the Iraqi nation.[25] For some political analysts, a coherent sense of national unity is an essential prerequisite for the emergence of democracy. In the words of one, "the vast majority of citizens in a democracy-to-be must have no doubt or mental reservations as to which political community they belong to."[26] Unfortunately, four years of foreign

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violence. For an analysis of the role of the regime in organizing the insurgency, see Edward T. Pound, "Seeds of Chaos," *U.S. News and World Report*, 20 December 2004, pp. 20-26.

24   During the latter years of monarchical rule, for example, Iraq had a relatively free press, multiple political parties, and a vibrant civil society. Even at this point, however, elections were carefully stage-managed events that did nothing to disturb the prevailing political status quo. On this, see Liam D. Anderson and Gareth Stansfield, *The Future of Iraq: Dictatorship, Democracy, or Division?* (New York: Palgrave/Macmillan, 2004), pp. 22-23.

25   Naturally, Arab nationalism is not a force that appeals greatly to Iraqi Kurds, while secularism has been used frequently as an excuse to persecute Shi'a religious institutions.

26 Dankwart A. Rustow, "Transitions to Democracy: Toward a Dynamic Model," *Comparative Politics*, 2/3 (1970), pp. 337-363.

occupation and the introduction of democratic elections have served to sharpen rather than alleviate communal divisions. Almost from the outset, the occupation has been violently resisted by the Sunni Arab community, welcomed in Kurdish areas, and reluctantly tolerated by the Shi'a. These sharply divergent responses to invasion and occupation have crystallized politically as a result of elections in which political parties have mobilized along communal lines and communities have voted almost exclusively for the parties that reflect their ethno-sectarian identity. Thus in both elections held since the removal of Saddam Hussein (January and December 2005), Iraq's Shi'a population voted overwhelmingly for the United Iraqi Alliance (UIA), a loose amalgam of Shi'a religious parties headed by SCIRI and *al-Dawa*, with Kurds almost exclusively endorsing the Kurdistan Alliance.[27] Sunni Arabs, meanwhile, boycotted the January elections *en masse* and then voted for either one of two Sunni parties (the neo-Ba'athist "Iraqi Front for National Dialogue" and the religious fundamentalist "Iraqi Accord Front") in the December elections. Thus, the democratic elections that were supposed to unify Iraq's population around a common cause of national unity became instead graphic demonstrations of ethno-sectarian divisions. The politics of Iraq is now dominated by communal identity with positions of power parcelled out to various groups on the basis of their presumed numerical strength in the population. Notably absent from the political scene are parties with a coherent ideological platform, or moderate, centrist parties with an appeal that cuts across communal lines. The main non-sectarian, secular alternative to the UIA – the U.S.-backed "Iraqi List" of Iyad Allawi – was trounced in the January elections and performed even worse in the elections of December.[28] Not only has democracy exacerbated communal divisions, it has also inverted the traditional power structure such that a Shi'a-dominated government now governs over an implacably hostile Sunni minority. As Shi'a parties have gained control over key coercive institutions, such as the commando units of the interior ministry, they have proven increasingly willing to use these to exact revenge against the Sunni community. Although Iraq has been in a state of low-level civil war since mid-2004, the bombing of a revered Shi'a shrine at Samarra in February 2006 by Sunni insurgents triggered a major upsurge in levels of sectarian violence. During the first five days after the attack, mobs of Shi'a militia forces led by Muqtada al-Sadr's Mahdi Army systematically exacted revenge on the Sunni community, killing at least 1,300. Over the succeeding months, deaths associated with sectarian violence in Iraq's mixed cities consistently exceeded by a huge margin the number of deaths resulting from insurgent activity.[29] This dramatic

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27 The Kurdistan Alliance (which ran as the Democratic Patriotic Alliance of Kurdistan in the December elections) consists of a number of ethnically Kurdish political parties, the two most important of which are the Patriotic Union of Kurdistan (PUK), and the Kurdistan Democratic Party (KDP).

28 In the January 2005 elections the Iraqi List obtained 40 of 275 seats in the National Assembly on a vote of less that 14 percent. By December, Allawi's share of the vote had declined to 8 percent, sufficient to secure only 25 seats in the new parliament.

29 Especially since the January 2005 elections, there has been an alarming upsurge in ethnic and sectarian violence. This trend is most pronounced in those cities and regions of greatest social diversity, such as the ethnically divided northern cities of Mosul and Kirkuk and the mixed Sunni/Shi'a regions such as the notorious "Triangle of Death" south of Baghdad.

escalation in the scale of inter-communal violence has led to an exodus of Iraqi minorities from mixed regions and cities either by choice to escape the violence, or as a consequence of ethnic cleansing. Iraq's population is slowly, but inexorably moving towards self-partition.[30]

In the north, meanwhile, the Kurds have proceeded to carve out for themselves an independent state in all but name. The Kurdistan region now has its own unified political institutions, its own emblems of state, its own army and a de facto border with the rest of Iraq that is garrisoned by checkpoints permanently manned by Kurdish militia forces. The Kurds thus enjoy security and stability, a fully functioning and reasonably democratic political system, a thriving economy and a degree of autonomy that borders on independence. Indeed the results of a January 2005 referendum in the Kurdistan Region suggest that independence is precisely what most Kurds have in mind. On a turnout of more than 90 percent, over 98 percent of participating Kurds voted to separate from Arab Iraq. While the Kurdish leadership has resisted popular pressure to declare immediate independence, the price exacted for the Kurds' continued participation in the state of Iraq has been high. Specifically, the Kurds have used their political power as a unified voting bloc to ensure institutional protection against the emergence of a strong central government. Among the constitutional provisions included at the insistence of the Kurds is the requirement (unheard of in any other parliamentary system in the world) that incoming governments must have the support of two-thirds of members of parliament (Council of Representatives).[31] Given their numerical strength in the Council, this provision has afforded the Kurds a virtual de facto veto over the appointment of new governments but the same provision has also ensured interminable delays in government formation. After the December 2005 elections, for example, the new government was not finally approved until early June 2006. The permanent constitution is riddled with numerous other supermajority requirements and veto provisions designed primarily to enable the Kurds to defend the status quo against encroachments by an inevitably Arab-dominated central government, but the effect has been to produce a government that is peculiarly prone to gridlock and incapable of governing much beyond the Green Zone.[32] The constitutional weakness of the Iraqi government is compounded by the

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For reports on the escalation of intercommunal violence, see Thanassis Cambanis, "Fractured Iraq Sees Sunni Call to Arms," *The Boston Globe*, 27 March 2005; Declan Hill, "A Powder Keg in Kirkuk," *CBC News Viewpoint*, 29 April 2004; Solomon Moore, "Recent Violence Stirs Sectarian Tension in Once-Quiet Basra," *The Los Angeles Times*, 20 April 2005.

30 On the scale of ethnic cleansing in (formerly) mixed areas in northern Iraq, see Patrick Cockburn, "Iraq is Disintegrating as Ethnic Cleansing Takes Hold," *The Independent*, 20 May 2006. On the partition of Baghdad into sectarian enclaves, see Patrick Cockburn, "Inside Baghdad: A City Paralysed by Fear," *The Independent*, 27 January 2007.

31 Technically, the two-thirds approval requirement is for the appointment of the three-member Presidency Council, which then appoints the Prime Minister subject to a majority vote in the Council.

32 Another example of a "check and balance" included at the insistence of the Kurds is a constitutional provision (Article 137) that significantly increases the power of the Presidency, albeit temporarily, over that allocated under the transitional constitution. For the current term of the Council of Representatives (which lasts until 2009) a three-member "Presidency

practical reality of holding together a fractious coalition government of "national unity" consisting of Shi'a and Sunni religious parties, Allawi's Iraqi List, and the Kurdish alliance.[33] The Baghdad government is further weakened by the system of federalism envisaged in the permanent constitution. In essence, the constitutional division of powers between the centre and the regions applies the prevailing level of autonomy enjoyed by the Kurds in the north to all regions in Iraq. Thus the central government has "exclusive authority" over national defense, foreign policy and the management of oil and gas from existing fields,[34] while all other important powers are either shared (with priority given to the regions), or retained by the regions. The constitution officially recognizes the Kurdistan Region and prohibits Baghdad from joining a larger region, but otherwise allows the remainder of the 18 existing provinces (governorates) to amalgamate into larger regions via popular referenda. This paves the way for the emergence of a Shi'a mega-region, comprising all provinces south of Baghdad.[35] Thus, one plausible outcome of the federal process envisioned in the constitution is the division of Iraq into two largely homogenous regions (the Kurdish north and Shi'a south) that possess all of Iraq's oil resources, leaving the vast majority of the Sunni Arab population mired in violence and chaos at the centre.[36] If this three-way ethnic division of Iraq comes to pass, it is difficult to see what will provide the glue to hold the whole together. Finally, the constitution provides a mechanism for the Kurds to absorb Kirkuk and other "disputed territories" into the Kurdistan Region.[37] The province of Kirkuk almost certainly contains a

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Council" (PC) operates in place of the office of the President. Unlike the President, each *individual* member of the PC has an effective veto power over legislation because unanimity is required in order for the PC to approve legislation. In the absence of unanimity, the Council of Representatives can overturn this negative "veto" by a three-fifths majority vote.

33 The participants in the government of national unity are: the United Iraqi Alliance (Shi'a religious), the Iraqi National List (secular), the Iraqi Accord Front (Sunni religious), and the Democratic Patriotic Alliance of Kurdistan (Kurdish). Together, these parties control 240 of the Council's 275 seats.

34 As of March 2007, Iraqi leaders are still grappling with the details of the new oil and gas law that should clarify what "management" of existing resources actually means and who gets to control newly discovered oil and gas fields. The likely result is a law that leaves overall control in the hands of the central government but that affords considerable leeway to the regions to develop and exploit new fields.

35 The Shi'a political leadership does not appear to have a unified position on the creation of a Shi'a region that encompasses all provinces south of Baghdad. SCIRI's Abdel Aziz al-Hakim has come out in favor of the plan, but Muqtada al-Sadr has also spoken forcefully against it. However, most of the provincial governments in the south are under SCIRI's control and will likely vote to amalgamate into a larger region.

36 In theory the central government will control and distribute oil revenues, but in practice the Sunnis fear (with probable justification) that oil will be used as a political weapon to compel obedience or punish disobedience. A deeper fear is that de facto control over the territory under which oil reserves are located might provide a springboard for the secession of either, or both, northern and southern regions from Iraq.

37 Kirkuk will first be "normalized," meaning that the approximately 200,000 mainly Shi'a Arabs imported into the city under Saddam Hussein are to be returned to their place of origin and displaced Kurds allowed to return. Following a census, the population of Kirkuk

majority of Kurds, but the city itself is deeply divided among various groups (Kurds, Turcomen, Shi'a and Sunni Arabs, and Assyrians) none of which constitutes a clear majority. The absorption of Kirkuk and its associated oil fields into the Kurdistan Region will be bitterly resisted by other communities, especially the Turcomen and those Shi'a Arabs in line for "relocation," and will inevitably provoke a hostile reaction on the part of neighbouring Turkey.[38] It also seems likely that the Kurds will seek to partition the largely Sunni Arab city of Mosul along the course of the Tigris River and absorb the eastern, mainly Kurdish sector of the city into the Kurdistan Region. The Kurds' acquisition of either Kirkuk or part of Mosul will greatly increase tensions in the north and thus risks of sucking the Kurds into Iraq's civil war.

In sum, democracy has been unable to provide a political solution to Iraq's problems because it is part of the problem. Democracy has overturned the traditional power structure in Iraq creating a dispossessed and alienated Sunni population with little to gain from participating in the political system. Democratic elections, meanwhile, have sharpened sectarian divisions to an unprecedented degree, and the type of institutional democracy the Kurds have (legitimately) demanded as part of the price for rejoining the state of Iraq is simply too weak to impose peace and stability, both vital prerequisites for serious reconstruction. Hence, the three basic goals for the U.S. in Iraq – democracy, stability and unity – have become mutually contradictory rather than mutually reinforcing. The vital ingredient of national unity that could, potentially, help hold Iraq together during this traumatic period, now appears more elusive than ever.

Implications for U.S. Policy in the Region

The repercussions of the Bush Administration's Iraq policy – regardless of success or failure – will reverberate throughout the region for decades to come. If the U.S. succeeds in creating a stable, prosperous, broadly pro-Western democracy at the heart of the Middle East, its geopolitical posture will be strengthened immeasurably. At a minimum, the U.S. will acquire reliable access to the world's second largest reserves of oil, and, quite possibly, access to permanent military bases from which to police neighbouring "rogues" (Iran and Syria). Indeed, the assimilation of Iraq into the pro-Western camp will complete the encirclement of Iran – the one remaining voice of defiance in the region. At worst, Iran will be thoroughly contained; at best, the U.S. can exploit its position of strength to trigger regime change in Tehran.

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will then decide in a referendum whether to amalgamate with the Kurdistan Region. This is all supposed to happen by December 2007.

38 It is not clear exactly what form Turkish hostility would take. Turkish leaders have suggested that a Kurdish takeover of Kirkuk would trigger a military response, but it seems unlikely that Turkey would risk a large-scale invasion of northern Iraq. Such a response would alienate the U.S., confront the Turkish armed forces with an open-ended guerilla war against Kurdish peshmerga with no obvious exit strategy, and would certainly end any Turkish hopes of EU accession. A more plausible response is for Turkey to create instability in Kirkuk and other Kurdish controlled cities in the region via its proxies like the Iraqi Turcomen Front (ITF).

Unfortunately, the prospects for success are looking ever more remote and with respect to the region as a whole, the U.S.'s strategic position has deteriorated significantly. The approximately 150,000 U.S. troops currently stationed in Iraq that were to have completed the encirclement of Iran have become instead the obvious targets of Iranian missile attacks in the event of a U.S. strike on the country's nuclear installations. Dangerously overstretched in Iraq, deprived of all but the riskiest of military options, and apparently unwilling to countenance dialogue with a founder member of the axis of evil, the Bush Administration is seemingly powerless to prevent Iran's advance toward a nuclear capability. Simultaneously, neighbouring Iraq has been transformed from Iran's bitter historical enemy into a close ally, with Shi'a religious parties controlling the government while the institutions of internal security are dominated by the Iranian-created SCIRI (via its armed wing the Badr Organization). Meanwhile, in Lebanon the Iranian-sponsored Hezbollah emerged from its 2006 war against Israel with military forces largely intact and with greatly enhanced credibility to mount a head-on challenge to the legitimacy of the U.S backed government of Fouad Siniora. In short, the major beneficiaries of the U.S.'s occupation of Iraq have been Iran and the forces of radical Shiism. This has resulted in two bitter ironies for the U.S.: First, U.S. troops are now fighting and dying to prop up a government in Iraq that provides precisely the vehicle through which Iran exercises its influence in Iraq while simultaneously challenging Iran and attempting to reduce its influence in the region. Second, as part of a strategy of "redirection", the U.S. has begun to channel resources to Sunni forces in the region in order to create a counterweight to the advance of radical Shiism. Recipients of funding reportedly include radical Sunni groups associated with Al Qaeda.[39] This is a dangerous game that risks triggering serious internal violence in regional states with mixed Sunni-Shi'a populations. The withdrawal of coalition forces in the near future would leave Iraq dangerously vulnerable to all-out civil war along sectarian lines. A major Sunni-Shi'a confrontation in Iraq could not be contained within the borders of the country, but would inexorably draw surrounding countries into a regional conflagration. A regional sectarian conflict with Iraq as the battleground would obviously have devastating consequences for Iraq, the broader Gulf region, and future U.S. policy in the Middle East.[40] A U.S. withdrawal leaving anarchy in its wake would offer the U.S. no coherent policy options in the Gulf. Moreover, it would transform the region into a fertile breeding ground for violent extremism – precisely the outcome the invasion of Iraq was intended to avoid.

The most likely outcome is that the U.S. remains locked into a conflict that it cannot win, but that it cannot afford to lose. This is the heart of the dilemma that

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39 See Seymour Hersh, "The Redirection," *The New Yorker*, 5 March 2007.

40 While a full-scale Sunni/Shi'a conflict in the Middle East may seem implausible to some, it is clearly occupying the minds of some of the region's leaders. In a recent interview, King Abdullah of Jordan, when asked about the conditions under which a Shi'a-dominated Iraq would constitute a threat to the region, replied, "If it was a Shia-led Iraq that had a special relationship with Iran. And you look at the relationship with Syria, Hezbollah, Lebanon than we have this new crescent that appears that would be very destabilizing for the Gulf countries and actually for the whole region." For the complete transcript of the interview, see http://www.msnbc.msn.com/id/6679774/

the U.S. currently faces. As Donald Rumsfeld eloquently put it, "our exit strategy in Iraq is success: it's that simple." But if the definition of success is ending the violence and leaving in place a stable, unified, democratic Iraq, then the U.S. appears to be trapped in a vicious circle. The presence of U.S. troops and the introduction of democracy fuel violence and instability, and the violence and instability, in turn, make it impossible for U.S. troops to withdraw or for democracy to take root. Thus, there is no viable exit strategy. Whatever the outcome, the Middle East stands at a historical turning point. The future of the region depends on the success or failure of the U.S. mission in Iraq. Success, as defined by the Bush Administration, will transform the region into a "zone of democratic peace;" failure, meanwhile, will condemn the region to years, if not decades, of instability and bloodshed. Sadly, the current situation in Iraq provides little evidence that success is more probable than failure.

Conclusion

More than four years after the conclusion of the war to remove Saddam Hussein, Iraq is a state that cannot control its own borders, that does not exercise a monopoly over the use of violence over its territory, and that cannot provide its own people with the most basic necessities of life. The country's democratically elected government survives only because of the presence 150,000 foreign troops. Iraq is, therefore, a failed state. To deliver on its stated commitment, the U.S. must rebuild the physical, economic, social and political infrastructure virtually from scratch in the midst of a durable and exceptionally violent insurgency that is bent on ensuring a U.S. failure. Beyond this, the U.S. must find a way to create a sense of national unity and shared purpose in Iraq that can "glue" the country together during its traumatic transition to democracy and serve as the foundation on which a durable democratic order can be created. Yet, it is precisely the process of democratization that seems to be hardening and crystallizing communal divisions, thus making national unity more elusive than ever. Far from unifying the country around a common cause, the democratic elections have served merely to exacerbate Iraq's traditional fault-lines. Extricating itself from Iraq without bequeathing a long-term legacy of chaos in the region is now *the* most formidable of challenges for U.S. foreign policy.

The EU Policy towards the Persian Gulf

Bjørn Møller

Introduction

This chapter offers an analysis of the relationship of Europe with the Persian Gulf Region (PGR) in general with some consideration given to institutional relations between the European Union (EU) and the Gulf Cooperation Council (GCC). It begins with a brief and inevitably superficial historical account of Europe-PGR relations, followed by an overview of the EU and its external relations, neighbourhood and partnership programs.

Throughout the paper, the PGR is, rather arbitrarily, defined as encompassing Iran and Iraq plus the states belonging to the GCC, i.e. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). As the following analysis will, hopefully, bring out, all of these states interact more with each other in security matters than with other states (except the United States). They thereby constitute what Barry Buzan has called a regional security complex, i.e. "a group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another".[1] Yemen is, of course, part of the picture, but its main security concerns do not seem to relate directly to the PGR. Therefore, Yemen is not counted as part of the security complex.

Considering the controversies about the proper labelling of the region it must be emphasized that the term *Persian* Gulf Region is simply chosen for pragmatic reasons.

Historical Overview: Europe and the Persian Gulf

In the following this chapter will briefly recapitulate the role played by European states in the region since the decline of Ottoman rule, partly in order to show that there is less new than one might think to the kind of role that the EU may play in the future. Indeed, European powers have played important roles in the region for more than a century, i.e. much longer than the United States. However, the legacy of both

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1 Barry Buzan, *People, States and Fear. An Agenda for International Security Studies in the Post-Cold War Era*, 2nd ed. (Boulder, Co.: Lynne Rienner, 1991), pp. 186-229. See also Ole Wæver, *Regions and Powers. The Structure of International Security* (Cambridge: Cambridge University Press, 2003), pp. 187-218.

are dwarfed by that of Turkey, which may also be counted as a European state and which may even become an EU member in the not so distant future.

Rivalling Empires

The mighty Ottoman Empire (1281-1923) was one of history's largest and longest lasting polities, since 1517 taking the form of a caliphate, with its capital in Constantinople (Istanbul).[2] It ruled large parts of the PGR for centuries, and its semi-autonomous provinces thus included Hejaz (in the present Saudi Arabia), Assyria, Baghdad, Basra and Kurdistan.[3] Most of what are now Saudi Arabia and the small Gulf States, however, remained outside the orbit of direct Ottoman rule, as did Persia, i.e. the present Iran. These peripheral areas, however, remained contested by the Ottomans and the successive European trading powers and/or colonialists.[4]

The first significant inroad of Europeans was that of Venice, struggling against the Ottomans for mercantile access to the Orient.[5] Next came the Portuguese who were, likewise, preoccupied with access to the riches (silk, spices, etc.) of the Orient. After Vasco da Gama's circumnavigation of the Cape, however, they primarily needed forts along the coast to support their sea route to India. In their quest for such facilities, the Portuguese in the beginning of the 16th Century established control over, first, Oman and subsequently the strait (and city) of Hormuz, followed by the building of forts along the western littoral of the Gulf.[6] The Portuguese were followed by the Dutch and the British, both of whom were, likewise, mainly interested in transit ports for their routes to India and the Far East.[7]

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2 For an overview see Arnold Joseph Toynbee, "The Ottoman Empire in World History," *Proceedings of the American Philosophical Society*, 99/3 (1955), pp. 119-126; Elie Kedouri, *Politics in the Middle East* (Oxford: Oxford University Press, 1992), pp. 16-92; Dietrich Jung and Wolfango Piccoli, *Turkey at the Crossroads. Ottoman Legacies and a Greater Middle East* (London: Zed Books, 2001), pp. 28-58.

3 On the legacy of Ottoman rule see Jacqueline S. Ismael and Tareq Y. Ismael, "Globalization and the Arab World in Middle East Politics: Regional Dynamics in a Historical Perspective," *Arab Studies Quarterly*, 21/3 (1999), pp. 129-44.

4 On imperial systems and rivalries in general see Adam Watson, *The Evolution of International Society* (London: Routledge, 1992), pp. 120-32.

5 Palmira Brummett, "The Ottoman Empire, Venice, and the Question of Enduring Rivalries," in William R. Thompson (ed.), *Great Power Rivalries* (Columbia, SC: University of South Carolina Press, 1999), pp. 225-53.

6 Abbas Hamdani, "Ottoman Response to the Discovery of America and the New Route to India," *Journal of the American Oriental Society*, 101/3 (1981), pp. 323-30; Jon E. Mandeville, "The Ottoman Province of al-Hasa in the Sixteenth and Seventeenth Centuries," in ibid., 90/3 (1970), pp. 486-513.

7 See, for instance, Andrew C. Hess, "The Evolution of the Ottoman Seaborne Empire in the Age of the Oceanic Discoveries, 1453-1525," *American Historical Review*, 75/7 (1970), pp. 1892-1919; F.S. Rodkey, "Ottoman Concern about Western Economic Penetration in the Levant, 1849-1856," *Journal of Modern History*, 30/ 4 (1958), pp. 348-53.

Successive European powers were thus, over the centuries, vying for influence with the Ottomans (and to some extent Arab seafarers)[8] over the territories in and around the Arab Peninsula, which became more accessible, hence more valuable, with the opening of the Suez Canal in 1869.[9] The British therefore established a presence in the port of Aden (in the present Yemen) and claimed suzerainty of the hinterland, thus laying the ground for a territorial rivalry with the emergent Saudi monarchy. The UK also established control over the eastern littoral of the Arabian Peninsula by means of a "trucial system," offering its support to local rulers against "pirates" and other threats in return for a "non-alienation bond" with the UK, which prevented them from granting concessions to others. Having been first launched in the 1820s and subsequently gradually expanding (Kuwait and Qatar joining as the last in 1896 and 1916, respectively), this system proved remarkably resilient and arguably lasted until the British decision to withdraw from the east of Suez in 1971. This withdrawal forced the last remaining trucial states to transform themselves, upon independence, into the United Arab Emirates.[10]

Iran, however, remained independent, even though both the UK and Czarist Russia exerted substantial influence. In 1907 the two signed an Anglo-Russian convention, granting each other exclusive spheres of influence in Iran: Russia in the north and the UK along the Gulf.[11] After the First World War and the 1917 revolution, however, the new Bolshevik rulers abrogated the various agreements with Tehran, thus granting Iran full sovereignty. The UK practically occupied the country since 1917/18, but when in 1919 they offered Iran the status as protectorate, their offer was rejected.[12] Hence, the Brits had to withdraw their forces completely, but they continued "pulling strings," as when in 1921 they assisted Reza Khan in staging a coup, which brought him effective control of the country and allowed him to be crowned as Shah Reza Pahlavi in 1925. The UK thus retained considerable influence, partly manifested in concessions which gave them de facto control over Iran's oil resources.[13]

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8 Peter Boxhall, "Arabian Seafarers in the Indian Ocean," *Asian Affairs*, 20/3 (1989), pp. 287-95.

9 Max E. Fletcher, "The Suez Canal and World Shipping, 1869-1914," *The Journal of Economic History*, 18/4 (1958), pp. 556-73.

10 Alexander Melamid, "Political Geography of Trucial Oman and Qatar," *Geographical Review*, 43/2 (1953), pp. 194-206; Rosemarie Said Zahlan, *The Making of the Modern Gulf States. Kuwait, Bahrain, Qatar; the United Arab Emirates and Oman*. 2nd ed. (Reading: Ithaca Press, 1998), pp. 14-17; Elizabeth Stephens, *Gulf Cooperation Council States and the European Union. Military and Economic Relations* (Dubai: Gulf Research Center, 2004), pp. 21-5.

11 A.P. Thornton, "British Policy in Persia, 1858-1890. I," *The English Historical Review*, 69/273 (1954), pp. 554-579; idem, "British Policy in Persia, 1858-1890-II," ibid*.*, 70/274 (1955), pp. 55-71; Rose Louise Greaves, "British Policy in Persia, 1892-1903-I," *Bulletin of the School of Oriental and African Studies*, 28/1 (1965), pp. 34-60; idem, "British Policy in Persia, 1892-1903—II," ibid., 28/2 (1965), pp. 284-307.

12 Homa Katouzian, "The Campaign against the Anglo-Iranian Agreement of 1919," *British Journal of Middle Eastern Studies*, 25/1 (1998), pp. 5-46.

13 See "Iran," in *Encyclopædia Britannica*, available at http://www.britannica.com/eb/article-32184.

In the meantime, the Ottoman Empire, which had long been moribund, effectively collapsed, inter alia as a result of its defeat in the First World War.[14] Following this, it was dismantled by the victors, acting both through the League of Nations and bilaterally, trying to impose, first, the Sèvres Treaty of 1920 and then (successfully) the Treaty of Lausanne on Turkey.[15] As colonialism had, by that time, already become somewhat controversial (partly thanks to U.S. President Wilson)[16] the territories were given to the UK and France as "mandate territories" rather than colonies, entailing an obligation to present annual reports to the League's Permanent Mandates Commission on the progress with preparing them for eventual independence.[17] As a consequence of this arrangement, the British established their rule over Mesopotamia (the present Iraq) as part of the great bargain, involving also the Fertile Crescent, according to which the UK was granted control of Palestine and France of the present Lebanon and Syria.[18]

In the interval between the defeat of the Ottomans and the League's decisions, moreover, the UK had been administering what became Iraq, in which connection they had (perhaps inadvertently) given a boost to Kurdish nationalism by allowing for considerable Kurdish autonomy in the north.[19] The aforementioned Treaty of Sèvres (signed 1920 by the Ottoman Sultan, but abrogated by the new Turkey)[20] had also envisaged an autonomous Kurdistan (in contrast to its replacement, the Treaty of Lausanne) thereby laying the foundations for the Kurdish separatist nationalism which is today affecting both Iraq, Turkey and, to a lesser degree, Iran and Syria.

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14 Elie Kedouri, "The End of the Ottoman Empire," *Journal of Contemporary History*, 3/4 (1968), pp. 19-28.

15 The text of the Treaty of Lausanne is available at http://www.lib.byu.edu/~rdh/wwi/ 1918p/lausanne.html. See also Erik Goldstein, "The British Official Mind and the Lausanne Conference, 1922-23," *Diplomacy and Statecraft*, 14/2 (2003), pp. 185-206;

16 His "fourteen points" are reprinted in Franz Knipping and Ralph Dietl (eds), *The United Nations System and Its Predecessors* (Oxford; Oxford University Press, 1997), vol. II: "Predecessors of the United Nations," pp. 182-84.

17 See, for instance, F.S. Northedge, *The League of Nations. Its Life and Times, 1920-1946* (Leichester: Leichester University Press, 1986), pp. 34-8, 63-6, 192-220; F.P. Walters, *A History of the League of Nations* (London: Oxford University Press, 1960), pp. 56-8, 171-73, 211-13; Veronique Dimier, "On Good Colonial Government: Lessons from the League of Nations," *Global Society: Journal of Interdisciplinary International Relations*, 18/3 (2004), pp. 279-99; James L. Gelvin, "The League of Nations and the Question of National Identity in the Fertile Crescent," *World Affairs*, 158/1 (1995), pp. 35-43.

18 On the British vacillations over the status of Iraq, i.e. over whether to promote indirect rule by the Hashemites or more direct control, see Timothy J. Paris, "British Middle East Policy-Making after the First World War: The Lawrentian and Wilsonian Schools," *The Historical Journal*, 41/3 (1998), pp. 773-93.

19 Saad Eskander, "Britain's Policy in Southern Kurdistan: The Formation and the Termination of the First Kurdish Government, 1918-1919," *British Journal of Middle Eastern Studies*, 27/2 (2000), pp. 139-163; idem, "Southern Kurdistan under Britain's Mesopotamian Mandate: From Separation to Incorporation, 1920-23," *Middle Eastern Studies*, 37/2 (2001), pp. 153-80.

20 The full text is available at http://www.hri.org/docs/sevres/.

The main interests of the rivalling great powers had for centuries been the securing of free passage as well as the pearling industry. However, as early as in the inter-war years a new factor made its appearance in the calculations of the great powers, namely oil. A rivalry over control of oil resources thus commenced, initially pitting European states against each other, but soon also bringing the USA into the picture.[21] Whereas the trucial system and its counterparts had arguably transformed sheikdoms into states, the advent of the international oil companies since the 1930s necessitated the clear territorial delimitation of the various polities through a drawing of borders—in an area where nobody had previously felt any need for them and where the nomadic form of life of the majority of the populations militated strongly against any rigid territorial delimitation.[22] Some of these borders have subsequently proved highly contentious, most prominently that between Iraq and Kuwait, which has for decades been contested by the former, claiming sovereignty over the latter.[23]

The Cold War: Containment in a Secondary Arena

During the Cold War the bipolar rivalry between the two superpowers resulted in a certain involvement by both the United States and the USSR in regional security matters in the PGR, i.e. a certain "penetration", or "external transformation" in the terminology of Barry Buzan, yet not strong enough to count as an "overlay" which completely superseded intra-regional "ties of amity and enmity" and prevented third parties from playing a role.[24] As a consequence, the European powers were able to continue playing a certain role, even though their behaviour remained constrained by the U.S. hegemony.

Until its decision to withdraw from east of the Suez in 1967 and the actual withdrawal in 1971,[25] the UK was clearly the most important European player in the Persian Gulf, as France had focused her attention on the Levant, exerting a certain influence in Syria and Lebanon. Not only did Britain play a dominant role in its former mandate territories and the trucial states, but it was also influential in Iran, at least until the Mossadeq crisis of 1953, when a democratically elected Prime Minister was overthrown by the CIA after having nationalized foreign (mainly

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21 See, for instance, William Stivers, "International Politics and Iraqi Oil, 1918-1928: A Study in Anglo-American Diplomacy," *The Business History Review*, 55/4 (1981), pp. 517-40.

22 See Zahlan, *The Making of the Modern Gulf States*, pp. 23-6.

23 See, for instance, H. Rahman, *The Making of the Gulf War. Origins of Kuwait's Long-standing Territorial Dispute with Iraq* (Reading: Ithaca Press, 1997); Jasem Karam, "The Boundary Dispute between Kuwait and Iraq: An Endless Dilemma," *DOMES*, 14/1 (2005), pp. 1-11; Richard Muir, "The Iraq-Kuwait Border Dispute: Still a Factor for Instability?" *Asian Affairs*, 35/2 (2004), pp. 147-61.

24 On the terminology see Buzan, *People, States and Fear*, pp. 219-221; idem Morten Kelstrup and Pierre Lemaitre and Elzbieta Tromer and Ole Wæver, *The European Security Order Recast. Scenarios for the Post-Cold War Era* (London: Pinter, 1990), pp. 15-16, 36-41.

25 J.C. Hurewitz, "The Persian Gulf: British Withdrawal and Western Security," *Annals of the American Academy of Political and Social Science*, 401/1 (1972), pp. 106-15.

British) oil concessions. Following the coup the United States took over not only Britain's political, but also its economic role in Iran.[26]

The bipolar rivalry also left its imprint, as elsewhere, in the sense of alliance-building. The UK thus formed part of the Baghdad Pact, which was inaugurated in 1955, comprising also Turkey, Iraq, Iran and Pakistan. Even though its rationale was to contribute to the U.S. strategy of containment of the Soviet Union, the United States only joined in 1958—a year before the pact effectively collapsed following the Iraqi withdrawal,[27] in its turn due to the growing Arab (and pan-Arab) nationalism.

Even though the U.S. was, at the time, establishing itself as the dominant external power in the region, the British withdrawal was nevertheless a cause of some concern in Washington, especially after the 1973/74 "oil crisis,"[28] which produced (in retrospect rather fanciful) fears of a cut-off of Western oil supplies. Such an eventuality, in Washington's view, might "necessitate" a military response,[29] for which the United States was at the time (under the "Vietnam syndrome" and the "Nixon Doctrine") not prepared to take full responsibility. Not only did the United States therefore embark on a massive support for "regional hegemons" such as Iran,[30] but Washington also sought European support for, and preferably involvement in, hypothetical military missions, even under the auspices of NATO. Notwithstanding

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26 Steve Marsh, "The United States, Iran and Operation 'Ajax': Inverting Interpretative Orthodoxy," *Middle Eastern Studies*, 39/3 (2003), pp. 1-38; Mostafa T. Zahrani, "The Coup that Changed the Middle East: Mossadeq v. The CIA in Retrospect," *World Policy Journal*, 19/2 (2002), pp. 93-9; Barry Rubin, *Paved with Good Intentions. The American Experience and Iran* (Harmondsworth: Penguin Books, 1981), pp. 54-90; Zachary Karabell, *Architects of Intervention. The United States, the Third World and the Cold War, 1946-1962* (Baton Rouge: Louisiana State University Press, 1999), pp. 62-91.

27 Harry N. Howard, "The Regional Pacts and the Eisenhower Doctrine," *Annals of the American Academy of Political and Social Science*, 401 (1972), pp. 85-94; George Lenczowski, "United States' Support for Iran's Independence and Integrity, 1945-1959," ibid., pp. 45-55; A.E.P. Duffy, "The Present Viability of NATO, SEATO, and CENTO," ibid., 372/1 (1967), pp. 33-9.

28 Ching-yuan Lin, "Global Pattern of Energy Consumption before and after the 1974 Oil Crisis," *Economic Development and Cultural Change*, 32/4 (1984), pp. 781-802.

29 Michael Klare, *Beyond the "Vietnam Syndrome." US Interventionism in the 1980s* (Washington, DC: Institute for Policy Studies, 1981), *passim*.

30 Rubin, *Paved with Good Intentions,* pp. 124-89, and *passim*; Fred Halliday, *Iran. Dictatorship and Development*, 2nd ed. (Harmondsworth: Penguin Books, 1979), pp. 251-57; Eric Hooglund, "Iran," in Peter J. Schraeder (ed.), *Intervention into the 1990s. U.S. Foreign Policy in the Third World*. 2nd ed. (Boulder, CO: Lynne Rienner, 1992), pp. 303-20; idem, "The Persian Gulf", in ibid. pp. 321-42; Anthony Sampson, *The Arms Bazaar* (London: Hodder & Stoughton, 1978), pp. 238-56; Michael Klare, *American Arms Supermarket* (Austin: University of Texas Press, 1984), pp. 108-26. On the Nixon Doctrine in general see Henry Kissinger, *Diplomacy* (New York: Touchstone Books, 1994), pp. 707-09; J.L.S. Girling, "'Kissingerism': The Enduring Problems," *International Affairs*, 51/3 (1975), pp. 323-43.

Table 12.1   Arms Exports (1951-1985)

Supplier / Recip.	UK	France	Rest-Eur	USA	USSR	Others	**Total** US$m (1985 prices)
Iran	per cent						
1951-55	0	0	0	99	0	1	54
1961-65	0	0	0	100	0	0	1,203
1971-75	28	2	2	67	0	1	9,744
1981-85	10	7	3	0	0	79	1,868
Iraq	per cent						
1951-55	100	0	0	0	0	0	71
1961-65	25	0	0	0	75	0	729
1971-75	0	2	0	0	97	0	2,042
1981-85	0	22	6	1	55	17	15,170
Saudi Arabia.	per cent						
1951-55	26	0	0	74	0	0	9
1961-65	7	0	0	93	0	0	45
1971-75	2	12	0	86	0	0	1,070
1981-85	1	25	0	73	0	1	7,147
Kuwait	per cent						
1951-55	100	0	0	0	0	0	1
1961-65	100	0	0	0	0	0	98
1971-75	17	27	0	55	0	1	345
1981-85	7	36	22	30	5	0	1,327
Bahrain	per cent						
1951-55	-	-	-	-	-		-
1961-65	100	0	0	0	0	0	1
1971-75	75	0	0	25	0	0	5
1981-85	2	11	36	52	0	0	309
Qatar	per cent						
1951-55	-	-	-	-	-	-	-
1961-65	-	-	-	-	-	-	-
1971-75	93	7	0	0	0	0	30
1981-85	11	89	0	0	0	0	934
UAE	per cent						
1951-55	-	-	-	-	-	-	-
1961-65	-	-	-	-	-	-	-
1971-75	13	73	1	11	0	1	447
1981-85	10	27	19	38	0	6	1,340
Oman	per cent						
1951-55	-	-	-	-	-	-	-
1961-65	89	0	0	0	0	11	4
1971-75	59	0	3	12	0	26	301
1981-85	61	20	0	18	0	1	883

rather heavy-handed U.S. attempts at lifting the geographical constraints on NATO in favour of joint "out of area" operations, however, the European allies refused.[31]

They were, however, quite willing to become involved in the lucrative business of arming the regional hegemons through arms exports. European states had, by that time, long been engaged in the sale of arms to Gulf states.[32] Table 1 shows how the UK's share has been slipping in favour of France and minor exporters such as Italy and Germany—and, even more importantly, the massive and continuous growth of these markets over the years, post-revolutionary Iran being the only exception.[33]

Generally, however, the European powers chose to remain aloof of intra-regional conflicts, thus effectively leaving the region to the two superpowers. Following the Iranian revolution in 1979, relations with the Islamic republic soured considerably, yet without ever really coming close to an open conflict. Even during the Iran-Iraq war (1980-88) the Europeans officially remained neutral, albeit leaning more to the side of the Iraqi aggressor than to the Iranian victim (as did the United States). As appears from Table 12.1, France thus supplied Iraq with weaponry on a major scale, as it did for the Gulf monarchies, but they were not the only European state to help arm the aggressor, as appears from Table 12.2.[34] When Iran mined the Strait of Hormuz, some of the European powers also joined the United States in meeting the Kuwaiti requests for "re-flagging" their shipping and convoying ships through the Gulf and the strait, thus also discretely supporting the Iraqi side against Iran.[35] The only country to adopt a more equidistant position was Germany, whose foreign minister thus visited Tehran twice during the war.[36]

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31 Scott L. Bills, "The United States, NATO and the Colonial World," in Lawrence S. Kaplan and Robert W. Clawson (eds), *NATO After Thirty Years* (Wilmington, Delaware: Scholarly Resources Inc., 1979), pp. 149-64; Marc Bentinck, "NATO's Out-of-Area Problem," *Adelphi Papers*, no. 211 (1986); Charles A. Kupchan, "NATO and the Persian Gulf: Examining Intra-Alliance Behavior," *International Organization*, 42/2 (1988), pp. 317-46.

32 See, for instance, Andrew J. Pierre, *The Global Politics of Arms Sales* (Princeton, NJ: Princeton University Press, 1982), pp. 136-209; SIPRI, *The Arms Trade with the Third World* (New York: Humanities Press, 1971), pp. 506-80.

33 Calculated on the basis of figures from Michael Brzoska and Thomas Ohlson, *Arms Transfers to the Third World, 1971-85* (Oxford: Oxford University Press, 1987), pp. 338-51.

34 Calculated on the basis of figures from pp. 146-48 in Michael Brzoska and Frederic S. Pearson, *Arms and Warfare. Escalation, De-Escalation, and Negotiation* (Columbia, SC: University of South Carolina Press, 1994).

35 Stephens, *Gulf Cooperation Council States and the European Union*, pp. 41-46; David D. Caron, "Choice and Duty in Foreign Affairs: The Reflagging of the Kuwaiti Tankers," *Harvard International Review*, 12/2 (1990), pp. 34-6. For an Iranian perspective on the European role see Ahmad Naghibzadeh, "Collectively or Singly: Western Europe and the Iran-Iraq War," in Farhand Rajae (ed.), *Iranian Perspectives on the Iran-Iraq War* (Gainsville: University Press of Florida, 1997), pp. 39-48.

36 Stephens, *Gulf Cooperation Council States and the European Union*, pp. 49-50.

Table 12.2   Arms Sales during the Iran-Iraq War, 1980-88 (US$m)

Recipient / Supplier	Iraq	%	Iran	%
France	4,951	19.1	132	3.5
Netherlands	0	0.0	21	0.6
FRG	24	0.1	0	0.0
Italy	126	0.5	71	1.9
Spain	99	0.4	0	0.0
UK	16	0.1	180	4.8
Denmark	189	0.7	0	0.0
USA	236	0.9	121	3.2
USSR	14,079	54.2	14	0.4
Others	6,252	24.1	3,242	85.7
Total	25,972	100.0	3,781	100.0

The Long Unipolar Moment, Europe and the Persian Gulf

The dissolution of the Soviet Union heralded a U.S. domination of world affairs that was less restrained by countervailing powers and alignments as by the inherent risk of "imperial overstretch." It remains controversial whether such unipolarity is inevitably transitory, i.e. a "unipolar moment," or whether it may last indefinitely. In any case, however, the unipolar "moment" seems to be quite a long one.[37]

With the Iraqi invasion and occupation of Kuwait, the Europeans were forced to abandon their impartiality. They were, indeed, unanimous in their condemnation of the attacker and seem to have scrupulously abided by the UN-imposed sanctions against Iraq—in fact the EEC unilaterally imposed sanctions on Iraq two days before the UN decision to the same effect.[38] Through the autumn and winter of 1990/91, several of them—but especially France—undertook diplomatic efforts to persuade

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37 On the fragility of (global) unipolarity see Christopher Layne, "Rethinking American Grand Strategy," *World Policy Journal*, 15/2 (1998), pp. 8-28; idem, "The Unipolar Illusion: Why New Great Powers Will Rise," *International Security*, 17/4 (1993), pp. 5-51; Kenneth N. Waltz, "The Emerging Structure of International Politics," ibid., 18/2 (1993), pp. 44-79; Michael Mastanduno, "Preserving the Unipolar Moment. Realist Theories and U.S. Grand Strategy after the Cold War", ibid., 21/4 (1997), pp. 49-88; Charles A. Kupchan, *The End of the American Era. U.S. Foreign Policy and the Geopolitics of the Twenty-First Century* (New York: Alfred E. Knopf, 2002), *passim*. For a more optimistic view see Ethan B. Kapstein and Michael Mastanduno (eds), *Unipolar Politics. Realism and State Strategies after the Cold War* (New York: Columbia University Press, 1999), *passim*. See also the various contributions to G. John Ikenberry (ed.), *America Unrivaled. The Future of the Balance of Power* (Ithaca, NY: Cornell University Press, 2002).

38 Friedemann Buettner and Martin Landgraf, "The European Community's Middle Eastern Policy: The New Order of Europe and the Gulf Crisis," in Tariq Y. Ismael and Jacqueline S. Ismael (eds), *The Gulf War and the New World Order. International Relations of the Middle East* (Gainesville, FL: University Press of Florida, 1994), pp. 77-115.

Iraq to give in and thus avoid the war, all the time while maintaining the sanctions regime.[39] However, France was not alone with its lukewarm attitude to the use of force. Prior to the war the European Parliament had thus also opposed it with a 152:63 majority, and even after the start of hostilities it passed resolutions to the effect that the bombardment should cease, provided only that Iraq would begin a withdrawal from Kuwait.[40]

Having procrastinated with regard to Operation Desert Shield in the autumn of 1990 (with the exception of the UK), several European countries did, however, help enforce the naval blockade of Iraq and several of them participated in the coalition which (based on UNSCR 678) launched Operation Desert Storm in 1991, even though their contributions were modest, compared to that of the United States. Only the UK, France and Italy sent actual combat forces, whereas others preferred to contribute by deploying forces to their NATO ally Turkey for its protection in the case of a hypothetical retaliatory or diversionary Iraqi attack.[41] When a country like Germany did not participate militarily at all, it was rather because of constitutional constraints and the troubles of re-unification than because it disagreed with what should be done.[42]

Both the UK and France, likewise, initially took part in the post-war humanitarian intervention, "Operation Provide Comfort," in Iraqi Kurdistan, and (to a somewhat lesser extent) in similar missions the southern parts of Iraq, even though France terminated its participation in the patrolling of the northern no-fly-zone in 1996.[43] All also supported the post-war inspections regime established through UNSCR 687 and the Europeans were fairly unanimous in their warnings to Iraq to comply with the resolutions provisions and to collaborate with UNSCOM inspectors.[44] At the later stages of the ensuing twelve-year long conflict, however, France broke ranks

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39 Lawrence Freedman and Efraim Karsh, *The Gulf Conflict 1990-1991. Diplomacy and War in the New World Order* (Princeton, NJ: Princeton University Press, 1993), pp. 262-68, 270-74, and 346-60.

40 Ibid., p. 358.

41 Jonathan Palmer, "Rolle und Beitrag des britischen Heeres," in Hartmut Zehrer (ed.), *Der Golfkonflikt. Dokumentation, Analyse und Bewertung aus militärischer Sicht* (Herford: Verlag E.S. Mittler & Sohn, 1992), pp. 249-77; Bernard Amrhein and Bruno Pinget, "Rolle und Beitrag Frankreichs," in ibid., pp. 279-93; Anthony Cordesman and Abraham R. Wagner, *The Lessons of Modern War,* Vol. 4: *The Gulf War* (Boulder, Co.: Westview, 1996), pp. 95 and 156-73.

42 Peter Beeger and Thomas Humm, "Rolle und Beitrag Deutschlands," in Zehrer (ed.), *Der Golfkonflikt*, pp. 307-31. On Germany's constitutional constraints see Dieter S. Lutz, "Die Golfkrise, das Grundgesetz, die Gemeinsame Sicherheit," *S+F. Vierteljahresschrift für Sicherheit und Frieden*, 8/4 (1990), pp. 233-37; Jürgen H. Schwartz and Armin A. Steinkamm (eds), *Rechtliche und politische Probleme des Einsatzes der Bundeswehr "out of area"* (Baden-Baden: Nomos Verlagsgesellschaft, 1993), *passim*.

43 Sarah Graham-Brown, *Sanctioning Saddam. The Politics of Intervention in Iraq* (London: I.B. Tauris, 1999), pp. 105-40; Anthony H. Cordesman, *Iraq and the War of Sanctions. Conventional Threats and Weapons of Mass Destruction* (Westport, CT: Praeger, 1999), pp. 128-29, *passim*.

44 On Iraqi obfuscation see ibid., pp. 181-210, 488-510, 551-63, 581-99, 627-34.

with most of the others in arguing for a lifting, or at least relaxation, of the sanctions regime.[45]

In the meantime, collaboration with the GCC and its member states was strengthened, not only by the European states as such, but also by the EU, more about which in due course. As far as relations with Iran were concerned, the Europeans seem to have questioned the wisdom of the U.S. policy of "dual containment" and they were certainly far from comfortable with the accompanying rhetoric about "states of concern" or "rogue states" and even less so with terms such as the "axis of evil."[46] Much as they disliked the clerical rule in the Islamic Republic the EU thus launched a "critical dialogue" with Tehran,[47] and they were very reluctant to support the imposition of sanctions such as proposed by Washington. They were even more consistent in rejecting and protesting against the U.S. "Iran and Libya Sanctions Act" (ILSA, also known as the d'Almato Act) and the associated "Helms-Burton law" with their claims for extraterritorial jurisdiction to enforce unilateral U.S. sanctions against Iran, Libya and Cuba.[48]

A particularly thorny issue in Europe-Iran relations remained the *fatwa* imposed by Imam Khomeiny against the British citizen, Salman Rushdie, for his authorship of the novel, *The Satanic Verses*. Even though the issue remains formally unsolved until the present day (as the *fatwa* as such cannot be revoked by the government of Iran), the assurances provided by then President Khatami that it would not be implemented effectively removed in from the agenda.[49]

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45 Graham-Brown, *Sanctioning Saddam*, pp. 56-105. On the sanctions and their humanitarian consequences see Geoff Simons, *Imposing Economic Sanctions. Legal Remedy or Genocidal Tool?* (London: Pluto Press, 1999), pp. 169-80; Beth Osborne Daponte and Richard Garfield, "The Effect of Economic Sanctions on the Mortality of Iraqi Children Prior to the 1991 Persian Gulf War," *American Journal of Public Health*, 90/4 (2000), pp. 546-51; Anthony Arnove (ed.), *Iraq under Siege. The Deadly Impact of Sanctions and War* (London: Pluto Press, 2000).

46 Geoffrey Kemp, "The Challenge of Iran for U.S. and European Policy," in Richard N. Haas (ed.), *Transatlantic Tensions. The United States, Europe, and Problem Countries* (Washington, DC: Brookings Institution Press, 1999), pp. 48-70. On rogue states see Michael Klare, *Rogue States and Nuclear Outlaws. America's Search for a New Foreign Policy* (New York: Hill and Wang, 1995), pp. 142-46; Robert S. Litwak, *Rogue States and U.S. Foreign Policy. Containment after the Cold War* (Baltimore, ML: John Hopkins University Press, 2000). On the "axis of evil" see George W. Bush, *State of the Union Address*, 29 January 2002, available at http://www.whitehouse.gov/news/releases/2002/01/ 20020129-11.htm.

47 Peter Rudolf, "Critical Engagement: The European Union and Iran," in Haas (ed.), *Transatlantic Tensions*, pp. 71-101.

48 Joaquin Roy, "The Helms-Burton Law: Development, Consequences, and Legacy for Inter-American and European-US Relations," *Journal of Interamerican Studies and World Affairs*, 39/3 (1997), pp. 77-108; Stefaan Smis and Kim van der Borght, "The EU-U.S. Compromise on the Helms-Burton and D'Amato Acts," *The American Journal of International Law*, 93/1(1999), pp. 227-36; A. Vaughan Lowe, "US Extraterritorial Jurisdiction: The Helms-Burton and D'Amato Acts," *The International and Comparative Law Quarterly*, 46/2 (1997), pp. 378-90.

49 Lars Erslev Andersen, "Iran-EU-USA Relations Seem Through the Rushdie Affair," in Bjørn Møller (ed.), *Oil and Water. Cooperative Security in the Persian Gulf* (London:

The main controversy, however, concerned Iraq. As mentioned above, France opposed the indefinite continuation of the sanctions regime and was critical of the continuous (but rather low-key) use of air strikes to enforcing the no-fly-zones in northern and southern Iraq as well as of the more massive air strikes against Iraq in 1993 and 1996. Most European countries, however, had generally agreed with the policy of the United States, albeit the UK with greater enthusiasm than most others. In connection with the 1998 air strikes (code-named "Operation Desert Fox"), however, more substantial disagreements arose, as most European states strongly supported the UN's efforts to defuse the crisis.[50] Even a small country like Denmark, however, initially pledged its active support for (and contribution to) military action, even in the absence of a UN authorization, without which the attacks would violate international law.[51]

In the protracted run-up to the 2003 war against Iraq, serious discord spread through Europe, inter alia dividing the EU members into two opposing camps—France, Germany and Belgium stoutly opposed to war and the UK, Spain and Denmark equally strongly in favour of it, even without a UN Security Council mandate.[52] As it turned out, the opponents were right—indeed even more so than they had expected, as the problem for the resolution of which they favoured "soft" means, revealed itself as a figment of the imagination. The post-war inspections showed Iraq to have none of the proscribed weapons of mass destruction, thereby demonstrating that it was not Baghdad but Washington who had been misleading the international community.[53]

Following the overthrow of the Iraqi dictator and the passing of a vaguely formulated UN Security Council resolution which might serve as a "fig-leaf" for what effectively remained an occupation of Iraq by the aggressors, some European countries have remained in Iraq in a dual role as occupiers and peacekeepers—but one country after another seems to be leaving.

I.B. Tauris, 2001), pp. 290-308. See also Bernard Lewis, "Behind the Rushdie Affair," *American Scholar*, 60/2 (1991), pp. 185-96; J. Piscatori, "The Rushdie Affair and the Politics of Ambiguity," *International Affairs*, 66/4 (1990), pp. 767-89; Ali A. Mazrui, "Satanic Verses or a Satanic Novel? Moral Dilemmas of the Rushdie Affair," *Third World Quarterly*, 12/1 (1990), pp. 116-40.

50 A detailed chronology of the first phase of the crisis is available in Cordesman, *Iraq and the War of Sanctions*, pp. 232-64.

51 For an elaboration see Bjørn Møller, "The Never-Ending Iraqi Crisis: Dual Containment and the New World Order," in idem (ed.) *Oil and Water*, pp. 196-225.

52 See, for instance, David Styan, "Jacques Chirac's 'Non': France, Iraq and the United Nations, 1991-2003," *Modern and Contemporary France*; 12/3 (2004), pp. 371-85; Dana H. Allin, "The Atlantic Crisis of Confidence," *International Affairs*, 80/4 (2004), pp. 649-63; Anand Menon, "From Crisis to Catharsis: ESDP after Iraq", ibid., pp. 631-48.

53 See, for instance, Charles Duelfer, *Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD* (30 September 2004), available at http://www.cia.gov/cia/reports/iraq_wmd_2004.

Summary and Evaluation

We have thus seen that the European states have been involved in the Persian Gulf region for centuries, but that their role has increasingly been taken over by the United States, first as one among several arenas in its rivalry with the Soviet Union and subsequently as one of the few still contentious parts of the world, where the alleged *pax americana* has been challenged. As the United States has obviously not been particularly successful in bringing peace to, or controlling, the region, it seems worth exploring whether the Europeans, both as individual states and under the auspices of the European Union, might play a more constructive role in the future, also with regard to security. As a prelude to this, however, a description and analysis of the EU's ambitions and capacities in this field seems indispensable, to which the following chapter is therefore devoted.

The EU: Security by Being and by Doing[54]

European integration has, ever since the 1950 "Schumann Declaration"[55] been motivated by a quest for peace, the intention being to transform Europe into a security community, i.e. a group of states "where there is real assurance that the members of that community will not fight each other physically, but will settle their disputes in some other way."[56]

"Security by Being"

The EU has already proceeded way beyond the "Westphalian model" of a state system and today constitutes far more than a "pluralistic security community." Institutionalization (or, in the terminology of Karl Deutsch, "amalgamation") has occurred in different ways: By simple expansion of the organization, i.e. by creating new offices, directorates, etc., and expanding their staffs; by gradually transferring what were previously sovereign powers of the states to the community as such; by an expansion of the competencies of the Commission and the European Parliament (representing the Communities) at the expense of the Council, representing the states; and by a gradual move from consensual modes of decision-making (protecting state sovereignty by the implicit unit veto system) to more majoritarian modes such

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54 This chapter is largely based on the author's "The EU as a Security Actor," *DIIS Report*, no. 12 (Copenhagen: DIIS, 2005).

55 Robert Schuman, "The Schuman Declaration," in Brent F. Nelsen and Alexander C-G. Stubb (eds), *The European Union. Readings on the Theory and Practice of European Integration* (Boulder, Co.: Lynne Rienner, 1994), pp. 11-12.

56 The classical work is Karl W. Deutsch and Sidney A. Burrell and Robert A. Kann, *Political Community in the North Atlantic Area. International Organization in the Light of Historical Experience* (Princeton, NJ: Princeton University Press, 1957). For a constructivist revision of the theory see Emmanuel Adler and Michael Barnett (eds), *Security Communities* (Cambridge: Cambridge University Press, 1998). On the EU as a security community see Ole Wæver, "Insecurity, Security and Asecurity in the West European Non-War Community", in *ibid.*, pp. 69-118.

as qualified majority.[57] Whether the progressive amalgamation resulting from this institutionalization will eventually produce a new "super state" or, more likely, a polity *sui generis,* based on some form of "multi-level governance," remains to be seen,[58] but it seems unlikely that the progressive "deepening" of the EU has reached its final stage.

Deepening has all along been accompanied by a progressive expansion of membership, i.e. enlargement. In 2004 the so far most comprehensive expansion was completed with no fewer than ten new members. In 2007 Romania and Bulgaria acceded, with Croatia scheduled to follow,[59] and accession negotiations are underway with Turkey.[60] The case for enlargement has occasionally been couched in security terms,[61] e.g. through an application of the "liberal peace" theorem to the EU's neighbours. The underlying assumptions are that war among liberal states is unlikely (or even inconceivable) and that the EU is able to transform states into liberal ones, either in the sense of "trading states" with market economies or of democracies, or both simultaneously.[62]

It is inherently plausible that the EU can promote such democratization, not so much by *doing* something as by *being* an immensely attractive market and community of nations. In order to join states have to meet various EU standards, not only in terms of their economies, but also with regard to democracy and human rights, including minority rights. The very prospects thereof may induce "anticipatory adaptation" in the sense that would-be candidates strive to meet these

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57 Jeffrey Stacey and Berthold Rittberger, "Dynamics of Formal and Informal Institutional Change in the EU," *Journal of European Public Policy*, 10/6 (2003), pp. 858-83.

58 Gary Marks, Liesbet Hooghe and Kermit Blank, "European Integration from the 1980s: State-Centric v. Multilevel Governance," *JCMS: Journal of Common Market Studies*, 34/3 (1996), pp. 341-78; Richard Bellamy and Dario Castiglione, "Building the Union: The Nature of Sovereignty in the Political Architecture of Europe," *Law and Philosophy*, 16/4 (1997), pp. 421-45; Philippe C. Schmitter, "Imaging the Future of the Euro-Polity with the Help of New Concepts," in Gary Marks, Fritz Scharpf, Philippe P. Schmitter and Wolfgang Streeck (eds), *Governance in the European Union* (London: Sage Publications, 1996), pp. 121-50; William Wallace, "Government without Statehood: The Unstable Equilibrium," in Helen Wallace et al. (eds), *Policy-Making in the European Union* (Oxford: Oxford University Press, 1996), pp. 439-60.

59 See the entry on "Enlargement" on the EU website at http://europa.eu.int/comm/ enlargement/candidate.htm

60 Kemal Derviş, Michael Emerson, Daniel Gros and Sinan Ülgen, *The European Transformation of Modern Turkey* (Brussels: CEPS, 2004). On the background see Heinz Kramer, "Turkey and the European Union: A Multi-Dimensional Relationship with Hazy Perspectives," in Vojtech Mastny and R. Craig Nation (eds), *Turkey between East and West. New Challenges for a Rising Regional Power* (Boulder, CO: Westview Press, 1996), pp. 203-32.

61 Atsuko Higashino, "For the Sake of 'Peace and Security'? The Role of Security in the European Union Enlargement Eastwards," *Cooperation and Conflict*, 39/4 (2004), pp. 347-68.

62 On the economic version of the theory see Edward D. Mansfield, *Power, Trade and War* (Princeton, NJ: Princeton University Press, 1994). On the political version see Nils Petter Gleditsch, "Democracy and Peace," *Journal of Peace Research*, 29/4 (1992), pp. 369-76.

standards by modifying their behaviour, sometimes even before the initiation of actual membership negotiations.[63]

"Security by Doing:" The CFSP and the ESDP

The EU has gradually, and not without obstacles, developed a common foreign and security policy (CFSP).[64] The member states are, furthermore, consulting with each other as a caucus within other organizations such as the UN with a view to (but not always succeeding in) reaching a common position. Moreover, the ministerial and summit meetings of the EU always pass resolutions on foreign policy issues which have over time become increasingly comprehensive and elaborate, seemingly reflecting a growing agreement on most issues.

Whereas until recently the EU deliberately avoided military matters, leaving the military aspects of security to NATO and/or the now defunct Western European Union (WEU), in the Maastricht Treaty of February 1992 the WEU was proclaimed to constitute "an integral part of" the EU. In June the same year the WEU formulated its future tasks, henceforth known as "Petersberg tasks," named after the venue of the meeting and comprising a catalogue featuring such tasks as peacekeeping, humanitarian operations and crisis management, a mission catalogue which then also became that of the EU, almost by default.[65]

EU countries, spearheaded by Germany, France and the UK, have since then taken significant steps in the direction of creating a genuine European security and defence policy (ESDP), focusing on the aforementioned "Petersberg missions."[66] Since the St. Malo meeting in December 1998, the ESDP has continued to evolve.[67]

63 Stephan Haggard, Marc A. Levy, Andrew Moravcsik and Kalypso Nicolaïdis, "Integrating the Two Halves of Europe: Theories of Interests, Bargaining, and Institutions," in Robert O. Keohane, Joseph S. Nye and Stanley Hoffman (eds), *After the Cold War. International Institutions and State Strategies in Europe, 1989-1991* (Cambridge, MA: Harvard University Press, 1993), pp. 173-95.

64 On the CFSP in general see Steven Everts and Daniel Keohane, "The European Convention and EU Foreign Policy: Learning from Failure," *Survival*, 45/3 (2003), pp. 167-86; Michael E. Smith, "Institutionalization, Policy Adaptation and European Foreign Policy Cooperation," *European Journal of International Relations*, 10/1 (2004), pp. 95-136; Mathias Koenig-Archibugi, "International Governance as New Raison d'État? The Case of the EU Common Foreign and Security Policy," ibid., 10/2 (2004), pp. 147-88.

65 Western European Union Council of Ministers, *Petersberg Declaration* (19 June 1002), available at http://www.weu.int/documents/920619naen.pdf, Chapter II, art. 5.

66 All the relevant documents are contained in Maartje Rutten (ed.), "From St-Malo to Nice: European Defence: Core Documents," *Chaillot Paper*, no. 47 (Paris: Institute for Security Studies, 2001).

67 The various documents are reprinted in Maartje Rutten (ed.), "From Nice to Laeken. European Defence: Core Documents. Volume II," ibid., no. 51 (2002); and Jean-Yves Haine (ed.), "From Laeken to Copenhagen. European Defence: Core Documents. Volume III," ibid., no. 57 (2003). See also Robert E. Hunter, "The European Security and Defense Policy: NATO's Companion – or Competitor? (Santa Monica, CA: Rand, 2002), *passim*; Daniel Keohane, "ESDP and Military Reforms ," in Jess Pilegaard (ed.), *The Politics of European Security* (Copenhagen: DIIS, 2004), pp. 103-22: Jess Pilegaard, "The European Security and

Not only has the institutional framework been expanded, but the EU also ventured into the hitheto uncharted waters of deployments (for selected examples see Tabler 12.3),[68] in all cases with a clear UN mandate.

Table 12.3   ESDP Deployments

Military	Police and other	
Concordia Macedonia (31/03-15/12/03)	*EUPM* Bosnia (01/01/03-present)	*EUPOL Kinshasa* DR Congo (30/04/05-30/06/07)
EUFOR-Althea Bosnia (02/12/04-present)	*Proxima* Macedonia (15/12/03-14/12/05)	*EUSEC* DR Congo (08/06/05-present)
EU Support to AMIS II Sudan (Darfur) (18/07/05-31/12/06)	*EUPAT* Macedonia (15/12/05-15/06/06)	*AMM* Indonesia (15/09/05-15/12/06)
Artemis DR Congo (12/07-01/09/03)	*Eujust Themis* Georgia (16/07/04-14/07/05)	EUPOL COPPS Palestine (01/01/06-present)
EUFOR RD Congo Congo (30/07/06-30/11/06)	*Eujust Lex* Iraq (01/07/05-present)	*EU BAM Rafah* Palestine (30/11/05-present)

The European Security Strategy

To make any sense, of course, such incipient military activism requires strategic guidelines for what to do and how. After considerable vacillation and controversy, on the 12th of December 2003 the European Council finally approved what Javier Solana had drafted, i.e. a European Security Strategy labelled *A Secure Europe in a Better World*.[69]

Defence Policy and the Development of a Security Strategy for Europe," in ibid, pp. 11-38; Lisbet Zilmer-Johns idem, "European Security and Defence Policy?," in ibid*.*, pp. 179-91.

68 See Gustav Lindström, "On the Ground: ESDP Operations," in Nicole Gnesotto (ed.), *EU Security and Defence Policy. The First Five Years (1999-2004)* (Paris: European Union Institute for Security Studies, 2004), pp. 111-29. See also Bastian Giegerich and William Wallace, "Not Such a Soft Power: the External Deployment of European Forces," *Survival*, 46/2 (2004), pp. 163-82; Marc Houben and Dirk Peters, "The Deployment of Multinational Military Formations: Taking Political Institutions Into Account," *CEPS Policy Brief*, no. 36 (Brussels: Centre for European Policy Studies, 2003).

69 *A Secure Europe in a Better World. European Security Strategy* (Paris: European Union Institute for Security Studies, 2003). See also Christopher Hill, "Renationalizing or Regrouping? EU Foreign Policy since 11 September 2001," *Journal of Common Market Studies*, 42/l (2004), pp. 143-63; and Lisbet Zilmer-Johns, "The Convention, the IGC and

The text acknowledged that "large-scale aggression against any Member State is now improbable," but also listing new threats which are "more diverse, less visible and less predictable." Among new threats or challenges it mentioned terrorism, the proliferation of weapons of mass destruction and organized crime as well as regional conflicts and state failure—the last two, however, mainly because they could exacerbate the first three. Even though the document further argued that "the first line of defense will often be abroad," and that "we should be ready to act before a crisis occurs," contrary to the United States, the EU did not use this as an argument in favour of military pre-emption. Rather, the document advocates "conflict prevention and threat prevention" and emphasized the need for "effective multilateralism" as a means to the end of "a stronger international society, well functioning international institutions and a rule-based international order." It thus made it a priority to strengthen the UN, "equipping it to fulfil its responsibilities and to act effectively," but also to lend support to regional organizations around the world.

As far as the armed forces of the EU were concerned, the strategy paper mentioned the ongoing efforts "to transform our militaries into more flexible, mobile forces, and to enable them to address the new threats, more resources for defense and more effective use of resources are necessary," e.g. by means of "systematic use of pooled and shared assets." Probably discretely referring to the U.S. experience (shared with a couple of EU member states) with the invasion of Iraq, the paper also underlined that "in almost every major intervention, military efficiency has been followed by civilian chaos," which remains a fair description of Iraq.

Having long been engaged in the endeavours to stem the proliferation of WMDs,[70] the EU in December 2003 adopted a "Strategy against Weapons of Mass Destruction."[71] It duly mentions the threat so often highlighted by the United States that terrorists may acquire WMD and even means of delivery, but it parts company with the USA when it comes to countermeasures. The document thus underlines "our conviction that a multilateralist approach to security, including disarmament and non-proliferation, provides the best way to maintain international order." Whilst referring to the need for coercive measures as a last resort, it also maintains the pre-eminent role of the UN Security Council in these matters.

Rather than focusing exclusively on the prospective proliferator, the EU further addresses the central question of the motivation for acquiring WMDs, wisely stressing that "The best solution to the problem of proliferation of WMD is that countries should no longer feel they need them. If possible, political solutions should be found to the problems, which lead them to seek WMD." Hence, the EU acknowledges the importance of "positive and negative security assurances," yet without mentioning that the main obstacle in this respect will surely be the United States, which has so

the Great Powers: the ESDP and New Security Threats," in Pilegaard (ed), *The Politics of European Security*, pp. 55-82.

70 Gustav Lindstrom and Burkard Schmit (eds), "Fighting Proliferation—European Perspectives," *Chaillot Papers*, no. 66 (Paris: EU Institute for International Security Studies, 2003); Camille Grand, "The European Union and the Non-Proliferation of Nuclear Weapons," ibid. no. 37 (2000).

71 Available at http://ue.eu.int/uedocs/cmsUpload/st15708.en03.pdf.

far refused to provide so-called "negative security guarantees," i.e. assurances that it will not attack a country foregoing the acquisition of WMDs.

1.1 The EU and Its Neighbourhood: "Carrying Big Carrots"

Europe and the EU have all along been aware of the importance of a stable environment. Not only have virtually all European countries for centuries had to reckon with the possibility of wars with their respective neighbours, but they have also grown accustomed to other and more peaceful forms of state-to-state relations as well as, increasingly, relations between people across borders. In any case, neighbours matter to European states and therefore also to the European Union.

A neighbour, however, may be socially and discursively constructed in different ways, either as a foreign and potentially "hostile Other," or more neutrally as merely a "different Other,"[72] or even as what might be called a "transient Other," i.e. as somebody who will, in due course, be welcomed into the "family." Moreover, different strategies are appropriate to the various "Others," as set out in Table 12.4. A hostile Other represents a potential threat which should preferably be eliminated (e.g. through war) or at least contained. A different Other, however, is one which one has to (and can) live with for the indefinite future, wherefore it makes sense to establish normal international relations. It also makes sense to abandon ambitions of changing the nature of this Other, who may, however, be better understood, e.g. through dialogue. A transient Other, in its turn, has to be made ready for the co-optation into the community, which requires engagement and rapprochement. Hence, whereas the relationships between the Self and the alien as well as different Others are based on equality, that with the transient Other is unequal, as the Self is regarded as benevolent, but superior, presumably both by itself and the inferior Other.

Table 12.4   Strategies and "Others"

The Other	Hostile	Different	Transient
Relationship	Hostility	Equality	Inferiority
Strategies	Containment Elimination	State-to-State Relations Dialogue	Engagement *Rapprochement*

The distinction between the different others, and hence the choice of the suitable strategy also depends on the borders of "Europe," which are discursively contested, inter alia as a reflection of different conceptions of the identity of Europe. Rather than a clearly demarcated geographical region, Europe may be more appropriately

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72 This terminology is inspired by, but differs from, the following: Lene Hansen, *Western Villains or Balkan Barbarism? Representations and Responsibility in the Debate over Bosnia* (Copenhagen: Institute of Political Science, University of Copenhagen, 1998); and Helle Malmvig, *Cooperation or Democratisation? The EU's Conflicting Mediterranean Security Discourses* (Copenhagen: DIIS, 2004).

understood as one defined by a European identity. This may, for instance, be defined in civilisational terms (*à la* Samuel Huntington)[73] or even as a religious, i.e. Christian, community as some (e.g. Poland)[74] have suggested—or it might even be defined in relation to an "Other," in which role Russia was cast during the Cold War and Turkey (and thus Islam) for centuries.[75] The social construction of Self and Other may thus be seen as two sides of the same coin, which means, for instance, that the EU as the "personification" of Europe will change its identity (i.e. self-identification) by the potential (perhaps even likely) accession of Turkey to the EU at some point in the indeterminate future.

To its credit, the EU has opted for an inclusive self-identification and avoided labelling the various "others" as hostile, preferring to treat them as different (as, e.g., Iran) or transient Others, as the countries of the former Eastern Europe and the Balkans as well as (after some vacillation) Turkey. In the draft constitutional treaty, it was thus stated that

> The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation. (…) The Union shall be open to all European States" (art. I.57-58).

In May 2004, the Commission followed this up with a "strategy paper" on the European Neighbourhood Policy, which included a vision of creating

> a ring of countries, sharing the EU's fundamental values and objectives, drawn into an increasingly close relationship, going beyond co-operation to involve a significant measure of economic and political integration. This will bring enormous gains to all involved in terms of increased stability, security and well being.[76]

The gist of these neighbourhood policies has aptly been labelled a "friendly Monroe Doctrine" by Michael Emerson,[77] and it could, indeed, by described as "speaking softly and carrying a big carrot."[78]

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73 Samuel P. Huntingdon, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon & Schuster, 1996).

74 See "Discussion about the European Constitution: Arguments of the Minister of Foreign Affairs of the Republic of Poland," at http://europa.eu.int/futurum/documents/other/oth311003_en.pdf, p. 4.

75 On Russia as the Other, see Iver B. Neumann, *Russia and the Idea of Europe: A Study of Identity and International Relations* (1800-1994) (London: Routledge, 1995). On Turkey as the Other, see Edward W. Said, *Orientalism: Western Conceptions of the Orient* (Harmondsworth: Penguin Books, 1995), pp. 58-60 and passim.

76 "Communication from the Commission: European Neighbourhood Policy, Strategy Paper," COM(2004) 373, at http://europa.eu.int/comm/world/enp/pdf/strategy/Strategy_Paper_EN.pdf.

77 See M. Emerson, "The Wider Europe as the European Union's Friendly Monroe Doctrine," CEPS Policy Brief, no. 27 (Brussels: CEPS, 2002). See also idem: "Institutionalising the Wider Europe," ibid., no. 42 (2003).

78 This is, for instance, the title of an article by Javier Solana's Director-General for common foreign and security policy, Robert Cooper, at www.ataedu.org/article_new.php?id=62.

Table 12.5   EU Enlargement and New Neighbours

	Members	New Countries
Initial Size (1951)	Belgium, France, W. Germany, Italy, Luxembourg, the Netherlands	Austria, Denmark, East Germany, Spain, Switzerland, Yugoslavia (Slovenia)
1st Enlargement (1973)	Denmark, Ireland, UK	None
2nd Enlargement (1981)	Greece	Albania, Turkey, Yugoslavia (Macedonia)
3rd Enlargement (1986)	Portugal, Spain	Andorra, Morocco
Informal enlargement (1990)	E. Germany	Czech Republic, Poland
4th Enlargement (1995)	Austria, Finland, Sweden	Hungary, Liechtenstein, Norway, Russia, Slovakia, Slovenia
5th Enlargement (2004)	Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia	Belarus, Croatia, Ukraine
6th Enlargement (2007)	Bulgaria, Romania,	Bosnia, Kosovo, Moldova, Montenegro, Serbia

What is making such neighbourhood policies all the more important is the fact that the very expansion of the EU has continually brought a growing number of countries into its orbit as neighbours, even though it has also transformed countries from neighbours to members, as set out in Table 12.5.

Obviously, not all these new neighbours have been problematic. Most challenging was the accession to the Union of Cyprus which remains divided between a south claiming to represent the whole island and a de facto independent north which is only recognised by Turkey.[79] New round(s) of enlargement may, however, bring rather challenging new neighbours such as Iraq, Iran and Syria as well as the countries of Central Asia, into the EU's orbit, especially as a consequence of an accession of Turkey.[80]

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79 Heinz Kramer, "The Cyprus Problem and European Security," *Survival*, vol. 39, no. 3 (1997), pp. 16-32; Michael Emerson and Nathalie Tocci, "Cyprus as Lighthouse of the East Mediterranean. Shaping Re-unification and EU Accession Together" (Brussels: Centre forEuropean Policy Studies, 2002).

80 On the latter see Mustafa Aydin, "Europe's Next Shore: the Black Sea Region after EU Enlargement," Occasional Papers, no. 53 (Paris: EU Institute for Security Studies, 2004).

The EU and the Persian Gulf

Having now looked at the historical European involvement in the PGR as well as the EU's security policy, the time has come to look directly at EU policies with regard to this region. It appears to be determined by both economic interests and security concerns.

The Economic Dimension: Interests, Challenges and Leverage

As shown in Table 12.6,[81] the EU is quite dependent on the Persian Gulf for its oil imports, which have continued through the first years of the millennium to stand for around one-fifth of the total, even though the total amounts have risen rather steeply, from almost twenty to more than thirty billion from 2001 to 2004.

Whereas a repetition of the 1973/74 "oil crisis" seem unlikely, even minor disruptions of the flow of oil or price increases might have major economic consequences.[82] As the dependency on the Persian Gulf makes European economies vulnerable to fluctuations in the oil supply from this region, thus also to political developments such as wars, such oil dependency might have been "securitized," i.e. couched in terms of an "energy (in)security" of such existential importance and urgency that it would warrant a resort to "extraordinary measures," including military ones.[83]

However, to its credit the EU does not seem to have securitized its energy policy, but to have remained well within the realm of "normal politics." Besides building up strategic stockpiles and seeking to reduce its dependency on oil (e.g. by research on alternative sources of energy) and diversify its supply (e.g. by increasing use of EU-internal oil resources) the EU has simply entered into a dialogue with the GCC countries on "energy stability and sustainability."[84] Even though no concrete results have yet been achieved, the approach seems promising—and, at the very least, confidence-inspiring.

Another forum for consultation is that of the annual EU-GCC consultations, held under the auspices of the Cooperation Agreement of 1989, with a rather broad

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81 Calculated on the basis of the annual "Registration of Crude Oil Imports and Deliveries in the Community," available at http://www.europa.eu.int/comm/energy/oil/crude/doc/2001_cce_eu.xls through .../2004_cce_eu.xls. The countries of the Maghreb are included under Africa and the figures for Europe include intra-EU exports.

82 See *Green Paper: Towards a European Strategy for the Security of Energy Supply*, available at http://www.europa.eu.int/comm/energy_transport/doc/2005_green_paper_report_en.pdf

83 On the concept of securitization see Ole Wæver, "Securitization and Desecuritization," in Ronnie D. Lipschutz (ed.), *On Security* (New York: Columbia University Press, 1995), pp. 46-86.

84 See the final report: *Eurogulf. An EU-GCC Dialogue for Energy Stability and Sustainability. Final Research Report*, available at http://www.europa.eu.int/comm/energy_transport/doc/2005_04_eurogulf_kuwait.pdf.

Table 12.6   EU Oil Imports

Country/ Region	2001 1000 Br.	%	2002 1000 Br.	%	2003 1000 Br.	%	2004 1000 Br.	%	2001 $mill	2004
Abu Dhabi	1,942	0.0	0	0.0	0	0.0	0	0.0	44	0
Iran	212,935	5.4	185,290	5.4	235,983	5.9	245,982	6.0	4,924	8,475
Iraq	148,785	3.8	119,661	3.8	62,766	1.6	99,008	2.4	3,433	3,409
Kuwait	55,939	1.4	45,659	1.4	42,710	1.1	42,690	1.0	1,249	1,422
Neutral Zone	863	0.0	0	0.0	0	0.0	3,568	0.1	17	131
Oman	0	0.0	1,347	0.0	0	0.0	0	0.0	0	0
Qatar	0	0.0	227	0.0	0	0.0	0	0.0	0	0
Saudi A.	421,365	10.8	381,922	10.8	448,533	11.3	480,068	11.6	9,867	17,045
Yemen	1,003	0.0	547	0.0	0	0.0	1,523	0.0	27	65
Persian Gulf	842,832	21.5	734,653	21.5	789,992	19.8	872,838	21.2	19,562	30,547
Syria	136,288	3.5	137,986	3.5	84,289	2.1	62,374	1.5	3,150	2,185
Other ME	0	0.0	1,910	0.0	0	0.0	0	0.0	0	0
Middle East	979,120	25.0	874,549	25.0	874,281	21.9	935,212	22.7	22,712	32,731
Africa	775,147	19.8	713,788	19.8	764,970	19.2	739,734	17.9	19,162	28,891
Asia	4,411	0.1	379	0.1	0	0.0	0	0.0	115	0
Oceania	4,087	0.1	0	0.1	0	0.0	0	0.0	69	0
FSU	733,000	18.7	907,441	18.7	1,038,770	26.1	1,205,642	29.2	17,067	42,256
Europe	1,291,487	33.0	1,214,335	33.0	1,195,797	30.0	1,140,469	27.7	32,063	43,927
America	130,632	3.3	141,494	3.3	111,856	2.8	103,484	2.5	2,600	3,097
Others	999	0.0	0	0.0	0	0.0	0	0.0	22	0
Total	3,918,883	100.0	3,851,986	100.0	3,985,674	100.0	4,124,542	100.0	93,809	150,902

agenda, but a clear focus on economic and other "low politics" issues.[85] Since 1990 negotiations have been in (very slow) progress on the establishment of a free trade agreement, which the EU made conditional on a GCC customs union. As the latter was established by the GCC in 2003, the negotiations are likely to soon come to fruition,[86] thereby probably expanding the already quite extensive trade relations between Europe and the PGR and thus potentially enhancing the EU's leverage over the GCC member states.[87]

Perhaps even more importantly, the EU has thus provided incentives for what may turn out to be a first step towards future regional economic integration, which fits well with the EU's general approach to other parts of the world such as Africa—based on the aforementioned belief that trade and economic interdependency further peace and stability.[88] Arguably the EU is thus trying to mould (parts of) the world in its own image.

The Approach to National and Societal Security Concerns

The approach to most other (potentially or actually) securitized issues relating to the PGR has, likewise, been quite moderate and emphasized the use of non-military and non-confrontational means. In general the concerns of the Europeans and the EU about potential military threats from the PGR countries have been much less pronounced than those of the United States, which may be surprising, considering the much shorter distance between the two regions than between the PGR and the United States.

While there were serious concerns about the (as it turned out illusory) risk of Iraqi WMDs, these concerns have not really been alarmist. Indeed, it would seem that the primary rationale for going to war against Iraq for those countries that did was not so much any actual fear of these (non-existent) weapons as more principled *pacta sunt servanda* concerns about a seeming Iraqi non-compliance with UN regulations—and, even more so, the desire to accommodate a United States which seemed determined to go to war, come what may. Having played no role in this war, in its aftermath the EU has played a rather modest—and exclusively civilian—role, based on based on three key objectives: The development of a secure, stable and democratic Iraq; the establishment of an open, stable, sustainable and diversified market economy; and Iraq's political and economic integration into its region and the international system.[89]

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85 For an overview of the agendas of these meetings see Giacomo Luciani and Tobias Schumacher, *Relations between the European Union and the Gulf Cooperation Council States. Past Record and Promises for the Future* (Dubai: Gulf Research Center, 2004), pp. 36-39.

86 Stephens, *Gulf Cooperation Council States and the European Union*, pp. 56-70, 144.

87 Luciani and Schumacher, *Relations between the European Union and the Gulf Cooperation Council States*, pp. 44-51.

88 See, for instance, the EU Commission's *EU Strategy for Africa: Towards a Euro-African Pact to Accelerate Africa's Development*, EU Document SEC (2005) 1255 (14 October 2005).

89 "The EU and Iraq: a Framework for Engagement," *Commission Communication*, COM (2004) 417/1, 1 June, 2004.

The Europeans have also been concerned about the eventuality of a nuclear-armed Iran, but once again partly for principled reasons, as this would constitute a violation of the NPT (Non-Proliferation Treaty). The Europeans have consistently rejected the military option and insisted on the path of negotiations, even succeeding in persuading the United States to go along (of only for lack of more promising options). Hence, an agreement was reached with Iran in November 2004 on Iranian guarantees to abstain from developing nuclear weapons in exchange for EU trade concessions and support for the opening of negotiations for an Iranian accession to the World Trade Organization.[90]

By June 2006, the EU (represented by "the EU Three," i.e. Germany, France and the UK) had joined forces with both the USA, Russia and China and presenting a set of proposals to Iran, the gist of which was to recognise Iran's right to nuclear power accompanied by an offer of light-water nuclear reactors in exchange for Iranian suspension of uranium enrichment activities and cooperation with the IAEA (International Atomic Energy Agency) inspection teams. The whole affair resembles a tug-of-war, the outcome of which was by the time of writing impossible to predict.[91]

Arguably, the military power of PGR countries has thus not really been securitized (or merely been so sporadically by some European governments), leaving the matter to be dealt with as one of normal politics. It also seems to be the firm opinion of the EU as well as most European states that remedial measures to whatever security threats might arise should primarily be non-military ones, such as the promotion of good governance, democracy and regional collaboration—also with regard to post-war Iraq.

The same is the case for the issue of terrorism, which is clearly being taken quite seriously by the EU, especially since the Madrid and London bomb attacks. There are also indications that the securitization of the issue has led to a certain disregard for human rights issues, which might indeed count as a resort to "extraordinary measures."[92] However, besides policy coordination and similar domestic and EU-internal measures, the main EU response to the perceived terrorist threat (partly emanating from the PGR, especially Saudi Arabia) has been a quest for stabilization and good governance as presumed antidotes to religio-political fanaticism—partly via strengthening the GCC and partly via support for the Iraqi reconstruction process,

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90 Haleh Vaziri, "Iran's Nuclear Quest: Motivations and Consequences," in Raju G.C. Thomas (ed.), *The Nuclear Non-Proliferation Regime. Prospects for the 21st Century* (New York: St. Martin's Press, 1998), pp. 310-29; Anthony Cordesman, *Iran's Military Forces in Transition. Conventional Threats and Weapons of Mass Destruction* (Westport, CT: Praeger Press, 1999), pp. 222-64.

91 See the "EU3+3 Proposals for Iran," available at http://ec.europa.eu/comm/external_ relations/iran/doc/060714_ proposals_iran_vienna_01-06-06.pdf.

92 See, for instance, Colin Warbrick, "The European Response to Terrorism in an Age of Human Rights," *The European Journal of International Law*, 15/5 (2004), pp. 989-1018; Frank Gregory, "The EU's Response to 9/11: A Case Study of International Roles and Policy Processes with Special Reference to Issues of Accountability and Human Rights," *Terrorism and Political Violence*, 17/1-2 (2005), pp. 105-23.

as was agreed at the Sharm el Sheikh summit in November 2004.[93] In addition to this, and running in parallel with the EU-GCC track, a political dialogue with Yemen has been in process since 2003, primarily motivated by the same concerns for stability (and partly the fear of terrorism) and aimed at furthering economic development, good governance and democratization, inter alia via the development aid which has been granted since 1984.[94]

Another source of concern is the perceived political instability of the PGR and the general fear that unrest may somehow "spill over" into Europe, e.g. in the form of refugees or migrants. These concerns are likely to grow as the possible membership of Turkey approaches, which seems predestined to become a central point of entry into the EU for migrants from the Levant and the PGR. It is, certainly possible (and, unfortunately, actually attempted) to securitize this as a matter of so-called "societal security," defined as "the ability of a society to persist in its essential character under changing conditions," e.g. "the sustainability, within acceptable conditions for evolution, of traditional patterns of language, culture, association, and religious and national identity and custom."[95]

Increasingly vociferous xenophobic arguments are thus made throughout Europe about the alleged threat to European and national identities from Islam, personified in immigrants from the Middle East.[96] Such arguments often claim that the danger is severe enough to warrant bending, or even directly breaking, international conventions, which is a clear sign of securitization. Moreover, as this discourse tends to provoke a hostile reaction among the Muslim thus referred to as enemies, it may even transform unfounded claims into self-fulfilling prophecies.

Thus far, however, the EU has tended to counteract such tendencies in member states, combined with attempts at forging common EU rules on asylum, migration and citizenship,[97] as well as with the aforementioned neighbourhood policies. However,

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93 See "Sharm el Sheikh: The EU Offers Iraq Support and Partnership," available at http://europa.eu.int/comm/external_relations/iraq/news/ip04_1388.htm.

94 See *The EU's Relations with Yemen*, at http://europa.eu.int/comm/external_relations/yemen/intro/index.htm and the *Country Strategy Paper 2002-2006*, at http://europa.eu.int/comm/external_relations/yemen/csp/02_06_en.pdf.

95 On the concept see Ole Wæver, Barry Buzan, Morten Kelstrup and Pierre Lemaitre, *Identity, Migration and the New Security Agenda in Europe* (London: Pinter, 1993), especially Ole Wæver, "Societal Security: the Concept," ibid., pp. 17-40 (quote from p. 23).

96 Timothy M. Savage, "Europe and Islam: Crescent Waxing, Cultures Clashing," *Washington Quarterly*, 27/3 (2004), pp. 25-50; Harvey Fireside, "The Demographic Roots of European Xenophobia," *Journal of Human Rights*, 1/4 (2002), pp. 469-79; C. Shore, "Ethnicity, Xenophobia and the Boundaries of Europe," *International Journal on Minority and Group Rights*, 4/3-4 (1996), pp. 247-62; Alessandra Buonfino, "Between Unity and Plurality: the Politicization and Securitization of the Discourse of Immigration in Europe," *New Political Science*, 26/1 (2004), pp. 23-49.

97 Andrew Geddes, "International Migration and State Sovereignty in an Integrating Europe," *International Migration*, 39/6 (2001), pp. 21-42; Liza Schuster and John Solomos, "Rights and Wrongs across European Borders: Migrants, Minorities and Citizenship," *Citizenship Studies*, 6/1 (2002), pp. 37-54; Claude Moraes, "The Politics of European Union Migration Policy," *Political Quarterly*, vol. 74, Supplement 1 (2003), pp. 116-31; Bill Jordan,

it is impossible to predict for how long it will be able to withstand the pressure from member states, and one may fear that it will end up constructing even more impenetrable walls protecting a "Fortress Europe" against the imaginary Islamic threat from the Middle East and PGR.

Conclusion and Future Perspectives

We have thus seen that the EU and its member states have (for good or bad) long-standing relations with the Persian Gulf region and that they have clear interests in the region which also present challenges to Europe. To the credit of the Europeans they have, both as individual states and via the European Union adopted quite moderate policies in pursuit of these interests and as responses to the perceived challenges, which have generally not been securitized.

For all its merits, this moderation may be criticized from two angles. Americans tend to see it as European "free-riding" on their own efforts, reflecting the "Venus-like" attitude of the Europeans in comparison to the "Martian" posture of the United States.[98] However, one might also arrive at a wish for greater European "assertiveness" from quite a different vantage point. If one views (as does the author) the policies pursued by successive U.S. administrations as profoundly counter-productive and destabilizing, one might certainly want the Europeans to play a much more central role in the region, which is after all much closer to Europe than to America—and which will becomes next-door neighbours of the Europeans, once Turkey is, hopefully, admitted into the EU.

Even though there can be no guarantees that European policies would be successful, the history of U.S. engagement since the 1950s seems to make it plausible that the Europeans would be less likely than the Americans to "screw it up"—precisely because of their greater reluctance (deplored and ridiculed by Kagan and others) to employ military means to solve problems of a non-military nature such as democratization and state-building.

Bo Stråth and Anna Triandafyllidou, "Contextualising Immigration Policy Implementation in Europe," *Journal of Ethnic and Migration Studies*, 29/2 (2003), pp. 195-223.

98 A proponent of this view is Robert Kagan, *Paradise and Power. America and Europe in the New World Order* (London: Atlantic Books, 2003).

Pax Americana in the Persian Gulf and the Contradictions of Russian Foreign Policy

Stephen Blank

Introduction

America's invasion of Iraq and efforts to establish a Pax Americana throughout the Middle East have created major difficulties for Russian President Vladimir Putin and his foreign policy. Indeed, America's actions, in the context of contemporary world politics and of Russia's development within that environment, have enmeshed Moscow's Middle Eastern policy in multiple contradictions. These contradictions are most basically expressed in Russia's effort to build a structure of international partnerships with other major powers against American unilateralism while simultaneously proclaiming itself a partner to the United States in the war against terrorism and, most importantly, retaining at all costs a free hand in the Commonwealth of Independent States (CIS). Recent Russian foreign policy moves, climaxing in Putin's tour of the Middle East and his speech to the annual Munich Conference on Security Policy in February, 2007 blasted U.S. policies, reflect Russia's effort to break out of that dilemma and to develop a concept of a new world order where Moscow is the leading balancer against American policy, not least in the Gulf and the Greater Middle East.[1]

This chapter explores the nature and consequences of conducting these different policies, which ensures that Russian foreign policy will be enmeshed in constant and multiple contradictions. For example, Russia strives for global partnership with Washington on international issues of common concern, e.g. terrorism, proliferation, and the Arab-Israeli conflict. It wants this partnership to be based on mutual respect for each other's interests so that the West recognizes and respects its interests on key issues. On the other hand, American unilateralism and apparent disregard for Russian interests in the Persian Gulf, CIS, and the UN are unacceptable to Russia. In response, Russia proclaims itself an exemplar of multipolarity in world politics against this unilateralism.[2]

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1 Putin's speech can be found at the website of the conference, www.securityconference.de.

2 ITAR-TASS (in Russian), 24 July 2004, Foreign Broadcast Information Service, Moscow, Central Eurasia (henceforth FBIS SOV) 24 July 2004.

The difficult necessity of navigating between these two policy poles significantly influences the manner Russia conducts its foreign policy in the Middle East. Russia increasingly presents itself as an open rival of American ambitions in the Gulf and the Greater Middle East. Until at least 2004 the official line was that partnership with America superseded disagreements e.g. regarding Iraq.[3] Recently, however, that line has changed, largely due to the outbreak of various "coloured" revolutions in the CIS. Documents coming out of the July 1-2, 2005 summit of the Shanghai Cooperative Organization (SCO) in Astana also demonstrate this change.[4] Certainly Russian observers viewed Russia's push for multipolarity and its overall Middle Eastern policies as signifying visible signs of rivalry with America. As one 2004 commentary at the meeting of the Organization of Islamic Countries (OIC) noted,

> When you consider that a large proportion of the OIC member countries is actually situated in the territory that George Bush described as the Greater Middle East, rivalry between Russia and the United States for influence in the region is patently obvious. It is a striking fact that both the United States and Russia (as successor to the USSR), in building relations with the Islamic world, generally stick to the old strategy The United States is seeking new ways of exporting cheap democracy, while Russia is still talking about the principles of equality and cooperation. So it was that Sergey Lavrov (Russia's Foreign Minister) assured the OIC foreign ministers in Istanbul that Russia is prepared to "create an order that is truly collective and is built not on the basis of demonstration of the supremacy of a particular religion or system of particular world views, but on the basis of mutual understanding and a joint quest for ways of combating new threats and challenges.[5]

In the Middle East, this multipolarity is supposed to restrain Washington from acting unilaterally. These include actions such as threats directed towards Iran or attempts to enlist states like Turkey on behalf of U.S. policies. In fact, Russian observers see the invasion of Iraq as the paradigm of American exceptionalism, its readiness to use force in violation of international law and norms, thereby disregarding the UN and Russia.[6] Therefore, they contend that multipolar avenues, like coalitions of states, must resist these actions. According to them, another necessity is reinstalling the UN as the sole legitimate source in deciding when force is permissible, if it is not a case of self-defence.[7]

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3 ITAR-TASS (in Russian), 6 April 2004, FBIS SOV, April 6, 2004.

4 Xinhua (in English), 1 July 2005, Foreign Broadcast Information Service, Beijing, China (Henceforth FBIS CHI), 1 July 2005; Xinhua Domestic Service in Chinese, 3 July 2005, FBIS CHI, Beijing, 3 July 2005

5 Dmitriy Bagiro, "New World Order: Russian Alternative" (in Russian), www.politkom. ru, 17 June 2004, FBIS SOV, 17 June 2004.

6 Aleksandr Bessmertnykh, "The Iraq War and Its Implications," *International Affairs*, No. 4 (2003), pp. 24-36; Leonid Skotnikov, "The Use of Force: Legal Aspects," *International Affairs*, No. 1 (2004), pp. 41-2.

7 None of those arguments, of course, is accepted with regard to Russia's war in Chechnya or to Russia's peacemaking operations in the Caucasus. There no tolerance for foreign intervention is the normal discourse of Russian politics.

Consequently, since the Iraq war, it comes as little surprise that Putin has consistently sought to subject, to the greatest extent possible, American activity in Iraq to UN supervision or to the emerging Iraqi state.[8] This stance aims at reviving Russia's ability to deal bilaterally with the new Iraqi state without U.S. interference in order to pursue Russian interests, like ratification of pre-existing oil leases. Putin also seeks upholding the power and authority of the UN, where Russia has a veto in the Security Council. So, even though Putin said that an America failure in Iraq is not in Russia's interests, he refuses to give Washington a free hand at running operations as it sees fit. Russian diplomats also prolonged negotiations for a year over the recovery of Iraq.[9]

Multipolarity, Moscow's chosen mantra, appears to have a higher purpose than simply constraining American policy. Russia clearly seeks veto power concerning American actions. Simultaneously, it postulates a kind of inherent state of siege in world politics. Russia's and China's "emphasis on the United Nations Security council, as well as statements such as 'mutual respect, equality, and mutual benefit' and 'the establishment of mutual understanding', imply the desire for both states to have a veto over U.S. unilateralism – something which would be unnecessary if power was more evenly distributed in the international system. In fact, the entire concept of multipolarity implies a virtual veto over the unilateralist impulses of any great power: other powers align against any aggressive power in an effort to preserve the status quo and to ensure that any major changes in the international system require consensus."[10]

Logically, this should entail support for multipolarity in the CIS too. Here, however, Russia insists on a free hand to act. Consequently, multipolarity appears as an anathema to Russian rulers and elites. As Secretary of State Condoleeza Rice has said, "Multipolarity was never a unifying idea. It represented a necessary evil and supported a condition without war, but it never contributed to the victory of peace. Multipolarity is a theory of competition, a theory of competing interests – and worse still – competing values."[11] Therefore, the demand for a free hand and exclusive spheres of influence in the CIS contradicts the demand for multipolarity in the Persian Gulf.

The Contradictions of Russian Foreign Policy

Due to American and regional actors' policies as well as its own tactics, Russia's Middle Eastern policy suffers from multiple contradictions. These contradictions transcend the aforementioned problem that of simultaneously championing global

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8 FBIS CHI, 1 July 2005; FBIS CHI, 3 July 2005.

9 Andrew S. Weiss, "Russia: the Accidental Alliance," in Daniel Benjamin (ed.), *America and the World in the Age of Terror* (Washington, D.C.: CSIS Press, 2005), pp. 141-43.

10 Thomas Ambrosio, *Challenging America's Global Preeminence: Russia's Quest for Multipolarity* (Aldershot: Ashgate, 2005), p. 82.

11 Cited in Konstantin Syroezhkin, "Russia: On the Path to Empire?" in Boris Rumer (ed.), *Central Asia At the End of Transition* (Armonk, NY: M.E. Sharpe & Co. Inc., 2005), p. 123.

and regional multipolarity and partnership with Washington while Washington frequently acts unilaterally or against Russia's interests. These contradictions also do not result from Russia trying to remain on good sides with everyone in the international Iranian nuclear crisis.

Rather, Russia's own policies engender these contradictions. As Foreign Minister Sergey Lavrov said, "Russia's Foreign policy in its various dimensions likes to play a balancing act between Western, Eastern, Southern, and Northern countries."[12] Russia seeks partnership with America, but also with other key actors like China and Europe, who can counter American policy in the Middle East and elsewhere. But these two latter quests for partnership are themselves inherently contradictory. They represent a third contradiction beyond the aforementioned difficulties. Those being: 1) pursuing multipolarity and partnership with Washington; 2) simultaneously restraining and encouraging Iran.

Russia seeks partnership with Europe on its own terms. This means resisting European integration and a European-inspired normative consensus on world affairs. Such an approach raises European suspicions about Russian policy. Yet, similar efforts are not visible in regard to China. Indeed, Russia does not even try to impose its terms on China, let alone enforce them. This weakness is evident in Russia's concessions on energy shipments to China; its association with China's anti-American initiatives in the Shanghai Cooperative Organization; its continuing and increasing quality of arms sales to China; and its joint manoeuvres with China's armed forces. Such concessions seem to ultimately subordinate Russia to Chinese goals, instead of creating a Sino-Russian strategic partnership.[13]

This discrepancy in Russia's relations with its potential partners generates three other contradictions in Russia's Middle Eastern policies. When Moscow seeks European or other Middle Eastern partners, it seeks to retain freedom of action, although such alliances commit them to a particular course of action. Secondly, Russia wants partners, but its preferred method of achieving this goal is to exploit existing rivalries among states. More recently it has sought partners by utilizing its ability to provide defence and nuclear exports to Middle Eastern states e.g. Algeria and Syria in 2005, Iran in 2006, and more recently during Putin's February, 2007 tour of the Middle East. Putin has also sought to stimulate talk about an OPEC-like gas cartel during this trip.[14] The former tactic often incurs the distrust of both rivals

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12 Interview with Russian Foreign Minister Sergei Lavrov, see *Al-Ahram* (in Arabic), July 23, 2004, FBIS SOV, 23 July 2004.

13 Dmitri Trenin warned about this already in 1997, see Dmitri Trenin, "How Is Russia's Eastern Geostrategic Front To Be Covered?" *Nezavisimoye Voyennoye Obozreniye*, No, 17, 17-23 May 1997; Foreign Broadcast Information Service Central Eurasia, 30 May 1997; Sergey Rogov, "The Window of Opportunity in Russian-Western Relations," in Atlantic Council of the United States, *The Twain Shall Meet: The Prospects for Russia-West Relations*, Report, Washington, D.C., September 2005, pp. 75-6; Andrei Piontkovskiy, "Sacred Union of Rabbit and Boa Constrictor," www.grani.ru, 1 August 2005.

14 Robert O. Freedman, "The Putin Visit to Saudi Arabia, Qatar, and Jordan," *Johnson's Russia List*, 16 February 2007.

while the latter tactic is clearly anti-American in its thrust.[15] This contradiction is even more problematic than the first. Third, Russia proclaims itself a great power; its foreign policy is supposed to facilitate the recognition of Russia as such. Its Middle East policies, in fact, aim more at safeguarding its rickety imperial interests and domestic stability than projecting great power interests. As former Foreign Minister, Igor Ivanov, said in 2002, "The creation of favourable external conditions for the successful internal development of Russia is the main criterion for the effectiveness of our policies."[16] The pursuit of these policies, consequently, often exposes Russia's weakness rather than its strength.

Russia's policies before the Iraq war in 2003 already exemplified all these contradictions. It simultaneously sought partnership with Washington, a free hand at home and in the CIS against terrorists, friendship with Iraq, and cooperation with Saudi Arabia on energy. Its policies toward Washington, Baghdad and Riyadh exemplified this pursuit of multiple and ultimately contradictory objectives. Moscow's immediate aim is to ensure its presence at the table of any current game. Its second objective is to avoid rupturing ties to Washington, despite its discontent over plans for the invasion in 2002-03. Finally, its third key goal is to utilize the enhancement of its ties to key actors in its Middle Eastern policies in order to strengthen its claim to dominance in the CIS and its war against Chechnya. Its policies toward Iraq and toward Saudi Arabia epitomize this contradiction. Indeed Moscow was prepared to accept Saddam Hussein's ouster, provided that Washington safeguarded Russian interests in Iraq and in the Gulf. For example, Washington would guarantee Moscow's debts and future energy earnings in the new Iraq, while giving it a free hand in Georgia.[17] Washington, nevertheless, spurned Russia's offers and invaded Iraq. As a consequence of this policy, however Iraqi suspicions of Russia led to a loss of existing oil contracts that have yet to rematerialize.[18]

Not surprisingly, Moscow finds it increasingly difficult to simultaneously keep ties with Washington while increasingly seeking to carve out an independent space for asserting or advancing its own interests. For instance, the policies of its potential partners, e.g. Iran, do not make life easier for Russia. Moscow is obliged to keep a watchful eye on Iran because of its clear desire for nuclear weapons, constant practice of "in your face" diplomacy against the EU and America, and overtly expansive interests and rising military capability in the Caspian Sea. Iran's potential for inciting violence throughout the Caucasus and Central Asia is also a concern for

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15 Mark N. Katz, "Playing the Angles: Russian Diplomacy Before and After the War in Iraq," *Middle East Policy*, 10/3 (Fall 2000), pp. 43-55

16 Igor Ivanov, "Guiding Principles of Russian Foreign Policy," *Kommersant Vlast*, June 11, 2002, FBIS SOV, 11 June 2002.

17 Ariel M. Cohen, "Russia and the Axis of Evil: Money, Ambition, and U.S. Interests," Testimony to the House International Relations Committee, 26 February 2003, www.house. gov.international_relations/108 cohe0226; Andrew S. Weiss, "Russia: The Accidental Alliance," in Daniel Benjamin (ed.), *America and the World in the Age of Terror*, pp. 141-43; Katz, "Playing the Angles," p. 46.

18 Ibid.

Russia. Moscow must, consequently, play watchdog even as it tries to sustain Iran and promote a partnership against Washington with both Tehran and Beijing.[19]

Iran's long-standing desire for such a partnership corresponds well with Russian interests. At the moment, however, Russia will neither practice Iran's brand of diplomacy against Washington nor openly support Iranian proliferation. Proliferation has actually begun to disturb Moscow to the point where Putin categorically denounced it, despite the fact that Russia clearly regards Iran as the key state in the region with whom it must maintain close ties.[20] Thus, to retain Iran's support, Moscow upholds its right to a peaceful nuclear program as stipulated by the Nonproliferation Treaty, which Iran broke.[21] But, Moscow is simultaneously strongly urging Tehran not to sever relations with the EU and the IAEA as it resumes uranium enrichment.[22] While cautioning Europe and the United States against taking Iran's case to the UN or "taking hasty steps" against Iran, it continues assisting in the construction of the Bushehr nuclear reactor and hopes to create up to six more reactors.[23] Russia's equivocal policies in regard to Iran, however, could easily blow up in its face, arousing the suspicions of all its potential partners. This is exactly what occurred during Moscow's pre-war gyrations on Iraq.[24]

Russia's relations with Saudi Arabia also illustrate Moscow's foreign policy approach and the viable instrument it can employ in the Middle East. Russo-Saudi relations have materially changed in the wake of the Iraq war. The continuing price rise in oil and gas induced this change in relations. As the price of oil soared above $50 a barrel, both governments began to approach each other in order to increase cooperation in stabilizing oil markets. By citing Saudi approaches, Moscow's Ambassador to Riyadh, Andrei Baklanov encouraged Moscow to cooperate in regulating energy prices and to foster joint policy coordination through the International Energy Forum. Such coordination could extend to joint measures ensuring the safety of gas and oil production, transportation, and supply.[25]

19 Interview with Dr. Mehdi Safari (in Persian), Tehran, FBIS SOV, 8 June 2004; Moscow, *Nezavisimoye Voyennoye Obozreniye*, (in Russian), 6 June 2003, FBIS SOV, 6 June 2003.

20 Vladimir Orlov, "The Great Guessing Game: Russia and the Iranian Nuclear Issue," *Washington Quarterly*, 28/2 (Spring 2005), pp. 49-66.

21 Mikhail Kamynin, the Spokesman of Russia's Ministry of Foreign Affairs Answers Media Questions Regarding the Situation Around the Iranian Nuclear Program, Ministry of Foreign Affairs of the Russian Federation, Information and press Department, available at http://www.partnershipforglobalsecurity.org/Projects%20and%20Publications/News/Nuclear%20News/2005/811200513724PM.html#1N, 9 August 2005.

22 Ibid.

23 "Russia Vows to Press Ahead With Iran Nuclear Deal," www.russiajournal.ru, 28 June 2005; "Russia Wants to Build More Nuke Reactors for Iran," *Reuters*, 28 June 2005.

24 Mark N. Katz, "Exploiting Rivalries for Fun and Profit: An Assessment of Putin's Foreign Policy approach," *Problems of Post-Communism*, 52/3 (May/June 2005), pp. 25-31; Katz, "Playing the Angles," pp. 43-55.

25 David G. Victor and Nadejda M. Victor, "Axis of Oil?" *Foreign Affairs*, 82/2 (March/April 2003), pp. 47-61; Lionel Martin, "Moscow and Riyadh: Do Oil, Religion, and Anti-Terrorism, Mix?" *Eurasia Daily Monitor*, 27 October 2004.

Similarly, as Saudi-Russian economic and political relations improved, Riyadh's ambassador to Russia stated that his government is interested in increasing this cooperation in energy affairs.[26] Although Russia is not a member of the Organization of the Petroleum Exporting Countries (OPEC), new reports suggest that its oil reserves may actually be twice or three times as large as previously listed. This means that its proven reserves of 70 billion barrels would double or triple. Its ability to explore these new holdings, however, has fallen. Additionally, by dismantling Yukos, that industry's most efficient producer, Russia has foregone foreign investment and necessary transformation in the energy industry that were needed to impose economic efficiency. Therefore, those deposits may never reach their true capacity.[27] Consequently, if these reports about Russian oil capacity are true, then both states have a compelling interest to collaborate in regulating energy prices. This would ensure their market share and prevent other energy producers from expanding production in order to grab this market share. If another actor should attempt that, it would initiate a process that would lower prices and every party's revenues.

We can also explain this harmony of Russo-Saudi interests in terms of mutual economic goals. This might foster the creation of a second, albeit possibly informal, oil cartel. Both governments share a common interest in ensuring the safety of their exploration platforms, pipelines, refineries and other energy infrastructures that are favourite targets of terrorist attacks worldwide. Therefore, if they are really to start exploring ideas about joint activities to protect their energy infrastructures, a partnership that goes beyond a cartel might emerge.

Both Saudi Arabia and Russia have common interests in combating terrorism, since they are prominent targets of Al-Qaeda and other homegrown terrorists. This rapprochement has evolved over time due to the fortunes of both states' anti-terrorist campaigns and the U.S. presence in Iraq. Due to the war in Chechnya, Moscow has taken a prominent role in the global war on terrorism. It named terrorism the main threat to its domestic and foreign security. As a consequence, it virtually destroyed Chechnya. Because of Saudi funding and support for Wahhabist Islam in Chechnya, which halted in 2003, Moscow continually hammered Saudi Arabia for its support of terrorism.[28] But, in 2003 and 2004, the relationship fundamentally changed due to the Iraq war. The rise of terrorism within Saudi Arabia and the continuing fighting in Iraq led both sides to a rapprochement that culminated in a deal where Saudi Arabia agreed to subsidize the reconstruction of Chechnya's education system under Russian supervision. However, this deal also represents considerable mutual cynicism on the part of both states.[29]

As part of this deal, Saudi banks will allocate funds to Chechnya on the basis of a Saudi delegation's investigation of local conditions, even though previous subsidies

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26 Ibid.

27 Ibid.

28 Ibid.; Stephen Blank, "Cynicism Personified: Moscow and Riyadh's Collaboration Against Chechnya," in Julie Sirrs, Mahan Albedin and Christopher Heffelfinger (eds), *Unmasking Terror: A Global Review of Terrorist Activities* (Washington, D.C. : Jamestown Foundation, 2005), pp. 113-16.

29 Ibid.

to Chechnya have vanished without a trace.[30] Saudi banks will also discuss joint collaboration with Russian banks for purposes of humanitarian reconstruction and even possible investment in the local petroleum industry. This collaboration and Moscow's brazen demand for subsidies, a form of extortion for Riyadh funds, clearly constitutes a bribe to Russia. Russia extorts Saudi funds by threatening the global oil market. Meeting threats in such a manner is fully consonant with the Saudi way of meeting threats. This indicates both governments' profound cynicism, where the Saudis abandon Chechnya and the Russians show their true interests.

Indeed, based on knowledge of Russian banks and funding to Chechnya, we can be sure that very little of this money will actually go to any humanitarian projects, like reconstruction, revival of the oil industry or rebuilding the school system. Rather, both the Saudis and Russians must view this as a bribe, laundered under these supposed auspices, to keep Russia from threatening Saudi energy interests in OPEC. This has clearly been part of the new Saudi-Russian rapprochement in 2003. Much of this has evolved due to the fact that Russia can now challenge OPEC for a market share in the U.S. and Europe. The al-Qaida May 2003 attacks in Saudi Arabia may be another motive for this deal. Since then, the Saudi government has moved more vigorously than before to suppress Al-Qaida at home. Without a doubt, it feels that support for the Chechens is now a risk.[31] The growing number of Arab 'alumni" of the Chechen wars, including Saudis, who participated in the war and in acts of terrorism must make Saudi Arabia also anxious. These terrorists are linked to al-Qaida and, therefore, constitute a standing threat to Saudi security.[32] True to the traditions of Saudi foreign policy, it is cheaper to buy off a challenger that is too strong to contend with rather than to confront him. Moreover, this mechanism allows Moscow once again to avoid the costs of reconstructing Chechnya. This strategy also allows it to make financial gains by refraining from threatening Saudi Arabia and OPEC.

Since his visit to Saudi Arabia in February 2007 Putin has sought to divide Saudi Arabia from America by supporting the Saudi initiative to bring together the feuding Palestinian parties, Hamas and Fatah, an initiative that Washington dislikes. Putin sought to encourage more trade and Saudi investment in Russia, including in Russia's GLONASS statellite program, and to offer nuclear energy, greater space cooperation, and continiuing unity on delegitimizing the Chechen rebels while burnishing Rusian credentials as an Islamic nation.[33]

Certainly, this episode shows that Moscow's claims about the threat to its security from Wahhabism and from terrorism are actually much less serious than advertised.

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30 "Saudi Arabia to Assist Restoration of Education Sphere in Chechnya," *RIA Novosti*, 15 January 2004.

31 Stephen Blank, "Moscow's Cozy Saudi Connection," *Asia Times Online*, 13 September 2003.

32 Brian Glyn Williams, "The 'Chechen Arabs': An Introduction to the Real Al-Qaeda Terrorists," *Jamestown Foundation Terrorism Monitor*, 2/1 (15 January 2004); M.B. Nokcho and Glen E. Howard, "Chechnya's Abu Walid and the Saudi Dilemma," *Jamestown Foundation Terrorism Monitor*, 2/1 (15 January 2004); Interfax (in English), 14 January 2004, FBIS SOV, 14 January 2004

33 Freedman, "The Putin Visit to Saudi Arabia, Qatar, and Jordan".

Indeed, Russia's participation in the war on terrorism is a lot less substantive than might otherwise be imagined. In 2001, FBI investigators accused Russian spy Robert Hanssen of selling and transmitting electronic software programs and equipment to Russia which then sold them to Bin Laden. This equipment allows him to monitor U.S. efforts to track him down.[34] In a similar vein, recent assessments have made a plausible case that Moscow has a direct link to Bin Laden's number two man, the Egyptian terrorist Ayman Zawahiri. Though this connection, Moscow maintained a source of leverage at the very top of Al-Qaida.[35] Similarly, Moscow has at various times promised Central Asian governments a lot of military assistance to combat various terrorist groups, like the Islamic Movement of Uzbekistan. In reality, however, these assurances have amounted to little or nothing.[36] Likewise, there are more than occasional reports of Russian gun running to the Taliban or of ex-KGB officers training terrorists in Iraq.[37]

It is also known that throughout the war in Chechnya, the Russian intelligence services have had long periods of collaboration with Chechen leaders accused of being terrorists. Analysts, like Elizabeth Fuller, have made compelling cases contending that the Russian intelligence agencies are controlling the war by frustrating the army in capturing Chechen leaders, who have committed acts of extreme terrorism, like Shamil Basayev.[38] Therefore, these services have ulterior or at least mixed motives in waging this war on terrorism. We also know that the war on Chechnya has proven to be extremely lucrative for many members of the Russian bureaucracy and armed forces, who have been given virtual carte blanche to rob the country blind. They appropriate funds for themselves earmarked in Moscow for the supposed reconstruction of Chechnya. There is little doubt that both Moscow and Riyadh understand that Saudi Arabian funds will have a similar fate.

It is commonly accepted that the war in Chechnya originated largely as an internal coup d'etat by the ruling party in Russia. Moreover, in 1999, the various intelligence and military establishments used Chechnya to consolidate Putin's rise to power as Boris Yeltsin's heir. Additionally, the bombings in Moscow and the aborted bombing

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34 Jerry Seper, "Software Likely in Hands of Terrorist; FBI's Hanssen Seen as Provider," *Washington Times*, 14 June 2001.

35 Evgeni Novikov, "A Russian Agent At the Right Hand of Bin Laden," *Jamestown Foundation Terrorism Monitor*, 2/1 (15 January 2004).

36 Stephen Blank, "An Ambivalent War: Russia's War on Terrorism," in Thomas R. Mockaitis and Paul B. Rich (eds), *Grand Strategy in the War Against Terrorism* (London: Frank Cass Publishers, 2003), pp. 127-50.

37 Owais Tohid, "Taliban Fighters Infiltrating Back Into Afghanistan from Pakistan," *Eurasia Insight*, 5 May 2003, available at www.eurasianet.org; Akram Gizabi, "Sinking Into the Afghan Swamp," *Jane's Terrorism and Security Monitor*, 14 February 2003, available at www4.janes.com/search97cgi/s97; Anthony Davis, "Afghan Security Deteriorates as Taliban Regroup," *Jane's Intelligence Review*, 1 May 2003, available at www4.janes.com/search97/cgis97; Scott Baladuf and Owais Tohid, "Taliban Appears to Be Regrouped and Well-Founded," *Christian Science Monitor*, 8 May 2003, available at www.csmonitor.com/2003/0508p01s02-wosc; Al-Adalah (in Arabic), 22 July 2004, FBIS SOV, 22 July 2004.

38 Elizabeth Fuller, "What Lies Ahead in Chechnya," *In the National Interest*, 14 January 2004.

in Ryazan, which was discovered before a bomb was detonated, have never been convincingly explained. There is good reason, therefore, to argue that Moscow's war on terrorism has always been an instrument to serve larger or more private interests. Certainly, Moscow opposes labeling Syria and Iran as sponsors of terrorism, despite the overwhelming evidence to support that fact.[39]

On Saudi Arabia's end, we also see an act of unmitigated cynicism and pursuit of self-interest. It now realizes that by abetting Al-Qaida and its numerous "alumni" throughout the Islamic world, it has put itself in that organization's and its associates' gunsights. Perhaps we should be glad that the Saudis have finally awakened to the threat posed by the ideology that they have so assiduously propagated over the years.

Riyadh has also announced its intention to convene an international conference on steps to combat terrorism and to take collective action with other governments, like Russia, against terrorism. This is a stance that Moscow appears to welcome.[40] So, there are clear signs of possible cooperation among police, intelligence, and maybe even military forces of both governments. At the same time, Saudi Arabia continues to support a substantial expansion of the dissemination of its brand of Islam, Wahhabism, among Russian Muslim communities.[41] Saudi money goes to build schools, mosques, and to send Mullahs to teach at these institutions. Although Russian criticism of Wahhabism has led Riyadh to assume a lower profile, it continues to support these institutions.[42] These efforts have some visible outcomes, as over 9000 Russian Muslims are expected to make the Hajj to Mecca in January 2005 for the festival of Id al-Adha, or what Russian Muslims call Kurban Bairam.[43]

For the West, undoubtedly, the potential collaboration in energy is the most critical element of this developing relationship because it has the potential to create a new and potentially even stronger cartel than OPEC. This new cartel would possess permanent capabilities for affecting and even dislocating the global economy. For Russia and Saudi Arabia, nevertheless, the potentially combustible mix of strong Saudi support for the propagation of its version of Islam among Russian Muslims and the ever-present terrorist threat that clearly has ideological affinities with Salafi Islam, what Moscow calls Wahhabism, might make it impossible to sustain this relationship beyond its present limits. Whether or not a truly strategic partnership will emerge, where common interests in an energy cartel and stabilized market share arrangements overrides other potentially disruptive possibilities, it is clear that the dynamics of the Russo-Saudi relationship bear greater scrutiny. It also is clear that their current cooperation is tactical and instrumental, not strategic, and could certainly be derailed, since both sides are juggling so many balls in the air at the same time.

This relationship also illustrates domestic-foreign linkages in Russian foreign policy in the Middle East, the importance of energy, and the complex relationship

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39 Interfax (in English), 23 April 2004, FBIS SOV, 23 April 2004.
40 RIA Novosti, 28 September 2004; ITAR-TASS, 28 September 2004.
41 Martin, "Moscow and Riyadh".
42 Ibid.
43 Ibid.

of terrorism and the alliances a struggle against it impose upon Russian policy. The relationship with Riyadh, however, like that with Baghdad, Tehran, and other key external players like the EU and Washington, also illustrate a seventh contradiction that bedevils Russian foreign policy in the Middle East. Russia's wants to be seen as an important player in the Middle East; its overall goal is to ensure this reality. Yet, it is clear that Russia has no program to influence other countries. Its power is limited. It deals with these outstanding issues by trying to be equally friendly with everyone while not committing itself to any particular policy outcome regarding the crisis at hand. Consequently, Russia still craves "status, but not responsibility."[44] Not surprisingly, these policies often fall short of their goals and paradoxically contribute to the widespread belief that Russia remains "a risk factor" in world politics, not an autonomous pole of world politics upon which too much hope can be placed.[45]

Seeking Regional Leverage, Multipolarity and the Middle East

Facing this deepening dilemma that has grown since September 11, 2001 despite partnership with Washington in the war on terrorism, Moscow has increasingly invoked the concept of a multipolar world order as its desired outcome. Between 2001 and 2003, it essentially refrained from invoking this concept; however, since the invasion of Iraq, we see increased and more overt Russian efforts to assert a multipolar order, in which it is one of the poles. This is particularly true in the Middle East. Indeed, Moscow's emerging tactic is to deploy available instruments of power: mainly its geographic location, proximity to key actors, energy assets, and arms and/or technology transfer. It does so in order to leverage regional security actors, thereby creating blocs. For example, it has resumed calling for a collective security system in the Gulf along with an international conference on Iraq, mainly so that it can be invited to play a formal role in these fora, not because it has anything positive to contribute to them.[46] At the same time, whenever Washington's unilateralism threatens its interests, Russia also strives, wherever possible, to enhance the United Nations' (UN) power vis-à-vis the United States. To be sure, this does not preclude its readiness to violate UN resolutions to advance its more immediate goals or officials' private interests. This can be seen through Russian participation in the immense corruption in regard to the UN's food for oil program in Iraq. Moscow's covert arms sales to Baghdad before the war are another sign of this hypocrisy.

Accordingly, Moscow's Middle Eastern policy cannot be understood without reference to its larger global policy; it is part of a general strategy to leverage regional actors against U.S. policies in order to enhance its status vis-à-vis

44 Robert Legvold, "The 'Russian Question'," in Vladimir Baranovsky (ed.), *Russia and Europe: The Emerging Security Agenda* (Oxford: Oxford University Press and Stockholm International Peace Research Institute, SIPRI, 1997), p. 67.

45 Timofei Bordachev, "Russia's Europe Dilemma: Democratic Partner vs. Authoritarian Satellite," in Andrew Kuchin and Dmitri Trenin (eds), *Russia: The Next Ten Years, A Collection of Essays to Mark Ten Years of the Carnegie Moscow Center* (Moscow: Carnegie Center, 2004), p. 120.

46 Interfax Diplomatic Panorama, 29 June 2004, FBIS SOV, 29 June 2004.

Washington. Neither is it surprising that, at the same time, this strategy also appeals to materially benefit key lobbies, like arms sellers and power structures. As Moscow was negotiating terms of a 2003 agreement to overlook an American invasion in Iraq, its arms merchants were covertly selling weapons in order to make money. Additionally, its agents were colluding with Iraq's government in order to strengthen it against the supposed common American enemy.[47]

Russia has redefined its Middle Eastern priorities accordingly. The key geographical actors for Russia, Turkey, Iran, and Iraq, the so called Northern Tier, are important because of their proximity to the Caucasus and Central Asia. Moscow perceives opportunities to exploit each one of those Northern Tier states' tensions with America. It also has significantly upgraded its relations with Saudi Arabia.[48] Similarly, it seeks to obtain a greater foothold in the area, primarily in the Northern tier, through the judicious use of its diplomacy, energy sales to countries like Turkey, Israel, and Iran (atomic energy in the latter case), and arms sales to states like Syria, Iraq, Iran, the Palestinian Authority, and potentially Turkey. Through such relations, it hopes to be friends with everyone. It hopes to use that influence and leverage to reduce America's room for manoeuvre and ability to act unilaterally.

Russia's efforts to simultaneously improve its ties with both Israel and the Palestinians epitomize its overall tactic of exploiting conflicts by leaning one way and then another.[49] It is a member of the Quartet powers that supposedly seek to ensure the fulfilment of the U.S. European inspired road map between Israel and Palestine, while also condemning terrorism.[50] It also sells arms to the Palestinians and Syrians, while urging a comprehensive solution to the Arab-Israeli conflicts by including both Syria and Lebanon. It wants to do this in order to pose as their champion as well as Israel's friend.[51] Meanwhile, Putin is apparently favourably disposed to Israel.[52] Russia also engages in large-scale trade, energy shipments, intelligence sharing against terrorism, and defence sales jointly with Israel to third parties e.g. India and South Korea.[53]

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47 Pavel Felgengauer, "Who Is Deceiving the President: Secret Information About the Iraq War Was Disseminated Over the Internet by people Related to the Russian Special Service," *Novaya Gazeta* (in Russian), 21 April 2003, FBIS SOV, 21 April 2003.

48 Martin, "Moscow and Riyadh"; Blank, "Cynicism Personified,", pp. 113-16.

49 Katz, "Exploiting Rivalries for Fun and Profit," pp. 25-36.

50 "Lavrov To Try and Revive Roadmap During Middle East Visit," Interfax Diplomatic Panorama, FBIS SOV, 1 September 2004.

51 Stephen Blank, "Bashar Assad Comes to Moscow, Seeking Gifts," *Eurasia Daily Monitor*, 25 January 2005; Pavel Baev, "Missiles for Sale: Moscow finds No problems With Syria," *Eurasia Daily Monitor*, 17 January 2005; Stephen Blank, "Russian Arms and the Search for Peace in the Middle East," *Eurasia Daily Monitor*, 7 March 2005; Stephen Blank, "Russian President Travels to Middle East Bearing Gifts for All," *Eurasia Daily Monitor*, 28 April 2005.

52 Mark N. Katz, "Putin's Pro-Israel Policy," *Middle East Quarterly*, 12/1 (Winter 2005), pp. 51-9.

53 On Israel's defense relations with India, see Stephen Blank, "Arms Sales and Technology Transfer in Indo-Israeli Relations," *Journal of East Asian Affairs*, 19/1 (Spring/

While these policies reflect Russia's oft-proclaimed tactic of maximizing economic returns and capabilities in pursuit of its national interests, they also advance the interests of key lobbies, oil and gas firms, the Ministry of Atomic Energy (Minatom), defence firms and the military. The latter two lobbies desperately need export revenues in order to stay in business and/or provide the military with future weapons. These policies also benefit the gas and oil lobbies, who want export markets like Turkey, Egypt, and Israel and smooth ties with Saudi Arabia so that the price of oil and gas stays high. If prices dip, both these industries and the Russian economy as a whole are bound to falter. The ultimate strategic purpose of these relationships is to legitimize Russia as a Middle Eastern player and to establish a series of counterweights to what Moscow regards as American efforts to establish a Pax Americana throughout the Middle East. Moscow, like Beijing, and perhaps key European actors, fears that such a status quo would exclude or, at least, diminish their importance as a player and harm their regional interests.

The Concept of Multipolarity

We can separate the doctrine of multipolarity into three guiding concepts following the scheme laid out by R. Craig Nation of the U.S. Army War College: global multipolarity, preservation of Russia's integrity and primacy in the CIS, and regional engagement that cultivates new partners or allies. In regard to the Gulf, multipolarity means that no one state, including America, can act alone. Even Washington must coordinate with other states and it is believed that NATO has already declined in significance in the absence of a common enemy. Thus new ad hoc groupings will form to constrain U.S. unilateralism. Russia can and should utilize that trend to play a leading role among those blocs in the Gulf. It should also retain a free hand, especially in the CIS. America's decline and the rise of fissures within NATO are perceived as a long-term trend that Russia must exploit.

> Multipolarity denies that there are winners and losers in the Post Cold War world. Hence this concept aims to minimize Russia's diminishment and make it equal with America. Thus the larger doctrine of global multipolarity actually represents an effort to maintain a great power concert or duopoly with Washington that simultaneously constrains U.S. policy.[54]

The demand for multipolarity in the Gulf and Northeast Asia, Korean proliferation, contradicts its demand for a free hand and exclusive spheres of influence in the CIS. As Nation observed,

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Summer 2005), pp. 200-41; on South Korea see Rishon Lezyion, Globes Internet Version (in English), 22 July 2004, FBIS SOV, 22 July 2004.

54 R. Craig Nation, *Beyond the Cold War: Change and Continuity in U.S.-Russian Relations* (Carlisle Barracks, PA: Strategic Studies Institute, U.S. Army War College, 1997), pp. 17-25; Sergey M. Rogov, "Russia and NATO's Enlargement: The Search for a Compromise at the Helsinki Summit," Center for Naval Analyses, Alexandria, VA. CIM 513, May 1997, p. 10.

Russian definitions imply a clear preference for cooperative great power management and collective security options as global security models. They demand a rejection of unipolar or hegemonic alternatives however they might be packaged or phrased. They refuse to accept integration with a Western community that is pledged to perpetuate U.S. leadership or partnership models that relegate Russia to the status of junior partner at best. According to the multipolarity scenario, U.S. preeminence is neither a desired nor a sustainable alternative. One of the key challenges for a new Russian foreign policy must therefore be the search for leverage to block or frustrate U.S. pretensions.[55]

Logically, this entails ensuring Russia's integrity and securing its role as undisputed hegemon of the CIS. Several corollaries flow from this, all of which negate cooperative solutions in the CIS and undermine possibilities for cooperative security elsewhere, including the Gulf. It openly favors hegemonic spheres of influence and zero-sum games, all within a context of traditional Realpolitik. Paradoxically, these precepts make genuine multipolarity harder to achieve with regard to the CIS and the Middle East. Denying this reality, many Russian scholars and officials have repeatedly proposed a binary structure where NATO and the CIS, led by Washington and Moscow respectively, would constitute two equal pillars of Eurasian security.[56]

This suggests that Moscow accepts only NATO as a serious security provider in Europe and cares chiefly about its military-political significance for European and Russian security. We may also extrapolate that Russia, therefore, does not take European ambitions in the Middle East too seriously, except for the degree to which Russia may exploit them to restrain U.S. unilateralism. For example, it attempts to associate itself with Europe as well as local governments on all issues of the contemporary Middle Eastern security agenda.[57] Here, multipolarity entails free riding. It also enables Russia to pretend advocating multilateralism while again seeking a free hand. Another aspect of multipolarity is regional engagement. Moscow seeks to cement partnerships or alliances with key states in particular regions. In Europe, this means France, Germany, Greece, Italy. For the CIS, important actors include Iran, Syria, and China in Asia, and Belarus, Ukraine, Kazakstan, and Armenia. It does this in order to balance American and NATO ambitions and to reassert its own independent prerogatives up to the point where a fundamentally competitive relationship with the United States begins. For example, this engagement includes the actual policy of selling as many conventional weapons and dual-use technologies, if not dual-use weapons, to Iran, and Syria. Not surprisingly, beyond the provision of nuclear reactors to Iran at Bushehr and perhaps elsewhere, Russia

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55 Nation, *Beyond the Cold War*, p. 18.

56 This was the dominant theme of Russian presentations at the Biennial Conference of European Security Institutions in Moscow, 22-24 January 1996; see also Sergei Rogov et al., *Security Concerns of the New Russia*, Volume II (Alexandria Va.: Center for Naval Analysis, 1995), p. 34 where this demand is made explicitly; Lena Jonson, "In Search of a Doctrine: Russian Interventionism in Conflicts in Its 'Near Abroad'," *Low Intensity Conflict & Law Enforcement*, 5/3 (Winter 1996), p. 447.

57 For example, Craig S. Smith, "Russia and European Leaders Discover Common Ground on Lebanon and Iran," *New York Times*, 19 March 2005; Weiss, "Russia: the Accidental Alliance," pp. 141-43.

has recently confirmed that it will sell weapons to Syria and the Palestinian Authority while continuing arms sales to Iran.[58] Provided that Iraq can pay for it, we can surely expect a similar offer to Iraq in the near future. This would be done in order to both enrich the Russian defense industry and weaken American influence in Baghdad. This has become more likely once Putin ended the embargo on arms sales to Iraq.[59] A potential further proliferation gambit cannot be ruled out with Egypt, since it wants Russian aid for its nuclear program about which questions remain.[60] Finally, Russia can use its present positions in the Security Council and the Permanent Joint Council to obstruct Washington or NATO in the Gulf.

Either in conjunction with these last options, or separately, Moscow could reinvigorate earlier Soviet efforts to exploit divisions among NATO allies in Europe. It regards the Middle East as a vehicle able to drive a wedge into NATO, prevent it from unanimity, the condition of its effective action, and gain greater leverage vis-a-vis European states and the United States. In sum, this would diminish NATO's effective capability for providing security across Eurasia. Moscow's existing policies already conform to this objective. Partnerships with China and Iran are already firmly launched. Likewise, Moscow has made an exerted effort to form a common cause with France and Germany so that it does not have to deal with NATO or the European Commission in Brussels. Russian policies in the Persian Gulf reflect the same old outlooks, tactics, strategies, goals, and, therefore, the same enduring quandaries. Moreover, its increasingly clear opposition to American and Eastern initiatives suggest an ever more overtly anti-American policy in the Middle East. These are only a few of the various existing examples: its efforts to head off UN sanctions upon Syria for its role in the assassination of Rafik Hariri in Lebanon; its desire to sell arms even though it is adding to its continuing support of Hizballah in Lebanon; and its continuing support for Iran's right to a full nuclear fuel cycle, even though it clearly is hiding its program from the IAEA.

Russia and Iraq

As noted above, Russia's immediate objective is maintain an important role on all key issues. Second, it aims to preserve its ties to Washington, even though it was unhappy over plans for the Iraq war in 2003. It was prepared to look the other way if Washington took account of Russian interests in Iraq, more broadly the Gulf, and the CIS. Those interests were both economic and political because they served to enrich key political elites in Moscow and to validate Russia's stance as a legitimate actor with respect to Iraq's destiny. Those interests included large debts of the Iraqi government amounting to $7-8 billion, large-scale energy contracts to develop Iraqi oil fields, large-scale trade in Russian goods under the notoriously corrupt oil for

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58 Stephen Blank, "Russian Arms and the Search for Peace in the Middle East," *Eurasia Daily Monitor*, 7 March 2005; Blank, "Bashear Assad Comes to Moscow".

59 "Putin Decree Lifting Iraqi Arms Embargo Receives Mixed Commentary," FBIS SOV, 1 September 2004.

60 Interfax, 2 September 2004; "Envoy Says Egypt Wants to Resume Nuclear Energy Cooperation With Russia," FBIS SOV, 2 September 2004.

food program that, as we now know, enriched many members of Russia's top elite. Beyond that, the Gulf states, in general, were and are regarded by two of Russia's most prominent lobbies after energy, defense industry and the Ministry of Atomic affairs, Minatom, as fertile hunting grounds for large profitable sales.[61]

Russia's overriding and ultimate geopolitical aim still is to be recognized as a power with a legitimate voice in the settlement of conflicts in the Middle East and Gulf. Those settlements would include Russia's membership in the Quartet to resolve the Israeli-Palestinian issue, and its ability to exploit its regional relationships to prevent America from dominating the Gulf. Not surprisingly, it still advocates its long-standing and infeasible program of a collective security system in the Gulf, undoubtedly with itself as one of the guarantors.[62] Russian elites view the Gulf as a historic region of Russian national interests, since it adjoins the CIS and, therefore, has considerable potential for inflaming security issues there. Consequently, Moscow hopes to constrain Washington's ability to pursue a unilateral agenda in defiance of the UN by gaining acceptance of its status. Russia also fears, however, being excluded from partnership with Washington, thereby becoming isolated.[63] Hence, its ultimate willingness to sell out Saddam Hussein provided that Washington recognize and accept its interests there.[64] Since Washington ultimately refused to acknowledge Moscow's interests and proceeded alone, however, Moscow has since sought at every turn to find new partners. Moreover, it attempts to bring the UN into play as the ultimate authority to whom Washington must harken in regard to its occupation of Iraq and that country's future trajectory. This also includes advocating that any solution to Iraq's destiny involve not only all of Iraq's citizens, but also neighboring states.[65] This strategy naturally forced Putin to reinvoke multipolarity with France and Germany, call the invasion illegal and a mistake. It also led Russian commentators to strongly rebuke American unilateralism reminiscent of Kosovo in 1999.[66] Since then, we see a consistent Russian effort to retain both the ties to Europe and America but also to elevate the UN as ultimate authority of Iraq's destiny. Yet, as of summer 2007, Russia has yet to show much for its efforts in regard to the acquisition of energy contracts, influence over Iraq's future disposition, or markets for arms sales. It is not surprising, therefore, that Putin now says that differences among states over the issue of Iraq should remain in the past.[67]

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61 Cohen, "Russia and the Axis of Evil"; Eugene B. Rumer, "Russia's Policies Toward the Axis of Evil: Money and Geopolitics in Iraq and Iran," Testimony to the House International Relations Committee, 26 February 2003, available at www.house.gov/international_relations/108/rume0226.

62 Ibid.

63 Igor Torbakov, "Split Develops in Russia's Policy community Over Iraq Crisis," *Eurasia Insight*, 18 March 2003.

64 Cohen, "Russia and the Axis of Evil"; Katz, "Playing the Angles,", p. 46.

65 ITAR-TASS (in Russian), August 15, 2004, FBIS SOV, 15 August 2004.

66 Weiss, "Russia: the Accidental Alliance," pp. 141-44; Bessmertnykh, "The Iraq War and Its Implications," pp. 24-36; Skotnikov, "The Use of Force," pp. 41-2.

67 Interfax Russia & CIS Diplomatic Panorama, 4 July 2005, FBIS SOV, 4 July 2005.

Conclusions

Undoubtedly, the imperatives of Russian domestic politics, security against terrorism at home, continuing high prices for oil and gas and hegemony in the CIS will continue to drive much of Russian foreign policy because these objectives are intimately bound up with the maintenance of Russia's elite's self-perception as a great power. Moreover, Putin and his subordinates frequently allude to the fact that the purpose of foreign policy is to assure propitious conditions for internal development. All three of these goals are, in fact, highly tenuous and not likely to be realized for a long time. Currently, Russia is increasingly caught between the dangers of supporting America and the risk of supporting its enemies, who are often purveyors of an agenda that is also ultimately inimical to Russian interests. Iranian proliferation and desire for increased visibility in the Caspian are two clear examples. Russia alone, or even with Europe or China, cannot enforce its writ on the Middle East. Indeed, historically local actors have habitually taken Russia's largesse and then gone their own way with impunity.[68]

Even more disconcerning is the fact that the area remains structurally volatile; one should not take reports of a wave of imminent democratization or liberalization too seriously since these are inherently superficial and shallow trends. A greater degreee of transformation is required until the Middle East begins to resemble Europe. In Iraq, the Shiites want dominance, not equality, and the Sunnis see domination or submission as their only choices. Syria shows no signs of ceding control from Lebanon, while Iran's nuclear program and defiant rhetoric continues apace. Saudi Arabia's future remains highly uncertain. The Palestinians show no signs of being capable of forming a state that can live in peace with anyone. Settlement of their conflict with Israel, therefore, appears to be no closer to resolution than before. Nor is Islamist terrorism or political agitation in retreat; the contrary depicts the situation more aptly.

Ultimately, if Russia wants to be a major player in the Gulf and Middle East, it will have to make a decisive choice among allies. Such a decision risks foregoing some of its treasured ability to freely maneuver as it pleases. It cannot be both a unilateral proponent of multilateralism, where it enjoys free rider benefits, and an exploiter of other foreign policies or conflicts. Consequently, in the Gulf, the larger Middle East, and elsewhere, Russia's effort to dance simultaneously at everyone's wedding is approaching a breaking point. Whether the new turn will come under Putin or his successor cannot be determined. Russia's possibilities and policies in the Middle East, however, are, in all likelihood, reaching a tipping point. Thusfar, exploiting contradictions has only provided meager returns. The returns on these policies, particularly in regard to Iran and to terrorism, may soon magnify risks confronting Russia, rather than ameliorating them.

Despite all of this, Moscow's pursuit of an independent line in the Middle East increasingly seems to replicate Soviet policies, which relied on Syria and hoped that the Iran revolution would check American designs in the Middle East. Russia's

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68 Oles M. Smolansky and Bettie M. Smolansky, *The USSR and Iraq: The Soviet Quest for Influence* (Durham, NC: Duke University Press, 1991).

current role in Iraq is limited and, furthermore, it seeks strong economic ties with Israel and opposes an Arab-Israeli war. Despite these contradictory roles, Moscow still seeks to be the provider of weapons to Arab states and Iran that will be used precisely to incite or resume these wars. It also simultaneously seeks to block U.S. anti-terrorism and anti-proliferation campaigns in the Middle East. An increasing historic justification for such activity is also evolving. Namely, the Middle East is a region that is geopolitically close to Russia. Anti-Americanism, even as Russia invokes partnership with Washington, appears to be the strongest motive of Russian foreign policy in the Gulf and Middle East. This poses a final and unanswerable contradiction. Since Russia's main security threat is terrorism, which is considerably financed by people and organizations operating out of the states like Iran and Syria, to whom Moscow provides arms, exactly how do Moscow's diplomatic contortions help it advance its security and legitimate foreign policy objectives?

Chapter 14

Sino-Gulf Relations and the United States: Dark Cloud – Silver Lining?

John Calabrese

China's growing oil import dependence and rising concerns about energy security have brought its interests and those of the United States into closer contact. The Persian Gulf is the commercial and geopolitical centre of gravity of this relatively new and consequential dimension of Sino-American relations. Has China adopted pragmatic policies towards this vital yet volatile region? Which, if any, aspects of Sino-Gulf relations are likely to present a challenge to the United States, either in the immediate or in the longer term?

Now is the best and the worst time to pose such questions as the Washington policy community appears once again to have entered a period of intense debate about the future of China and of U.S.-China relations. Yet, it is possible that fears rather than facts will animate the policy debates in Washington as well as in Beijing, and that as a result the climate of Sino-American relations will deteriorate. Indeed, since news of the $18.5 billion bid by the (70 percent state-owned) China National Offshore Oil Corporation (CNOOC) to purchase the California-based oil company Unocal burst into the news in August 2005, this possibility has seemed real enough.

Intriguingly, then, the issue of whether China and the United States are inexorably headed on a collision course in the Gulf region is subsumed in the broader one about whether the world's only superpower and an emerging strategic rival can find the will and the way to harmonize their interests. This chapter examines the implications for U.S. interests and policy of China's deepening relations with Middle Eastern countries and with the Gulf States in particular.

China Rising – Sino-Middle East Relations Consolidating

China's Energy Imperative

Energy is the central factor shaping Sino-Middle Eastern relations. The key driver of these increasingly extensive ties is China's growing appetite for imported oil and to a lesser extent natural gas. To get a complete picture of this phenomenon, it is necessary to look at the critical role that energy imports play in China's economic development and the pivotal position that Middle Eastern countries occupy in the global energy market.

The Chinese economy has been expanding at a remarkably fast pace for well over a decade, with real GDP growing at a rate of 8-10 percent annually. Export-led industrialization has spearheaded this growth, in turn fuelling demand for inputs. Because of this, China has emerged not only as a major exporting country but also as a leading importer of raw materials – a key player in many international commodity markets. In the broad sense, then, China's growing demand for energy imports is part of a global hunt for raw materials by an increasingly important economic actor in the world economy. A closer look at China's energy profile reveals more clearly the reasons for the development of Sino-Middle Eastern energy and strategic relations.

On the demand side, China has been experiencing rapid demand growth across the fuel spectrum. Sharply rising demand for oil stems mainly from the booming Chinese industrial and electricity sectors. In fact, industrial users account for 70 percent of the country's energy consumption, with energy-intensive enterprises like cement, steel, and chemicals leading the way. In addition, the burgeoning middle class has caused Chinese consumption patterns to begin to shift, including a dramatic rise in personal automobile ownership and consequently in the demand for gasoline.

How much oil is China consuming? In 2003, China surpassed Japan as the world's second largest petroleum consumer. The next year, demand grew 15 percent (to 6.37 million barrel/day). The Paris-based International Energy Agency (IEA) estimates China's oil demand growth at 4.2 percent in 2005 (7.12 million b/d), 6.4 percent in 2006 (7.56 million b/d) and 6.1 percent in 2007.[1]

On the supply side, China's domestic oil production has levelled off. In recent years, Chinese officials have announced some significant new discoveries; and international energy experts have noted that many prospective areas in China have yet to be explored. But a host of financial, technological and other obstacles stand in the way of exploiting this potential. Furthermore, were such obstacles removed, the production gains would merely slow down the growth of the consumption-domestic supply gap.[2]

Thus, dependence on foreign sources of oil is an irreversible fact of life – a fundamental feature of China's energy profile and of the global energy market. In just five years, China's oil imports have doubled. From 2002 to 2004, oil imports rose sharply from 1.38 million to 2.42 million b/d. Imports now account for 40 percent of China's oil consumption.[3] In 2006, China's dependence on imported oil rose to 47 percent.[4] The U.S. Energy Information Administration (EIA) forecasts that China's petroleum imports will increase four-fold between 2003 and 2030.[5] In addition, Chinese demand for petrochemicals is soaring. According to a study released in 2004 by Dia Research Martech, Chinese demand for ethylene will grow from 11 million metric tons in 2000 to 17.5 million metric tons in 2005 and then to

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1 Reported in *Platts*, 13 February 2007.

2 On new discoveries of oil in Northeast China, see, for example, *The Straits Times*, 7 April 2004.

3 *IEA December 2004 Oil Market Report*.

4 *Asia Times*, 28 February 2007 .

5 US Energy Information Administration, *EIA International Energy Outlook 2006*.

20 million metric tons in 2008.[6] Despite the recent and anticipated gains from having accelerated the development of its domestic refining capacity, China's struggle to keep pace with demand growth for refined products is likely to continue.

How, then, does the Middle East, specifically the Gulf, factor into the China energy equation? The Middle East continues to be the centre of gravity of the international oil market, containing almost two-thirds of the world's proven oil reserves. The combined proven oil reserves of five countries – Saudi Arabia, Iraq, UAE, Kuwait, and Iran – stands at about 60 percent of the world total. Sino-Gulf energy ties, it must be emphasized, are part of a thickening web of energy-economic linkages between the Middle East on one hand and South Asia and the Asia Pacific region on the other. At the core of these cross-regional relationships is the export of crude oil and liquefied natural gas (LNG) from the Gulf.

The Gulf is a natural magnet for China. Indeed, Gulf suppliers are already vitally important energy partners. Since 1996, the lion's share of Chinese crude oil imports (about 60 percent) has come from a single region, the Middle East. And this dependence has been highly concentrated *within* the region. In 2002, for example, oil purchases from three Gulf countries – Saudi Arabia (11.53 million tons), Iran (10.73 million tons), and Oman (8.31 million tons) – accounted for 43.3 percent of China's total oil imports.[7] According to the EIA, this pattern continued in 2005 and 2006, as these three Gulf producers (together with Angola and Russia) were China's leading sources of foreign oil.[8] Saudi Arabia was China's top supplier for four consecutive years (before being overtaken by Angola in 2006), and is expected to regain this position as new Chinese refineries are built and others are upgraded.[9] In the coming years, therefore, China faces the challenge of unavoidable dependence on a region of chronic geopolitical and market uncertainty.

Chinese Perceptions of Energy Insecurity

Growing foreign oil dependence has exposed China to greater risk factors. As a result, Chinese officials view energy security as a matter of high priority and "high politics"[10]. Indeed, for more than a decade, they have defined energy security largely

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6 Reported in *Chemical & Engineering News*, 20 December 2004.

7 Wu Lei, "Oil: The Next Conflict in Sino-US Relations?" *Middle East Economic Survey (MEES)*, 46/21 (26 May 2003), p. D1.

8 See *EIA China Country Analysis Brief*, August 2006.

9 See *Reuters*, 6 September 2006. On China-Saudi relations, see also John Calabrese, "China and Saudi Arabia Extend Ties Beyond Oil," *China Brief*, 5/20, 25 September 2005.

10 The ample literature on China's energy security conditions and concerns includes: Mikkal E. Herberg, "The Emergence of China Throughout Asia: Security and Economic Consequences for the U.S.," Testimony before the U.S. Senate Committee on Foreign Relations, 7 June 2005; John Calabrese, "Dragon by the Tail: China's Energy Quandary," *MEI Perspective* (Washington, DC: Middle East Institute, 2004); Bernard Cole, "Oil for the Lamps of China," (Washington, DC: National Defense University, 2003); Erica Downs, *China's Quest for Energy Security* (Santa Monica, CA: RAND Corporation, 2000); Erica Downs *China*, The Brookings Institution Foreign Policy Studies Energy Security Series, December 2006; and Philip Andrews Speed, Xuan-Liao and Ronald Dannreuther, *The Strategic Implications of*

in terms of assuring supplies of oil. In 1993, the year that China first became a net oil importer, then-Premier Li Peng designated as the primary goal of the country's energy strategy "to secure the long-term and stable supply of oil to China."[11] As, in recent years, the theme of energy security has gained prominence in Chinese discourse, there has been greater attention to other components of energy security, namely, on affordability, safe transit and managing geopolitical risk.

China's acute sense of vulnerability with respect to oil stems partly from the sheer scale and rapidity with which its import dependence has occurred. To be sure, worries about price volatility and supply disruptions – the hazards of the open market – are common to all oil-importing countries. But oil import dependence is especially troubling to China for several additional reasons.

Chinese perceptions of energy insecurity are influenced by historical experiences. These include bitter memories of the Western economic embargo of the Cold War, and of the souring of relations with Moscow in the late 1950s and early 1960s, when the drying up of Soviet oil supplies and technology upon which the People's Republic of China (PRC) had come to depend, together with the disastrous policies of the Great Leap Forward, triggered an economic collapse. The Chinese perspective is also shaped by the experiences of others, including the cut-off of supplies to Ukraine by Russia.

Another factor driving this sense of insecurity is the relationship between energy-dependent economic growth, social stability, and political legitimacy. Chinese officials tend to equate, with good reason, a sustained high rate of growth with social and political stability. The nightmare scenario for the CCP leadership is a slowdown or disruption of the economy brought about by an energy supply crisis that could spark social or political unrest.

The fact that much of China's oil supply traverses maritime sea lanes of communication (SLOCs) and choke points over which it currently has very little control is also a source of concern. Since 9/11, Chinese officials are even more cognizant of the risks to vital commerce posed by piracy, terrorism and other types of disruption. To complicate matters, the requirements for safeguarding the long maritime oil lifeline – stretching over 7,000 miles from the Strait of Hormuz through the Indian Ocean and Malacca Strait to coastal China – far exceed the PRC's current ability to project naval power.

Chinese officials view the geopolitical environment with some trepidation. There is at least some risk that relations with the United States, whose navy dominates and protects this maritime corridor, might deteriorate. From the Chinese perspective, the United States is a strategic rival. It is also the country best equipped and most likely to use its political and military assets in oil-producing regions and maritime transport corridors should a serious dispute occur. President Hu Jintao has referred to the strategic vulnerability to supply disruptions along these sea routes as China's "Malacca Dilemma". Though China has taken great pains to develop constructive

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China's Energy Needs, Institute for International Strategic Studies, Adelphi Papers, no. 346 (Oxford, UK: Oxford University Press, 2002).

11 Quoted in Felix K. Chang, "Chinese Energy and Asian Security," *Orbis*, 45/2 (2001), p. 233.

relationships with its East Asian neighbours, there is no regional security architecture and little tangible progress in developing multilateral mechanisms to manage risks associated with energy.

Adding to the uneasiness, China has experienced setbacks in securing long-term oil supplies (e.g., the inability to finalize the Siberian pipeline deal with Russia). There have also been a number of unsettling developments that warn of possible future oil instability, ranging from troubling incidents of violence in the oil-producing delta of Nigeria, to strikes in Venezuela and Norway, and the targeting of oil facilities by insurgents in Iraq and militants in Saudi Arabia.

To cap it off, China's ability to neutralize or cushion itself against the ill effects of supply disruptions is limited. The Chinese economy is no longer sheltered from the vicissitudes of the international oil market to the degree that it had been when oil prices were fixed by the state. In forming supply and transportation alliances, Chinese enterprises face seasoned, skilled, and technologically advanced foreign competitors. The first of three phases of the plan to establish a national strategic petroleum stockpile is just nearing completion. And while, in recent years, the International Energy Agency (IEA) has shared its expertise, data and advice, China is not yet a full member of the organization.

China's International Energy Strategy

Since 1993 China's international energy strategy has been state-led, supply-oriented, and oil-cantered. Though proponents of a broader understanding of energy security who advocate various demand control and conservation adjustments have come to the fore, the traditional concept of energy security and the basic elements of the international energy strategy that coalesced a decade ago continue to hold sway.[12]

China's approach to managing energy insecurity is arguably less coherent and the system governing it is less centralized and effective than is often reported in the Western press. Though frequently referred to as a "strategy," it is perhaps more accurate to describe China's approach to today as the net result of a series of incremental adjustments in thinking and in policy made over the better part of a decade.

In the early 1990s, Beijing officials seemed locked in the mindset that China could be rescued from oil import dependence primarily by matching its growing consumption requirements through enhanced domestic exploitation and conservation. Not until 1997 did the Chinese leadership concede publicly that this would not be possible.[13]

Compounding the difficulty of implementing a coherent strategy has been the changing structure of, and role of the state in, the Chinese energy sector. On the industry side, "progressive corporatization and disaggregation" has injected more

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12 See the contents of the draft of "China's Medium and Long-Term Energy Development Plan, 2004-2020" approved on 30 June 2004, reported in *Xinhua*, 30 June 2004.

13 See, for example, *China Economic Review*, 7 July 2005.

players into the decision-making mix.[14] On the government side, institutional fragmentation is a persistent problem in spite of reorganization, with no single official entity having the reins over energy policy and regulatory matters.[15]

Nevertheless, it is possible to identify some basic features of the international dimension of China's approach to energy insecurity. The twin overarching goals of this approach are gaining long-term access to energy imports and diversifying both the sources of supply as well as their means of transport. China's pursuit of these goals consists of three main elements: (1) broadening the geographical distribution of foreign sources of supply; (2) acquiring equity in the energy sector overseas; and (3) exploiting cross investment opportunities. In support of these activities, China has mobilized its diplomatic assets and has embarked on a vigorous trade-promotion campaign in oil-producing regions. China's three largest energy enterprises have led the way in building strategic energy relationships: China National Petroleum Corporation (CNPC, including its publicly traded subsidiary PetroChem); Sinopec (Asia's largest refining company and the PRC's primary importer of crude oil); and the CNOOC.

The first big push by Chinese firms into the international oil market came in the early 1990s. In 1992 and 1993, having very limited funds and lacking experience operating abroad, the CNPC undertook relatively low-risk, immediate pay-off, and carefully targeted projects that ranged from purchasing reserves in Canada to production sharing in Thailand and Indonesia[16]. With the gradual accumulation of capital, management expertise, and experience in international "corporate combat," CNPC and China's other energy enterprises began to deploy their signature comparative advantage – substantial up-front cash bonuses, the so-called "China premium" – to outbid their foreign competitors.[17]

The second big push came in the latter part of the 1990s, at which time Chinese authorities encouraged major oil firms to "Go Out," i.e., to diversify operations globally in order to achieve security at the wellhead. They identified three oil-producing regions as high-priority strategic targets: Central Asia and Russia, East Asia, and, of course, the Middle East.

The third big push has come since, and to a large degree because of, the Iraq War. For China, the war and its aftermath underscored the risks associated with excessive reliance on Middle Eastern sources of supply, created uncertainty about future access to Iraqi oil, and fuelled the suspicion that the extensive American military presence in the region was perhaps intended to solidify U.S. control over global oil supplies.

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14 Philip Andrews-Speed, "China's Energy Woes: Running on Empty," *Far Eastern Economic Review*, June 2005.

15 The Ministry of Energy was abolished in 1992. When the Energy Bureau was finally established in 2003 to consolidate authority and expertise, it was not up to the task. So in March 2005 the government announced that the State Council would henceforth oversee the energy sector.

16 "China Stepping Up Foreign E&P Investment as Imports Soar," *Oil & Gas Journal*, 9 May 1994, p. 58.

17 See, for example, account of bidding details of CNPC deal with Venezuela in 1997, in David Holley, "China's Thirst for Oil Fuels Competition," *Los Angeles Times*, 28 July 1997, p. 1.

As a result, Chinese enterprises redoubled their efforts to diversify their sources of supply both *away from* and *within* the Middle East. By mid-2005, Chinese energy firms had invested $15 billion and had bid successfully for exploration rights or had purchased equity shares in overseas oil/gas fields in 44 countries.

But before proceeding further, it might be useful to offer a cautionary word about the common (mis-)representation by the Western media of China's hunt for equity stakes as an oil-buying "binge." Outbound foreign direct investment (FDI) has become the new norm not just for Chinese energy enterprises but also for many other kinds of firms. In fact, companies in manufacturing and wholesale as well as retail businesses are the largest overseas investors. By far the largest proportion of Chinese FDI is channelled to East Asia. With respect to raw materials, the mining industry, not just the oil and gas sector, is a magnet for Chinese overseas investment. Finally, the surge in *outward* FDI has been accompanied by a greater willingness by Beijing to accept *inward* direct investment in China's public utilities and energy sectors.

The Sino-Gulf Energy-Economic Relationship

China had a Middle East policy and economic interactions with the region long before developing a strong appetite for Middle Eastern oil.[18] And China acquired a foothold in the Middle East energy market long before becoming a *net* oil importer in 1993. In fact, prior to that, China had purchased virtually all of its oil imports from just a few countries: Oman and Yemen being two of them (Indonesia being the third). Over the years, however, China has built a complex network of relationships with all of the countries of the Middle East. Specifically with respect to the energy sector, China, which has become increasingly dependent on oil imports from the Gulf, has diversified its sources of supply within the region. Meanwhile, Chinese companies are participating in upstream and downstream joint venture projects with Middle Eastern and Western oil firms both in the Gulf itself and in China.

In the early 1990s, China had purchased most of its Middle Eastern oil from the region's smaller producers not just because its import requirements were minimal but because of the high-sulphur content of much of the rest of the region's oil. China is still the leading importer of crude oil from Oman, for example, taking 40.3 percent of that country's exports in 2004.[19] But in the meantime the scope and scale of China's energy-economic ties with the rest of the region has expanded. What has propelled this change? Soaring Chinese demand for crude oil and the desire to reduce risk through diversifying supply sources are the most obvious causal factors. Equally important is that China has made significant progress in expanding its capacity to process heavy or "sour" crude oil. This has come as a result of two mutually reinforcing developments: greater Chinese receptivity to inward investment

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18 See, for example, Yitzhak Shichor, *The Middle East in China's Foreign Policy, 1949-1977* (Cambridge, UK: Cambridge University Press, 1979); John Calabrese, *China's Changing Relations with the Middle East* (London, UK: Pinter, 1990); and Lillian Craig Harris, *China Considers the Middle East* (New York: I.B. Tauris, 1993).

19 *Gulf Oil & Gas*, 9 July 2005.

(mentioned earlier) and foreign capital flows from Western firms such as BP, Shell and ExxonMobil as well as from major Gulf-based enterprises like Aramco, Kuwait Petroleum Corporation and the National Iranian Oil Company. Let us take a closer look, then, at how Sino-Gulf energy relations have recently taken shape.

Iran   Sino-Iranian diplomatic relations were established in 1971 during the reign of Shah Reza Pahlavi. Since the Iranian revolution, Beijing has carefully cultivated a relationship with the government of the Islamic Republic. Possessing an estimated 133 billion barrels of oil and 27,500 billion cubic meters of natural gas, Iran is a strategic prize that has attracted many suitors, not least India and Japan. In the early stage of development of Sino-Iranian relations, China was more interested in Iranian oil expertise and know how than in crude oil per se. The first China oil study group visited Iran in 1972. Then, the National Iranian Oil Company (NIOC) had a proven track record of exploration and extraction, as well as access to Western oil technology. But times have changed. Chinese oil firms themselves have become more proficient, while the Iranian oil sector has under-performed since the revolution. And, of course, China's reliance on imported oil has dramatically risen.

Consequently, two changes have occurred in Sino-Iranian energy relations. First, approximately 13-14 percent of China's oil imports today come from Iran. China emerged in 2002 as Iran's leading customer for crude oil. Trade in crude oil is therefore the centrepiece of the Sino-Gulf relationship. Second, and more recently, China has made further inroads into Iran's oil and gas development. Chinese companies have been prominent investors in the Iranian oil industry. Sinopec has constructed a large oil terminal on the Caspian Sea, and has upgraded several Iranian refineries. In March 2004, Zhuhai Zhenrong Corporation, one of China's state-owned oil traders, signed an MOU to import 110 million tonnes of LNG over 25 years, beginning in 2008. Eight months later, in a headline-grabbing announcement, Sinopec agreed to develop the Yadavaran oilfield (with a 20 percent stake in the field), and to purchase 150,000 b/d of crude oil and 250 million tonnes of LNG over 30 years.[20]

The projected increase in oil supplies and LNG from Iran has spawned other forms of cooperation. The first of five giant oil tankers on order from Iran was delivered in April 2002 by the manufacturer Dalian New Shipbuilding Heavy Industry Company (a branch of the China Shipbuilding Industry Corporation, CSIC) to the National Iranian Tanker Company.[21] Meanwhile, in preparation for large-scale purchases, Chinese companies have been contracting with BP and other foreign firms to build LNG supply terminals. The focus on the energy sector has tended to obscure other business activities. Chinese firms have built three lines of the Tehran metro, power stations, as well as a highway and tunnel from Tehran to the Caspian Sea. Shopping for commercial aircraft, China Air Tour Company approved to buy 22 planes from Iran to expand its fleet. Iranian companies such as Commercial Petrochemical Company have for several years been marketing their products in China.

Chinese oil firms have capitalized on the fact that U.S. companies are barred by sanctions from doing business in Iran. But the success that Chinese companies have

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20 *South China Morning Post*, 12 November 2004.
21 *Xinhua*, 30 January 2002.

had in Iran is also attributable to their willingness to assume greater financial risk and exposure than are many of their Western or East Asian competitors. A case in point is Sinopec's willingness to purchase oil from Iran on a buy-back basis, which many Western oil firms are not.[22] Similarly, a Chinese company was willing to bear 80 percent of the estimated $1.5 billion costs of building a gas liquefaction plant planned for Bandar Abbas, and then to purchase 10 million tons of condensate.[23] Chinese banks have offered generous export credits for non-energy sector ventures as well as the Industrial and Commercial Bank of China did on at least three separate occasions for railway and other projects.[24]

Saudi Arabia   Until recently, the high-water mark of scrutiny of Sino-Saudi relations had been China's sale of intermediate-range CSS-2 ballistic missiles to Saudi Arabia in 1988. Since then, and with little fanfare, Sino-Saudi ties have become stronger and deeper, primarily in the energy sector. This represents the marriage of the dominant player in the global oil supply market and the world's fastest growing oil consuming country. During the 1990s, Saudi crude oil exports to China rose to over 350,000 barrels per day.[25] Today, having the lowest oil extraction costs and highest proven reserves, Saudi Arabia has emerged to become China's second-ranked supplier of crude oil, behind Iran.

In 1999, the two countries reached agreement to open up the Chinese refinery sector to Saudi investment and to make oil exploration and development opportunities available to Chinese investors. With rising long-term dependence on crude oil supplies from Saudi Arabia and other Gulf producers on the horizon, Sinopec and Saudi Aramco have joined forces to expand China's refining capacity. Two such projects come to mind. The first is a plan to construct a $13 billion refinery in Qingdao in the eastern Shandong province.[26] The second is a $3.5 billion project, a deal ten years in the works that was officially launched in July 2004, to expand a petrochemical facility in Quanzhou city in the south-eastern province of Fujian.[27]

Aramco, which established a marketing office in Beijing, has two strategic objectives: locking in crude oil sales to China over the long-term, and helping to diversify its downstream business activity by anchoring itself in a burgeoning market.[28] For China, the expansion of domestic refining capacity is vital not just to process larger quantities of heavy oil from the Gulf, but to decrease the huge import bill for refined products.[29]

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22 *Agence France Presse*, 29 October 2004.

23 *Tehran Times*, 22 November 2004.

24 *Tehran Times*, 11 August 2003.

25 Erica Strecker Downs, *China's Quest for Energy Security* (Santa Monica, CA: Rand Corporation, 2000), pp. 31-32.

26 *China Daily*, 5 August 2003.

27 For background on the project, see *Agence France Presse*, 18 September 2001; *Middle East Economic Digest*, 7 March 2002, p. 27; and *Al-Hayat*, 23 September 2002. For information on the official launching of the project, see *New York Times*, 9 July 2005.

28 *China Daily*, 17 September, 2001.

29 See, for example, Nesa Subrahmaniyan, "Chinese Refineries Seek Versatility," *International Herald Tribune*, 21 June, 2005.

Saudi Basic Industries Corporation (SABIC), the Middle East's largest petrochemical company, has reportedly been involved in talks regarding three major projects in China. SABIC proposed a joint venture with Dalian Shide to build an ethylene plant with an annual production capacity of 1.3 million tons and a refinery with processing capacity of 8 million in the city of Dalian in northeast China. SABIC's General Manager for Asia Pacific, Yousef Al-Benyan, commenting on the company's participation in the project, stated: Nearly half of our total global production is dedicated to meeting the demand from the greater Asian region. Among these countries, China is a key market for us."[30] A second proposed project, involving Sinopec, envisages the building of a major ethylene project in Tianjin. The third project, involving PetroChina, aims at the construction of an ethylene and polyvinyl chloride facility.[31] To make its products, corporate, and market information readily accessible to Chinese customers, SABIC launched a Chinese website in June 2005.[32]

While the growth strategies of Saudi Arabia's leading firms are targeting the China market, Chinese companies are seeking to acquire and expand their footholds in Saudi Arabia. In 2004, Sinopec won the bid for a natural gas project in a north-western block of the Rub al-Khali gas fields – an area that Saudi Arabia opened up to foreign firms for the first time in 25 years.[33] Finally, it should be mentioned that India, like China, has pursued more extensive energy cooperation with Saudi Arabia, which supplies 25 percent of India's petroleum requirements and much of the latter's stock of petroleum products.[34]

Kuwait   Though less than 18,000 square miles in area and with a population of a scant 2.3 million (over 1.3 million of whom are non-nationals), Kuwait nonetheless has the fourth-largest oil reserves in the world (estimated 96.8 billion). Asia is the destination for over 40 percent of Kuwait's 2.4 million barrels of crude oil exports. As with Sino-Iranian and Sino-Saudi relations, ties between China and Kuwait are not new. By the mid-1980s Chinese firms had signed hundreds of labour service contracts, placing over 60,000 workers in Kuwait.[35] Chinese officials have been seeking loans and investments from Kuwait since the early 1980s. Over the years, the primary vehicle for these financial transactions has been the Kuwait Fund for Arab Economic Development (KFAED). Kuwait has provided soft development loans to China for 29 infrastructure projects.[36] Sinopec has imported Kuwaiti crude oil since 1998 under a long-term supply agreement. Under these arrangements, Kuwait supplies China with about 20,000 barrels per day.[37]

Like Saudi firms, Kuwaiti companies have been active in China for a number of years. The Kuwait Petroleum Company (KPC) first became involved in China in

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30 *Shanghai Business Journal*, 1 July 2005.

31 *China Daily*, 14 July 2004.

32 For more information, see http://www.sabic.cn.

33 *International Oil Daily*, 27 January 2004.

34 *The Navhind Times*, 28 March 2005.

35 See, for example, *Middle East Economic Digest*, 2-8 August 1986, p. 30.

36 *Beijing Review*, 29 April 2004.

37 See *Alexander's Oil & Gas Connections*, 20 April 2005.

1988, when one of its subsidiaries (Kuwait Foreign Petroleum Corporation) won a production concession to jointly develop with Atlantic Richfield and CNOOC the Yaching B-1 gas field near Hainan Island.[38] Today, KPC, like its Iranian and Saudi counterparts, is bullish on China. In March 2005, KPC opened an office in Beijing. This interest has begun to pay off. In July 2006, China gave preliminary approval to a $5 billion refinery joint venture between Sinopec and Kuwait Petroleum Corp (KPC) in southern Guangdong province.[39]

United Arab Emirates   Two-way trade has grown considerably from the mere $70 million in 1984 (when the PRC and Abu Dhabi established diplomatic relations) to an estimated $8.5 billion in 2004. There has been a similar sharp upswing in cross investment. Chinese investments in the UAE have reached $50.1 million, while UAE investors have poured about $370 million into some 351 projects in China.[40] At the culmination of the fourth meeting of the joint economic committee between the two countries in Beijing, June 17-19, 2002, the two sides agreed to establish a "strategic partnership" anchored in UAE capital and China's technology and market.

Two interesting aspects of Sino-UAE relations are seldom noted. The first is the Chinese physical presence in the country, with 350 Chinese businesses having offices in the UAE and about 8,000 Chinese workers employed there. The second is the distinctive role that UAE plays in regional trade. UAE is China's largest trading partner in the Gulf and Arab world, but an estimated two-thirds of Chinese exports to the UAE are then shipped elsewhere in the region. This system of re-export has been helped along by the establishment in 2000 of the China Machinery and Electronic Products Exhibition Center (Chinamex), which has held a dozen trade fairs in its location straddling the Dubai-Sharjah border. Chinamex has helped cultivate a perception of China as a producer of industrial goods and heavy equipment. The growing importance of the UAE as an entrepot for Sino-Gulf commerce is reflected in the decision by China Southern Airlines, the largest airline in China, to add a weekly Boeing 757 service between Beijing and Dubai International Airport via Urumqi in October 2003, to meet the increasing demand.

But by any metric, UAE investment in China is lagging and trade is largely one-sided and skewed toward the energy sector. In fact, China's share of the entire Gulf market is just $25 billion and represents a mere 5 percent of the region's trade volume.[41] The first countermeasure is the penetration of non-energy sector businesses into the UAE market, and more broadly into the Gulf market more broadly. In December 2004, Dragon Mart, a wholesale shopping complex featuring a wide range of Chinese products, opened in Dubai. The presence or planned location of hundreds of Chinese businesses is not just a sign of Chinese manufacturing radiating out, but of an effort to deepen and diversify Sino-Gulf economic relations so as to balance and reinforce the energy relationship. The second countermeasure is Beijing's proposal in 2004 to negotiate a China-GCC free trade agreement.

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38 *Xinhua*, 4 April 2005.
39 *Reuters*, 26 November 2006.
40 *Emirates News Agency (WAM)*, 28 September 2004.
41 *China Daily*, 14 May 2004.

Iraq   China and Iraq signed their first trade and payments agreement in 1960. For the next decade or more, however, Sino-Iraqi economic and political relations sputtered. Yet, as China embarked on the Four Modernizations in the late 1970s, Chinese construction crews could be seen helping to build roads and bridges – the modest beginning of a steady, albeit slow-to-develop economic presence in the region. How ironic that China's initial foray into the Iraqi energy sector came in 1980 with the hiring of 700 Chinese workers by the *Japanese* firm Chiyoda Chemical Engineering and Construction Company in a Baiji oil refinery project. Besides labour contracts, China's big money earner in Iraq during the 1980s was conventional arms sales, garnering an estimated $3 billion.

With the end of the Iran-Iraq War in 1988, Chinese arms sales to Iraq tapered off. Iraq's invasion of Kuwait two years later put Sino-Iraqi relations on a new footing. UN sanctions placed military cooperation out of bounds and constrained the development of energy cooperation as well. Though scrupulously adhering to the sanctions regime, Beijing nonetheless kept open channels of communication with the Iraqi regime. This approach appeared to have paid off when CNPC and the North China Industries Corporation (Norinco) signed a "post-sanctions" memorandum of intent to develop the al-Ahdab field in central Iraq in 1997 and in the following year opened negotiations on the development of a second field, Halfayah[42]. Moreover, under the terms of the oil-for-food arrangements, China imported several hundred thousand barrels of oil per day. Though just a small fraction of China's daily consumption requirements, by the time of the launching of Operation Iraqi Freedom in March 2003, China had nonetheless emerged to become Iraq's third-ranked oil customer.

Chinese companies, eager to enter the Iraqi energy sweepstakes, have been manoeuvring to position themselves while Iraqi authorities wrangled over the new petroleum law. Like their foreign counterparts, Chinese energy firms have provided technical support to Iraq's oil ministry. They have also hedged their bets by engaging in preliminary discussions about energy development at the regional level, such as with officials of the Kurdish Regional Government.[43] In October 2006, Iraqi Oil Minister Hussain al-Shahristani travelled to China (as well as Australia and Japan) in an effort to attract new investment in the energy sector.[44] On the China leg of the trip, the Iraqi delegation briefed Chinese energy officials and company executives on their ambitious plan to double oil production by 2012 and discussed possibly reviving the Al-Ahdab oil field deal.[45] Nevertheless, there has been no breakthrough on the status of the Al-Adhab contract. Furthermore, following the passage of the Iraq Petroleum Law in February 2007, questions persist about when and how new Iraqi contracts will be awarded.

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42 *Global News Wire*, 5 June 2003.

43 See Yitzhak Shichor, "China's Kurdish Policy," *Journal of Turkish Weekly*, 6/1 (6 January 2006).

44 See Hisane Masaki, "Japan Energy: Goodbye Iran, Hello Iraq," *Asia Times*, 7 November 2006.

45 "Iraq Welcomes Chinese Oil Companies to Bid for New Contracts," *Agence France Presse*, 28 October 2006.

Rising China – Growing U.S. Concern: The Washington Policy Context

The deepening of Sino-Gulf relations comes at an inauspicious time – amidst a renewed debate in the United States about the future of China and of U.S.-China relations. The various concerns about the possible implications of more extensive Sino-Gulf ties are both fuelling and fuelled by this debate. Before weighing those concerns, it is therefore necessary to discuss briefly the current policy environment and policy debate in Washington regarding China.

The debate over China now underway in Washington is the latest round in an ongoing struggle to respond creatively and effectively to the emergence of a dynamic and increasingly powerful global economic actor under authoritarian communist-party rule. At one level, this debate is, and has been, deeply polarized: waged between those who regard ascendant China as a menace and those who view China primarily as a peer economic competitor. Yet, at another level, the China debate is complex and nuanced – with the bulk of informed opinion leaders and decision-makers situated between these opposing camps: a China "mainstream" diverse and fragmented in composition, issue-specific in orientation and alignment. The uneasy coexistence of the oppositional and coalitional aspects of the Washington policy debate has on the one hand helped stabilize the Sino-American relationship while on the other hand subjecting it to sharp mood swings.

The complexity of the Washington debate about China and the competing impulses regarding how to deal with China stem from two sets of developments. The first was the shattering of the bipartisan consensus on China policy brought about by the end of the Cold War and the collapse of the Soviet Union. The second was the proliferation and sharpening of issues of dispute in trade and the economy as well as in the sphere of human rights, represented by a welter of domestic "constituencies." During the 1990s, as much as its predecessor had done, the Clinton administration sought to steer a "middle course" of "constructive engagement" with China, eschewing a neo-containment strategy in favour of a more *ad hoc* issue-cantered approach that, in the final analysis, did as much to inflame as to allay criticism.

The Bush administration came to office determined to revaluate U.S. China policy. The April 2001 EP-3 surveillance plane incident interrupted that process, and seemed to herald a deterioration of Sino-American relations. But 9/11 provided an opportunity for Washington and Beijing to find common ground, until recently giving way to a period of unprecedented equilibrium in the bilateral relationship.

Yet, in the past couple of years, familiar fears and fresh complaints about the challenges posed by "rising China" to the United States have surfaced. With China's passage in March 2005 of the Anti-Secession Law, cross-strait and Sino-U.S. tension flared over what is indisputably the main flashpoint of conflict between the United States and China. The flare-up over Taiwan, in turn, refocused attention on China's military modernization – questions and concerns about the actual (as opposed to officially reported) size of the military budget, the posture and capabilities of the armed forces (especially the naval component), and ultimately about China's long-term geopolitical ambitions.

On the diplomatic and political fronts, there has been mounting frustration with Beijing's purported unwillingness to apply the kind of pressure that might lead

North Korea to dismantle its nuclear program; and growing suspicion of Beijing's apparent effort to draw closer to nemeses of the United States such as Venezuelan President Hugo Chavez and Cuba's Fidel Castro. Similarly, China's attempts to build constructive relations with its Southeast Asian neighbours and with India, as well as Beijing's behind-the-scenes efforts to build influence in the United Nations have evoked mistrust in Washington.

Meanwhile, a plethora of economic issues have come to the fore. Almost daily, the U.S. media reports "new evidence" of China's emergence as an economic powerhouse gobbling up natural resources and becoming the world's "factory floor." Often, these reports lend themselves to zero-sum and non-comparative interpretations. Seldom, for example, is it noted that China's GDP of $1.65 trillion in 2004 is about the same size of that of Britain and just a third of Japan's. Minimized or unmentioned in implicit warnings about the ramifications of China's economic ascendancy are the many problems the country faces such as inefficient state-owned enterprises (half of the economy) and widespread rural poverty. With respect to bilateral trade relations, where according to U.S. figures, the deficit in China's favour was about $162 billion in 2004, seldom is it disclosed that the United States the very same year experienced record-high trade deficits with its EU, OPEC, and NAFTA partners; the same steep trade imbalance would be apparent in U.S.-East Asian trade figures for 2004 were it not for the fact that the latter countries had shifted much of their manufacturing base to China.

The "blame China syndrome" is partly, then, a function of headline-grabbing dire warnings. On February 19, 2005, for instance, *The International Herald Tribune* reported that India and China were in a "ravenous thirst for oil that now has the world's two most populous nations bidding up energy prices and racing against each other and against global energy companies in an increasingly urgent grab for oil and natural gas fields around the world." A special feature on China in the *U.S. News and World Report* bears the title "The China Challenge." The subtitle of one of the articles in that issue, by Richard J. Newman, reads: "A communist economic juggernaut emerges to challenge the west."

Reports such as these have found a ready audience on Capitol Hill. In June 2005 then-Federal Reserve Chairman Alan Greenspan and then-Treasury Secretary John Snow were grilled by lawmakers during a Senate Finance Committee hearing about fairness, reciprocity, and other issues related to Chinese trade and fiscal policies.[46] The results of the 2006 Congressional elections, which returned the Democrats to a majority in both houses, coupled with the unofficial kick-off of the 2008 Presidential election season could feed the appetite on the Hill for punitive legislation against China.

The Washington foreign affairs-security community is also gripped by concerns about China. One future scenario mapped out by the National Intelligence Council (NIC) reads in part: "The likely emergence of China and India as new major global players – similar to the rise of Germany in the 19th century and the United States in the early 20th century – will transform the geopolitical landscape, with impacts

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46 See, for example, report of the hearing in *Reuters*, 23 June 2005.

potentially as dramatic as those for the previous two centuries".[47] Members of the U.S. Congress recently created the China Caucus, designed to focus attention on China's emergence as an economic and military power. In the opinion of some analysts, remarks by then-Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice, and other U.S. officials indicate that views on China in official Washington, particularly those relating to the Chinese military build-up, might be hardening.[48] In a *Washington Post* op-ed piece, former U.S. Secretary of State Henry Kissinger observed that, "… ambivalence [about China] has suddenly reemerged. Various officials, members of Congress and the media are attacking China's policies, from the exchange rate to military build-up, much of it in a tone implying China is on some sort of probation. To many, China's rise has become the most significant challenge to U.S. security.[49]

It is against this backdrop that CNPC's bid to buy Unocal came to light, stoking the debate about China. Occurring at a time of record-high oil prices and amidst gloomy forecasts based on the disappointing rate of new oil discoveries, the CNPC bid represents the sum of two worst fears: rising China and energy supply scarcity. Accentuating these fears is the belief by some that oil can be used as a weapon of blackmail and that China's drive to own oil and the wellhead will provide the PRC with the capacity to siphon off or capture supplies in a crisis.

Sino-Gulf Relations: Implications for U.S. Interests and Policies

The Gulf is an arena where the economic and geopolitical interests of the United States and China intersect. As shown earlier, the principal driving forces behind China's increasingly extensive relations with the Gulf countries are economic, not political or military. Yet, as just described, the policy climate in Washington regarding China is one of growing suspicion and apprehension – a climate less than ideally suited to balanced and reasoned assessment of the implications of Sino-Gulf ties for the United States.

The Economic Dimension

Any assessment the challenges that Sino-Gulf relations might pose for the United States must begin with a discussion of China's oil consumption needs, the primary driver of these relations. Though growth in Chinese oil consumption in 2004 was prodigious, demand growth was exceptionally high that year for *all* forms of energy across *all* regions.[50] Furthermore, though much has been made of China's emergence as the world's second-leading consumer of petroleum, the United States consumes

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47 *Map of the Global Future, Report of the NIC's 2020 Project* (December 2004), p. 42, available at http://www.odci.gov/nic/PDF_GIF_2020_Support/2020.pdf.

48 *International Herald Tribune*, 7 June 2005; and William Matthews, "U.S. Leaders Underscore Rising China Threat," *Defense News*, 27 June 2005.

49 Henry Kissinger, "China: Containment Won't Work," *Washington Post*, 13 June, 2005, p. A19.

50 *BP Statistical Review of World Energy 2005.*

three times the amount. Keeping these facts in mind adds some much needed perspective to the analysis of China's impact on U.S. interests.

The first concern is that China is chiefly responsible for driving up world oil prices. It is true that since 2000 China has accounted for about 40 percent of the growth in global oil demand. But demand growth in India and the United States has also contributed to higher prices. Though perhaps counter-intuitive, the synchronized global economic recovery has also pushed prices upwards. The supply side is marked by a lack of spare oil capacity and very limited refining and tanker capacity as well. And though oil output is rising in Russia and Central Asia as well as in Africa (Angola, Chad, Equatorial Guinea, and Sudan) and Canada, these gains will take some time to develop. Because the market is so tight, it is susceptible to price spikes. Here speculation and panic buying have factored into the equation. In a jittery market, traders often drive the price up on news. Speculation helped edge prices up in July 2005 when it was thought that the effects of summer storms in the Caribbean and Gulf of Mexico would curtail U.S. petroleum output.[51]

The second concern is that China is, or will soon be, "competing" with the United States for oil supplies. But here opinion is divided, with some experts arguing that in a global market, everyone is competing with everyone else. What is more, China's practice of trying to achieve security at the wellhead might end in disappointment. After all, Japan's experiment purchasing overseas exploration and production assets, even entire oil companies, resulted in a spectacular lack of success and large financial losses. At any rate, in spite of their exertions Chinese firms have not scored many huge successes in their efforts to purchase security at the wellhead. Today, only 10 percent (300-400,000 b/d) of the oil China produces originates outside the country, and Chinese firms up to now have invested a mere $15 billion in these efforts.[52]

The third concern is that China's conduct – state companies gaining control over oil production in key countries so as to ship directly to the PRC in a crisis – will reduce the flexibility of the oil market to respond to shocks. Here, too, opinion is divided, with some industry analysts pointing out that, historically, supply disruptions have tended to be of short duration (three to six months, in 1973-74, 1980, and 1990) and that in the event of such disruptions market adjustment mechanisms will likely minimize the effects. Moreover, for a "capture and siphon" tactic to work in China's favour and to the detriment of the United States, presumably Gulf producing countries would have to go along with it – requiring an identity of interests and a willingness to accept an unusually high level of risk of retaliation.

The fourth concern is the issue of fundamental fairness or lack thereof. With Chinese firms enjoying the backing of the state, they seem to have been willing to accept greater financial risk and exposure. The CNPC bid for Unocal, reportedly over $2 billion higher than the offer made by Chevron, reveals the "China premium" at work.[53] A related concern is that these practices conflict with the efforts of the U.S.

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51 *Associated Press*, 12 July 2005.

52 See, for example, Keith Bradsher and Jad Mouawad, "China Oil Giants Crave Respectability," *New York Times*, 9 July 2005, pp. B-1-4.

53 *Christian Science Monitor* and *New York Times*, 23 June 2005.

and other IAEA members "…to develop fungible, transparent, and efficient energy markets."[54]

The Political/Diplomatic Dimension

Prior to 1993, energy issues had been a peripheral factor in China's foreign and security policies. This is no longer the case. Tackling the challenge of meeting the country's mounting energy requirements has risen to the top of China's global diplomatic agenda. Today, Chinese officials are more active and more visible in the Middle East than ever before. Exchanges of visits by high-ranking official delegations are part of the regular pattern of intercourse.

Though not intrinsically inimical to U.S. interests in the region, this higher profile and activity does warrant some attention. For, in important respects, China and the United States are clearly not reading from the same script. The clearest example is China's stance with respect to the Iranian nuclear program. Beijing clearly does not subscribe to the maximalist aim of the complete dismantlement of the Iranian nuclear program. Nor has Beijing shown any interest whatsoever in using political leverage on Iran.

Instead, they have been content to seek refuge in reiterating their commitment to the NPT regime, their confidence in the IAEA framework and inspections process, and their support and encouragement of EU-3 diplomatic efforts.[55] They have insisted that this approach will "serve all parties well."[56] Overall, they appear to have followed a wait-watch-wish approach: hoping and perhaps privately counselling Tehran to avoid taking unilateral steps that might provoke a crisis[57].

Looking ahead, Chinese officials can be expected to work diligently behind the scenes to thwart any U.S. effort to impose broad-based economic sanctions or, failing that, to dilute the contents of a sanctions resolution effort should the issue of Iran's nuclear program be referred to the UN Security Council. But to the extent that past practice is instructive, China will try to avoid if at all possible opposing the United States directly by casting a veto.

The broader and more intriguing issue is where China stands with respect to the political status quo throughout the region, given how China profits from it. Ironically, it is the United States under the Bush administration, not China, which has emerged with a radical agenda for the region. Yet, the goal of political transformation is one that Beijing clearly does not share for a variety of reasons. The first is that Chinese officials, viewing such an objective through the prism of their own national interests,

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54 See statement by Commissioner Carolyn Bartholomew, U.S. China Economic and Security Review Commission, Carnegie Endowment for International Peace seminar on U.S.-China relations, 14 July 2005. Available at http://www.carnegieendowment.org/files/Bartholomew_Transcript_7-14-052.pdf.

55 *Xinhua*, 16 December 2004

56 See statement of Chinese Foreign Ministry spokesperson Zhang Qiyue, *AFX European Focus*, 25 November 2004.

57 For a more detailed treatment of the China-Iran relationship, see John Calabrese, "China and Iran: Mismatched Partners," *Jamestown Foundation Occasional Paper*, July 2006, available at http://www.jamestown.org/docs/Jamestown-ChinaIranMismatch.pdf.

worry that pressure for political change could contribute to further energy market volatility. The second is that were regime change to occur swiftly either through peaceful or military means, the political and economic investments that they have worked hard to cultivate might be jeopardized. The third is that the U.S. mission to spread freedom and democracy in this region or any other is neither a value nor a policy priority that Chinese leaders share. The fourth is that they do not necessarily believe U.S. motives to be altruistic, suspecting instead that the democracy agenda is a pretext for extending American dominance in the region.

The Defence/Military Dimension

There are at least three defence/military-related issues of concern raised by the deepening of Sino-Gulf relations: Chinese military modernization, especially the expansion of the capabilities of the People's Liberation Army – Navy (PLAN); Chinese arms sales practices, particularly in the area of ballistic missile technology; and the development of more extensive and intensive forms cooperation between the Chinese military establishment and their Gulf counterparts.

Beginning with the actual size of the defence budget, there is a great deal of uncertainty and controversy about the subject of Chinese military modernization.[58] With respect to the Gulf, there are two areas of potential concern to the United States. The first is that China might deploy uniformed military personnel to the region. There is, however, no evidence in the public domain that China has sought or secured a military presence except for a few unconfirmed reports of a PLA contingent operating in Sudan to safeguard Chinese oil investments. The second is that Chinese naval forces could, in the event of a crisis or a confrontation with the United States, disrupt or divert oil supplies. Though a self-defeating tactic which Beijing could nonetheless plausibly opt to employ, the time when Chinese maritime forces will be sufficiently equipped to do so seems years, if not decades away. By many accounts, the PLAN is geared towards defence of littoral SLOCs and offshore infrastructure, and the enhancement of its capabilities towards operating mainly in and around the Asia Pacific region.

There are some indications that Beijing might be laying the groundwork for eventually projecting naval power across the vast distances that separate China from the Gulf. To wit, China has reportedly signed a series of port construction and access agreements with Pakistan, Myanmar, and Bangladesh. Some observers interpret these agreements as initial steps in a "string of pearls" strategy that will ultimately enable China to forge strategic alliances. But in the event of a war with the United States, which of these putative allies would rally to China's side?

According to a report issued by the U.S. Office of Net Assessment in January 2005, China is "looking not only to build a blue-water navy to control the sea lanes [from the Gulf], but also to develop undersea mines and missile capabilities to deter

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58   For Pentagon estimates of Chinese military spending and capabilities see, for example, FY04 Report to Congress on PRC Military Power, Pursuant to the FY2000 National Defense Authorization Act, Annual Report on the Military Power of the People's Republic Of China, May 2004.

the potential disruption of its energy supplies from potential threats, including the U.S. Navy, especially in the case of a conflict with Taiwan."[59] Still, at the present time, China profits from U.S. forces protecting the sea lanes. For as long as the Sino-American relationship is relatively stable, Beijing can nonetheless be expected to hedge its bets, continuing military outreach activities to facilitate the establishment of a naval base.

The issue of China selling arms and other defence-related equipment is perhaps the most well founded concern. In fact, Chinese sales of sensitive equipment to Iran to help missile development programs have long been an irritant in Sino-American relations. Beijing finally agreed in 2000 to halt exports of long-range missile technologies.[60] Offsetting this welcomed development, in July 2002 the U.S. Government penalized nine Chinese companies for transferring weapons technology. In May 2003, the State Department announced a two-year ban on U.S. trade and all government dealings with Norinco.[61]

The China National Electronics Import and Export Corporation, a state-run firm, is reportedly assisting Iran in the building up of a JY-14 integrated tracking and missile interceptor air-defence system.[62] Defensive systems such as these would presumably help shield Iran from possible U.S. military strikes in the event of hostilities. China's weapons technology transfers are difficult to track and the intentions behind them hard to ascertain. Relationships between the state, the party, the military, and industry are complex and opaque. Note the blurred distinction in the case of Zhuhai Zhenrong Corporation, which signed an LNG supply contract and imported 12.4 million tons of crude oil from Iran in 2003. This corporation is a spin-off of Norinco, a leading state-run weapons manufacturer with close ties to the Chinese military.[63]

The Gulf-Asia Pacific Energy-Geopolitics Dimension

As shown above, for the United States there are clearly some risks and uncertainties associated with China's deepening ties with the Gulf countries. With the possible exception of recurring incidences of worrisome transfers of weapons technology to countries of concern (mainly Iran) none of China's interactions with the region pose dangers so immediate or menacing that they require course adjustments in U.S. Gulf or U.S. China policy. But at minimum they do warrant constant vigilance.

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59 Quoted in Bill Gertz, "Chinese Dragon Awakens," *Washington Times*, 18 January 2005.

60 *Deutsche Presse Agentur*, 21 November 2000.

61 *Associated Press*, 22 May 2003.

62 *Washington Times*, 18 October 2001.

63 *Associated Press*, 19 March 2004. For a general discussion of China's arms transfers and proliferation activities with respect to Iran, see, for example, John Calabrese, Testimony Before the U.S.-China Economic and Security Review Commission. Hearing on "China's Proliferation to North Korea and Iran," 14 September 2006, available at http://www.uscc/gov/hearing/2006hearings/written_testimonies/06_09_14wrts/06_09_014_calabrese_statement.pdf.

In the short term, the bigger worry might be how the intensifying commercial rivalry for energy supplies in the Gulf and in other oil-producing regions feed back into and affect the geopolitical environment in South Asia and the Asia Pacific region.

By combining its highly competitive economy, strategic investments, and rapidly growing import markets with skilful economic diplomacy, China has become a leader in Asia on issues of trade liberalization, economic reform, and regional cooperation. ASEAN, for example, has responded enthusiastically to the idea of an FTA with China. In recent years, Beijing has also deftly handled its relationship with India.

The contest for energy supplies, previously spearheaded by oil and gas firms is now high- stakes diplomacy and high politics for all the major Asian powers – China, Japan, and India. That energy scarcity and energy rivalry could cause tensions to escalate and spiral into political and military rivalry is not inconceivable. China's mercantilist oil strategy and Asia's economic nationalism is a potentially toxic brew. The pressure to maximize supplies is already shaping the foreign policy decisions of many states and generating fresh international tensions. Consider, for example, the following recent developments: A decision by Japan to initiate natural gas production in a disputed area of the East China Sea sparked massive anti-Japanese protests in China on April 16, 2005, the worst outpouring of such animosities in decades.

Conclusion

The United States and China are not unavoidably headed towards a collision in or over the Arabian/Persian Gulf, nor for that matter over any other contentious issue save perhaps that of Taiwan. Given the stakes that both countries have in the stability of the region and in a stable relationship with each other, prudence suggests that Washington and Beijing look for ways to avoid making their respective policies in the Gulf the catalyst of a new cold war, or allowing their fast-accumulating number of other policy disputes transform the Gulf into a primary theatre of political-military rivalry.

There is much that can be done to avert this risk. More needs to be done, for example, to bring together American and Chinese academics/analysts and public officials to focus on both energy and geopolitical issues related to the Gulf – energy experts, strategists as well as area specialists on the Middle East, South Asia, and East Asia. Though China has for the most part employed a national approach to address energy insecurity, there is some indication that the Chinese leadership is interested in more extensive international cooperation in energy.[64] The establishment of the U.S.-China Energy Policy Dialogue in May 2004 and the U.S. decision the following year to open a Department of Energy office in Beijing signalled a willingness to engage China bilaterally on energy matters.[65] In a major policy address on September 21, 2005, then U.S. Deputy Secretary of State Robert B. Zoellick, urging China to become a "responsible stakeholder," not only cautioned against the adoption of a mercantilist energy strategy but emphasized the common interests

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64 See remarks by Vice Premier Zeng Peiyan at a forum sponsored by Development Research Center of the State Council, reported in *Xinhua*, 18 November 2003.

65 *Reuters*, 29 June 2005.

and opportunities for cooperation on energy issues. Echoing this view in testimony before the U.S.-China Economic and Security Review Commission on August 4, 2006, Principal Deputy Assistant Secretary for Energy Policy and International Affairs Katharine Fredriksen stated, that "The United States has an important role to play in encouraging China to adopt responsible energy policies and strategies that place China in full accordance with international norms."[66] There are now a number of bilateral mechanisms and multilateral forums for facilitating high-level U.S.-China discussion on a wide range of energy-related issues. These developments indicate that U.S. officials are at least prepared to look for a silver lining to the cloud that has recently darkened Sino-American relations.

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[66] Katharine A. Fredriksen, *China's Role in the World: Is China a Responsible Stakeholder?*, presentation given before the U.S.-China Economic and Security Review Commission, 4 August 2006, transcript available at http://www.uscc.gov/hearings/2006hearings/written_testimonies/06_08_3_4wrts/06_08_3_4_fredriksen_kathy_statement.pdf.

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U.S. Gulf Policy: Challenges for the Next U.S. Administration

Markus Kaim

The chapters of this volume have underlined impressively one of the assumptions of the analysis – that to fully grasp the different dimensions of U.S. foreign policy in a specific regional order of the international system and, in particular, its potential to influence and transform regional dynamics, it is necessary to conceptualize U.S. policy goals and their implementation as being dependent on those variables which have been elaborated in the introduction: The conditions of the American political system, intra-regional dynamics, domestic politics in the states of a region and, finally, the interaction of the U.S. and other international powers regarding that regional order. The outcomes of U.S. foreign policy very much depend on those variables. They determine whether the United States can be influential in a regional order, when and under what circumstances. This applies in general, but to U.S. policy towards the Persian Gulf in particular. And therefore the new presidential administration, which will take office in January 2009, has to take into consideration those basic parameters when designing its Gulf policy.

The domestic politics of U.S. Gulf policy will carry some ambivalence for the near future. On the one hand a solid consensus exists about the goals of the United States, which are widely shared by Democrats and Republicans alike as well as by all major societal groups: The U.S. strategy in the Persian Gulf is likely to continue to be predominantly dictated by the interest in ensuring the free flow of oil at reasonable prices from the region's oil fields – a goal, which has been remarkably stable during the last five decades. The commodities located in the Persian Gulf – 25 percent of the world's production and two-thirds of the of the world's oil reserves – will be further needed to fuel not only the U.S. economy but also those of European states, Japan and others. The recent rise in January 2008 in the price of oil to $100 a barrel and the expectation that traders will see more of the volatility in energy markets that marked 2007 has rattled not only consumers and businesses but also the U.S. government. There are other interests, which derive from this major concern, e.g. the stability of the main oil producing regimes, the maintenance of the region's balance of power, the development of Iraq into a stable self-sustaining democracy, the need to develop a policy for dealing with Iran's regional ambitions and the fight against Islamist groups, which threaten to target Western countries with terrorist attacks.

But on the other hand this domestic consensus immediately collapses if the question is raised how to reach those goals best: Should the new administration continue to pursue a policy of containment towards Iran or instead look for ways

to engage Teheran and offer incentives for enhanced cooperation with the U.S. and the West? Should the focus of the "war on terror" be on Iraq or on Afghanistan/Pakistan, and if so, what is the appropriate and most promising strategy? Should the U.S. continue its policy of democracy promotion in the Middle East and how could Washington reconcile it with the goal to stabilize the oil rich regimes in the Persian Gulf, for example Saudi Arabia? Finally, the new administration faces the most difficult legacy of the eight Bush years: Until when and under what political circumstances should the bulk of U.S. troops be withdrawn from Iraq? Each of those questions about the "how" of U.S. Gulf policy will trigger bitter ideological and political bickering between the political parties, between President and Congress and exacerbate any efforts for a solid domestic consensus, which is needed for a coherent, sustainable and effective U.S. policy in the Persian Gulf.

Similarly murky are the perspectives for U.S. Gulf policy derived from intra-regional dynamics. Past U.S. efforts to foster and sustain regional security in the Persian Gulf have failed. The preferred instrument for the last 15 years have been bilateral defence arrangements with smaller Gulf states (Kuwait, Bahrain, Qatar, Oman and the UAE), who after the Iraqi invasion of Kuwait in 1990 were willing to grant the U.S. access to their bases and military facilities, whereas prior to the Iraqi attack they had preferred to keep U.S. forces out of the region. During the 1990s the United States had become the dominant military power in the Persian Gulf, which allowed Washington to protect its interests by its own, and no longer needed to depend on one of its regional allies. But this new approach had an unintended negative effect: U.S. forces operating in countries like Saudi-Arabia have been one of the ideological nucleuses for the rise of militant Islamist opposition in the region.

Beside that the multiple bilateralisms of U.S. Gulf policy, which have been set up to contain the influence of Iran and Iraq, have prohibited the emergence of regional security institutions, which could provide order and security in what is otherwise an inherently anarchic regional environment: Washington did not try so far to incorporate the existing bilateral defence arrangements into a durable structure that would resemble a collective defence system like NATO. Such an alliance would institutionalize the U.S. military commitments to the region, integrate the bilateral arrangements and, most importantly, encourage military integration and political cooperation between the participating states, thereby helping to overcome regional security dilemmas and to transform the principles of intra-regional dynamics.

Existing regional organizations like the Gulf Cooperation Council focus exclusively on economic objectives like creating a common market and introducing a common currency, but do not include security issues in its agenda. Iraq and Iran, two of the major players are not even members of the GCC. And proposals to set up an all-inclusive regional security regime for the Persian Gulf, modelled after the Organization for Security and Co-operation in Europe (OSCE), which serves as a forum for political dialogue aiming to secure stability in the Euro-Atlantic area, have not materialized so far.[1] For all these reasons, the power threats based upon the

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1 See Martin Indyk, "U.S. Policy Priorities in the Gulf: Challenges and Choices," in The Emirates Center for Strategic Studies and Research (ed.), *International Interests in the Gulf Region* (Abu Dhabi: ECSSR, 2004), pp. 103-30, p. 129.

military capabilities of neighbouring states continue to create widespread perceptions of insecurity in the Persian Gulf and remain the main drivers of regional instability.

By deposing Saddam Hussein, the Bush administration has made things even worse, as it has altered the traditional balance of power in the Persian Gulf. Since the 1950s, regional power had been divided among Saudi Arabia, Iraq and Iran. That dynamic has now changed. Even before the U.S.-led 2003 invasion of Iraq, Iran already pursued a nuclear program, possessed the region's largest population, a considerable stockpile of ballistic missiles and extensive influence over radical Shia groups, mainly in Lebanon.

America's removal of Saddam Hussein as the principal strategic counterweight to Iran has paved the way for a further expansion of Iran's influence. One of the main challenges facing the new U.S. administration will be how to deal with Iran's emergence as the key player in the Persian Gulf with ambitions for hegemony, how to put a brake on Teheran's regional aspirations and how to mitigate potential threats to its interests, if Iran succeeds in consolidating its new position as the leading power in the region. Iran's government has always dreamed of extending its influence abroad, but this was not possible while the Saddam Hussein was in power in Baghdad. Ironically, the Iranian leaders hence can be grateful to the Bush administration for the rise in Shia power in the Middle East as the expulsion of the Taliban from power in Afghanistan in 2001 and the scant success of regime change in Iraq have reinforced the role of the Shia community throughout the region.

The arrival to the Iranian presidency of the populist Mahmud Ahmadinejad in August 2005 has even magnified the consequences of altering the balance of power brought about by the U.S. invasion in Iraq.[2] Iran's nuclear ambitions and the inflammatory statements by its President, fuelling nationalist sentiment inside the country and seeking to provoke abroad, are maintaining the suspense worldwide with regard to a possible American or Israeli attack on Iranian targets. From this perspective one scholar has precisely linked the regional order of the Persian Gulf and the international system:

> Oil and natural gas are the primary drivers of the entire global economy, both in the developing and developed worlds. Regional security in the Gulf is therefore inherently tied to socioeconomic development throughout the world. And insofar as socioeconomic development has become a preeminent global security issue in the post-9/11 world ... Gulf security is inherently a global security problem. ... Regional security in the Persian Gulf constitutes a global public good.[3]

The future development of Iranian domestic politics and its implications for Washington's Gulf policy are difficult to assess. Recently a rift has emerged between President Ahmadinejad and Iran's supreme religious leader, Ayatollah Ali Khamenei, suggesting that the president no longer enjoys the full backing of Khamenei, as he did in the years after his election in 2005. In the past, when Ahmadinejad was attacked

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2 See Ted Galen Carpenter and Malou Innocent, "The Iraq War and Iranian Power," *Survival*, 49 (Winter 2007-08), pp. 67-82.

3 Michael Ryan Kraig, "Forging a New Security Order for the Persian Gulf," *Middle East Policy*, 13/1 (Spring 2006), pp. 84-101, p 84.

by political opponents, the criticisms were usually silenced by Khamenei, who has the final word on state matters and who regularly has endorsed the president in public speeches. But that public support has been conspicuously absent in recent months.

There are numerous possible reasons for Ahmadinejad's loss of support, but several academic observers have pointed to one overriding factor: the U.S. National Intelligence Estimate of November 2007 which said that Iran suspended its nuclear weapons program in 2003 in response to international pressure.[4] In separate speeches last year, American and French officials did not rule out military attack against Iran if it continued its defiance of several UN Security Council resolutions. Those threats have stopped since the National Intelligence Estimate was released. Hence, the report sharply decreased the threat of a military strike against Iran, allowing the Iranian authorities to focus on domestic issues. Now that Iran is not under the immediate threat of a military attack during the last months of the Bush administration, existing contradictions within the establishment seem to be surfacing.

Those internal tensions are predominantly based on Ahmadinejad's economic policy. He has espoused an economic populism that built a strong following among the middle and lower classes and made him a political force to be reckoned with. That popularity won him the strong backing of the supreme leader. But the relationship began to sour as Khamenei has been disappointed by Ahmadinejad's economic performance, which had led to steep inflation in basic necessities, from food to property values and a disastrous economic performance. His reliance on oil revenues to finance loans to the poor and to buy cheap imports has led to inflation of 19 percent in 2007 and crippled local industries.

Given that development the biggest mistake the Bush administration has constantly made toward Iran was adopting radical approaches, which provided the ground for radicals in the country to take control. While the pressure was on, the leadership was reluctant to let any internal disagreements show. Senior officials, including Khamenei, constantly called for unity and warned that the enemy, a common reference to the United States, could take advantage of such differences. A moderate policy of engagement seems to be a fruitful approach for the next four years, which would alleviate external pressure, increase internal tensions in Iran and bring domestic actors to the forefront, which are susceptible to U.S. concerns.

The question how the next U.S. administration should deal with Iran last but not least raises the question of the international system's impact on U.S. policy in the Persian Gulf. Washington's approach towards Iran has been – contrary to other policies – highly multilateralized as representatives of the five permanent members of the United Nations Security Council plus Germany have been meeting for the last years to develop a common strategy to prevent Iranian acquisition of nuclear weapons. In its last months the Bush administration has focused its efforts on exerting diplomatic and economic pressure on the Iranian government last but not least because of the revised analysis of the U.S. National Intelligence Estimate. The administration hopes that a series of Security Council resolutions could press Iran toward the suspension of the enrichment component of its nuclear program. For that

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4 Available at http://www.odni.gov/press_releases/20071203_release.pdf.

purpose it particularly needs Russian (and Chinese) cooperation to deter Iran from developing an advanced and sophisticated nuclear capability.

But Russia has pursued a purposefully ambiguous policy so far: Russian officials have emphasized that they want to prevent Iran from acquiring nuclear weapons; yet they have been determined to prevent the imposition of sanctions.[5] The reasons for this ambivalent policy relate to Russia's position in the international system: From the first days of his presidency, Vladimir Putin has made clear that restoring Russia's great-power status has been his primary objective. Following the September 11, 2001, terrorist attacks, Putin tried to "bandwagon" with the United States and joined the war on terror, expecting that the U.S. would reward Russia for that policy. But the paybacks, if any, have been few. Thus Moscow's relations with Teheran should be interpreted, in effect, as a "declaration of independence" from the United States.

If the deadlock in the UN Security Council over further sanctions against Iran signals any future trends, it is that the Russia foreign policy elites have finally abandoned any beliefs that Moscow should work with the United States to define paradigms of world order in general and to influence Iranian behaviour in particular. One of the enduring legacies that Vladimir Putin leaves to his successor is Russia's changed position in the world. Moscow no longer has any interest in making minor modifications to a policy which is perceived to be largely predetermined in Washington. And the principal beneficiary of this changed perception seems to be Iran.

A regional dimension also comes into play: Within the past two to three years Moscow has moved to regain its international role in the wider Middle East: Vladimir Putin's tour of the Persian Gulf in February 2007, when he visited Saudi Arabia, Qatar and Jordan was the first ever visit by a Soviet/Russian leader to the Persian Gulf. It followed on from his visit to Egypt, Israel and the Palestinian territories in April 2005, which was the first occasion that a Soviet/Russian leader had ever been to Israel, and the first visit to Egypt since 1964. The Kremlin obviously wants to demonstrate that it is now able to chart an independent course in the Middle East.[6]

Three major motives drive Russian-Iranian relations in this context: First, Moscow is interested in cooperation in the energy sector with several states in the region, especially in forming a gas cartel with Iran and Qatar. Moscow and Tehran together control roughly 20 percent of world's oil reserves and close to half of the world's gas reserves. The two powers could do much to dilute their respective leverage over the global energy markets. Moreover, in addition to atomic power

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5 Carol R. Saivetz, *Moscow's Iranian Policies: Opportunities and Dangers,* Middle East Brief No. 15 (Brandeis University; Waltham/Mass: Crown Center for Middle Studies, 2007), p. 1, available at http://www.brandeis.edu/crown/publications1/meb/MEB15.pdf.

6 See Mark A. Smith, *Russia and the Persian Gulf. The Deepening of Moscow's Middle East Policy* (Shrivenham: Defence Academy of the United Kingdom – Conflict Studies Research Centre, 2007), available at http://www.defac.ac.uk/colleges/csrc/document-listings/middle-east/07%2825%29MAS.pdf; and Ariel Cohen, *Putin's Middle East Visit: Russia is back*, Web Memo No. 1382 (Washington, D.C.: Heritage Foundation, 2007), available at http://www.heritage.org/Research/RussiaandEurasia/upload/wm_1382.pdf; and Ilya Bourtman, "Putin and Russia's Middle Eastern Policy," in *Middle East Review of International Affairs*, 10/2 (2006), available at http://meria.idc.ac.il/journal/2006/issue2/jv10no2a1.html.

projects, Iran's oil and gas sector offer many opportunities to Russian firms looking for new investments.

Secondly, Russia looks for closer commercial ties between the Gulf States and the Russian defence and nuclear industry. During his visit to the Saudi capital, President Putin offered to sell Saudi Arabia nuclear reactors. In addition, he offered 150 T-90 tanks and other weapons.[7] Furthermore, he indicated Russia's willingness to sell helicopters, build rocket-propelled grenade factories, provide sophisticated anti-aircraft systems and sell the Saudis expanded satellite launches and an opportunity to join the Russian satellite navigation system. Thirdly, President Putin wishes to counter the U.S. presence in the region and uses the Iranian nuclear program to undermine U.S. efforts to influence regional dynamics.[8]

Hence, the reliance on the UN Security Council as the principal platform for dealing with Iran is surprisingly acceptable to Moscow, but Russia – despite the existing differences – does share one major U.S. concern: Moscow has no desire to see Iran possess nuclear weapons. The problem is that Russia has a far narrower definition of the term than the U.S. which sees Iran's entire nuclear infrastructure as constituting a weapons program. So Russia has no difficulty going along with UN measures designed to target a specific Iranian program to produce operational warheads. At the same time, Russia is moving to establish itself as a Middle East power independent of the West, and thus, cannot afford to antagonize Iran. On the one hand, Russian diplomats are in active negotiations with their American counterparts for another UN resolution against Iran – on the other hand, Moscow is willing to provide fuel for Iran's light-water reactor in Bushehr.

The Bush administration, which has dedicated so much of its efforts during it second term to rebuilding ties with Europe, has failed so far to bridge the gap with Russia and has antagonized Moscow about missile defence facilities in Eastern Europe, a further round of NATO enlargement and recently about the possible independence of Kosovo.[9] But for the immediate future of U.S. Gulf policy, its potential to influence Iranian foreign policy and its capacity to transform intra-regional relations Russia is the key partner and should not be ignored by the next U.S. administration. Instead, a new approach is needed to integrate Russia constructively into American efforts to create and implement rules of international order and into U.S. Iran policy in particular. After a 20-year break, Russia is forcing its way back onto the global stage

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7   Paul Rivlin, *The Russian Economy and Arms Exports to the Middle East*, Memorandum No. 79 (Tel Aviv: Jaffee Center for Strategic Studies, 2005), available at http://www.tau.ac.il/jcss/memoranda/memo79.pdf.

8   See Hannes Adomeit, Russlands Iran-Politik unter Putin. *Politische und wirtschaftliche Interessen und der Atomstreit*, SWP-Studie S 08 (Berlin: German Institute for International and Security Affairs, 2007), available at http://www.swp-berlin.org/de/common/get_document.php?asset_id=3882; and Stephen Blank, *Russia and the US in the Middle East: Policies and Contexts* (Shrivenham: Defence Academy of the United Kingdom – Conflict Studies Research Centre, 2006), available at http://www.da.mod.uk/colleges/csrc/document-listings/middle-east/06%2827%29SB.pdf.

9   See Richard Weitz, *Russian-American Security Cooperation after St. Petersburg: Challenges and Opportunities* (Carlisle Barracks/Pa., 2007), available at http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB775.pdf.

and expects respect, recognition, and influence. Washington decision-makers can no longer afford to take Moscow for granted and must design better strategies to cope with this renewed geopolitical challenge for U.S. Gulf policy.

In light of Russia's foreign policy, the next administration should enhance dialogue and cooperation with Russia on matters of mutual concern to demonstrate to Russian elites that the U.S. has much to offer Russia. At the same time it should bolster its relations with pro-Western regimes in the Persian Gulf, as only by maintaining a security umbrella in the Gulf can the U.S. exert greater influence than Russia in the region. The U.S. needs to provide military and security assurances to Gulf countries against Iran and expand cooperation in the fight against terrorism, but at the same time renew its efforts for a regional security regime, which would include all regional states as well as extra-regional powers and assign an important role to Russia. Finally, the new administration should build bridges to potential Russian allies to prevent the emergence of anti-American blocs and expand relations with key emerging markets.

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