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**The United States  
and the Arab Gulf Monarchies**  
Les États-Unis  
et les monarchies arabes du Golfe

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*Sous la direction de Bassma Kodmani-Darwish*

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## **Les États-Unis et les monarchies arabes du Golfe**

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La stratégie américaine dans la péninsule arabique est intimement liée à la question pétrolière. Les prévisions indiquent que la demande mondiale augmentera de 25 à 30 % au cours des quinze prochaines années et que la région du Golfe fournira la majeure partie de cette demande supplémentaire, de sorte que la part de marché qu'occuperont les pays du Golfe pourrait dépasser le record de 1974 qui était de 67 %. Cette dépendance accrue à l'égard de la région rend plus probable une augmentation du prix du baril et, partant, des risques pour l'économie mondiale. Tous les ingrédients d'une nouvelle crise pétrolière à l'horizon de la prochaine décennie semblent réunis. Quoi qu'il en soit, un nouvel ordre énergétique mondial est en gestation et les États-Unis doivent ajuster en conséquence leurs moyens stratégiques, diplomatiques et militaires.

Les mesures décidées par l'Administration Clinton – diversification des sources d'approvisionnement et développement des technologies alternatives – n'ont pas produit de résultats significatifs. Sans doute la motivation n'est-elle pas suffisamment forte au regard des calculs économiques fournis par certaines études qui estiment beaucoup plus rentable de maintenir cette dépendance en prenant le risque de crises épisodiques. L'Amérique demeurera très vulnérable à toute perturbation de ses importations de pétrole d'ici à l'an 2015 et très dépendante du pétrole de la péninsule arabique.

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Les analyses officielles concluent à la nécessité de continuer la même politique dans le Golfe, et ce, en dépit des recommandations émanant de diverses institutions américaines en faveur d'une réévaluation et d'une modification de certains aspects de cette politique. Le coût de la stratégie mise en œuvre au lendemain de la guerre, en termes à la fois financiers et politiques, a incontestablement augmenté, les monarchies mesurant mieux, avec le temps, les risques pour leur stabilité intérieure et rechangeant désormais ouvertement à assumer le coût d'une nouvelle opération éventuelle contre l'Irak.

Pourtant, il paraît exclu que les États-Unis remettent en cause la nature et le niveau de leur engagement dans la région, d'autant que la stratégie mise en œuvre depuis le début des années 90 est considérée comme un franc succès. Il est en tout cas certain que l'Administration Clinton maintiendra la même politique jusqu'à la fin de son mandat même si celle-ci montre des signes évidents d'essoufflement.

L'engagement militaire américain sur le terrain est non seulement maintenu mais renforcé, la réduction de la présence directe des troupes américaines étant compensée par une augmentation de la flexibilité des forces (moyens maritimes notamment), du pré-positionnement de matériel dans la péninsule arabique et de la multiplication des programmes de formation et d'assistance aux alliés régionaux.

À court et moyen terme, les perspectives de changement de la stratégie américaine à l'égard de la péninsule sont minces. Washington juge cette stratégie très réussie jusque-là. Les signes d'instabilité et le coût assumé à ce jour sont jugés acceptables au regard des intérêts en jeu. Aussi longtemps que ces menaces ne seront pas considérées à même d'ébranler l'édifice sécuritaire mis en place au début de la décennie, il y a fort à parier que Washington ne réagira pas. Cette conception d'un statu quo satisfaisant ne favorise pas une réforme en douceur des systèmes

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politiques, pourtant indispensable à terme. Seul un séisme de l'importance de la révolution islamique de 1979 en Iran contraindrait l'Amérique à réagir. Mais tout indique cette fois qu'elle serait prête alors à engager une nouvelle guerre.

Bassma KODMANI-DARWISH,  
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## Overview

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The United States has enduring strategic interests in the Persian Gulf region<sup>1</sup>. To protect these interests, Washington did not hesitate to commit its armed forces throughout the past 20 years and, towards that end, reached political-military agreements with several states – both written and oral. Not surprisingly, these commitments meant that the US presence in the area – for better or worse – attracted the ire of anti-American and anti-Western forces. Attacks against United States targets in the mid-1990s, as well as other developments around the world, led the Clinton Administration to seek a re-evaluation of its long-term options for the region. The result was a confusing debate with contradictory statements uttered by government officials and respected policy analysts. Many asked whether the Persian Gulf was important enough to warrant such attention. Gulf rulers were taken to task for failing to introduce timely political reforms and, in a veiled tone, for failing to protect US troops serving in the area. Others questioned the ability of the US armed forces to engage in two major regional conflicts (Persian Gulf and North Korea) while meeting a myriad of requirements under the “humanitarian intervention” rubric. Still others warned about an excessive – and growing – dependence on imported oil.

To be sure, the debate provided information about otherwise obscure points, even if it confused decision-makers both in Washington and the

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<sup>1</sup>. Throughout this essay, “Persian Gulf” is used to refer to the Arabian/Persian Gulf, chiefly to maintain consistency with Western references.

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Gulf. This paper proposes to examine several key issues facing the United States in the Gulf region for the balance of the century and beyond. It first examines the critical oil question – upon which United States strategy rests. An attempt is then made to summarize the on-going political debate that purports to re-assess United States foreign policy options throughout the world, including the Gulf area. In this context, larger United States concerns, including the tilt towards Europe are also evaluated. Finally, the paper provides an analysis of United States security considerations, that determine the direction that Washington may well pursue in the Gulf region for the foreseeable future.

## Chief United States Objective: Access to Oil

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It is now generally agreed among forecasters that global demand for oil, mainly from developing states, will grow by 25-35% over the next 15 years. According to the Energy Information Administration (EIA), the world will need another 20 mbpd of oil by the year 2010. Even greater growth in demand is projected by the International Energy Agency as a corollary of population growth, industrialization and urbanization<sup>1</sup>.

The Persian Gulf, with two-thirds of the world's proven oil reserves, is expected to supply the majority of that increased demand – more than 75%, according to the EIA. Within 15 years, the Persian Gulf's share of the world export market may surpass its highest level to date, 67%, that was attained in 1974<sup>2</sup>. Under the circumstances, the United States may indeed be ready to take account of a new-found concern, about its dependence on oil imports. In an important recent article published in the widely circulated *Atlantic Monthly*, and in several new policy

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<sup>1</sup>. John M. Broder, "Conservation Takes Back Seat in Gas Price Debate", *The Los Angeles Times*, 4 May 1996, p. A14; see also Patrick Lee, "Shortage of a Different Grade: US Oil Supplies May be Tight, but Sources Are Diverse", *The Los Angeles Times*, 14 May 1996, pp. D1, D14; Kazuya Fujime, "Oil to Command Biggest Market Share in Japan's Medium/Long Term Energy Outlook", *Oil and Gas Journal*, 94:35, 26 August 1996, pp. 36-40; and Robert J. Beck, "Non-OPEC Oil Supply Gains to Outpace Demand in 1997", *Oil and Gas Journal*, 95:4, 27 January 1997, pp. 62-65.

<sup>2</sup>. US Department of Energy, "Policy Forum: International Energy Outlook", *The Washington Quarterly*, 19:4, Autumn 1996, pp. 73-81.

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addresses by Deputy Secretary of Energy Charles Curtis, concerns were voiced about the ominous rise in dependence on Middle Eastern oil – fears “*articulated in the past with warnings of consequences that have not materialized in the expected time-frame*”<sup>3</sup>. Still, the growing dependence on imported oil in general, and Persian Gulf oil in particular, has several potentially serious implications for United States economic and national security. To the extent that the Gulf’s recapture of a dominant share of the globe oil market will make significant price increases more likely, Deputy Secretary of Energy Curtis warned that, “*the world economy will be at risk*”. The fact that the most recent large-scale war fought was in the Persian Gulf, according to expert evaluations, was itself a testament to the risk of relying on the political stability of the Gulf region for a commodity so essential to global economic activity<sup>4</sup>.

Equally important, and if these forecasts prove to be accurate, the Persian Gulf states’ oil revenues may triple, from over \$80 billion a year in the mid-1990s, to nearly \$250 billion in 2010. This is a major geopolitical power shift of great concern to industrialized states within the Organization of Economic Cooperation and Development (OECD). *Were this trend to materialize, it could represent a more than \$1 trillion increase in wealth for Persian Gulf oil producers, over the next decade and a half.* Owing to pressures of politics, religion, and economic imbalances, the influx of cash to these economies could have serious political and military consequences for all concerned.

The final piece of the geopolitical puzzle is that, during the 1973 oil crisis, the countries that competed for oil were North Atlantic Treaty

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<sup>3</sup>. The Roving Advocate, “Oil Supply Worries Surface Again in the United States”, *Petroleum Economist*, 63:5, May 1996, p. 18.

<sup>4</sup>. Patrick Crow, “Rising Tide of US Oil Imports Sparks Debate on Energy Security”, *Oil and Gas Journal*, 94:25, 17 June 1996, pp. 16-19.

Organization (NATO) allies, but, during the next oil crisis, an important new complication will probably arise: the competition for oil will increasingly come from the rapidly growing countries of Asia. Indeed, in the early 1970s, East Asia consumed well under half as much oil as the United States, but, by the time of the next crisis, East Asian states will probably consume more oil than the United States<sup>5</sup>.

For the Deputy Secretary of Energy, diversification – a combination of diplomatic initiatives, coupled with partnerships with domestic industry to look for new areas for the world’s supply of natural gas and oil, and a targeted R&D strategy to combine and leverage private sector and governmentally-funded investment, designed to diversify supply and end-use options – was the key policy initiative to pursue.

Given these concerns, is oil still important for the United States, and are there any signs that Washington is substituting Gulf States with other producers?

## ■ The Coming Oil Crisis

Forecasting is always risky, especially where oil is concerned, but a variety of experienced energy hands from every point on the political spectrum agree that a future oil crisis is inevitable. Donald Hodel, who was a Secretary of Energy under President Ronald Reagan, has maintained that the United States is “*sleepwalking into a disaster*”. He predicts a major oil crisis within a few years. Irwin Stelzer, of the

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<sup>5</sup>. Aware of these shifting trends, Asian states were slowly but surely establishing and improving diplomatic ties with the Gulf region. Ironically, OECD importers may well find themselves playing “second fiddle” in obtaining adequate oil supplies to the new economies of Asia. The economic, and potentially, political consequences of this scenario could give rise to significant problems, both for the United States and other importers. See Ted Redmond and Nicholas Bloy, “The Challenge in Asia: Finding Best Value-Creation Potential”, *Oil and Gas Journal*, 94:46, 11 November 1996, pp. 58-64.

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American Enterprise Institute, says that the next oil shock “*will make those of the 1970s seem trivial by comparison*”. Daniel Yergin maintains that “*people seem to have forgotten that oil prices, like those of all commodities, are cyclical and will go up again*”. James Schlesinger, who was the Secretary of Energy under Jimmy Carter, has said: “*By the end of this decade we are likely to see substantial price increases*”. In March 1995, Robert Dole, then the Senate majority leader, argued in a speech at the Nixon Center for Peace and Freedom, that “*The second inescapable reality of the post-twentieth-century world is that the security of the world’s oil and gas supplies will remain a vital national interest of the United States and of the other industrial powers. The Persian Gulf [...] is still a region of many uncertainties [...]. In this ‘new energy order’ many of the most important geopolitical decisions – ones on which a nation’s sovereignty can depend – will deal with the location and routes for oil and gas pipelines. In response, our strategy, our diplomacy, and our forward military presence need readjusting*”<sup>6</sup>.

The Chairman of the Federal Reserve Bank, Alan Greenspan, not known for being an alarmist, in testimony before Congress in July 1995 raised concerns that a rising trade deficit in oil “*tends to create questions about the security of our oil resources*”<sup>7</sup>.

Concerns about a coming oil crisis have also surfaced in the financial markets. In October 1995, in an article titled “Your Last Big Play in Oil”, *Fortune* magazine listed several billionaires and “big mutual fund managers” who were betting heavily that oil prices would rise significantly. The magazine went on to suggest an investment portfolio

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<sup>6</sup>. Joseph J. Romm and Charles B. Curtis, “Mideast Oil Forever?”, *The Atlantic Monthly*, 277:4, April 1996, pp. 59.

<sup>7</sup>. *Ibid.*, p. 59.

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of “companies that [we]re best positioned to profit from the coming boom”<sup>8</sup>.

Fundamental trends in oil demand and supply underlie this emerging consensus. First, as stated above, the world will probably need another 20 million barrels of oil a day by the year 2010. Second, the world’s population is expected to increase by 50% by 2020, with more than half those additional people born in Asia and Latin America. In turn, urbanization will increase pressures on commuting, transporting raw materials, constructing infrastructure, powering commercial buildings, all of which consume large amounts of oil and electricity. An analysis by one of the Department of Energy’s national laboratories found that a doubling of the proportion of China’s and India’s populations that lives in cities could increase per capita energy consumption by 45% – even if industrialization and income per capita remained unchanged<sup>9</sup>. As Fortune has noted, if the per capita energy consumption of China and India rises to that of South Korea, and the Chinese and Indian populations increase at currently projected rates, “these two countries alone will need a total of 119 million barrels of oil a day. That’s almost double the world’s entire demand today”<sup>10</sup>.

The growing dependence on imported oil in general and Persian Gulf oil in particular has several potentially serious implications for the US economy and national security. As the United States is expected to be importing nearly 60% of its oil needs by 2005, with roughly a third of it coming from the Persian Gulf, Washington’s trade deficit in oil is expected to double, to \$100 billion a year – a large and continual drag on

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<sup>8</sup>. Richard S. Teitelbaum, “Your Last Big Play in Oil”, *Fortune*, 132:9, 30 October 1995, p. 98.

<sup>9</sup>. US Department of Energy, Policy Forum: “International Energy Outlook”, *The Washington Quarterly*, 19:4, Autumn 1996, p. 75.

<sup>10</sup>. Teitelbaum, *op. cit.* [8], p. 94

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economic health. To the extent that the Gulf's recapture of the dominant share of the global oil market will make price increases more likely, the US economy is, according to Department of Energy (DOE) projections, further at risk. Although oil imports as a percent of gross domestic product have decreased significantly in the past decade, US economic vulnerability to rapid increases in the price of oil persists. In fact, since 1970 sharp increases in the price of oil have always been followed by economic recessions in the United States.

### ■ **Abandoning the Solution**

For the Clinton Administration, the appropriate national response to the re-emerging energy-security threat may be described as follows: on the world stage, the Department of Energy has been seeking to expand sources of oil outside the Persian Gulf region – in Latin America and the former Soviet Union, for example – and to encourage the privatization of the oil companies in Mexico and other Latin American countries. At home, emphasis is placed on alternative technologies – that draw on public and private research and development – as well as conservation. The result: a full-fledged policy of diversification.

Nevertheless, despite this policy, clearly formulated in the July 1995 National Energy Policy Plan, Saudi Arabia retained its number 1 rank in oil imports into the United States in 1996 (see table).

Moreover, and although it may help to slow the rising tide of imports, increasing domestic supply cannot itself reverse the major trend. And reversing the US appetite for more oil would indeed be difficult. In the end, the country is in no mood to enact higher energy taxes, to bring energy markets into better balance. To most Americans, an increase in gasoline taxes of even a few cents a gallon – let alone the amount needed

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to have a noticeable impact on consumption – remains anathema. Similarly, Congress is in no mood for a regulatory approach, such as mandating increased fuel efficiency for cars.

Table

Country	1991	1992	1993	1994	1995	1996
Saudi Arabia	1703	1597	1282	1297	1260	1305
Venezuela	668	826	1010	1034	1151	1225
Canada	743	797	900	983	1040	1224
Mexico	759	787	863	939	1027	1220
Nigeria	683	665	722	624	621	626
Angola	254	336	336	322	360	375
<i>Subtotal</i>	4810	5008	5113	5199	5489	5975
Percent	83.2	82.3	75.3	73.6	75.5	80.1
<b><i>Other producers</i></b>	972	1075	1674	1864	1771	1484
Number of other producers	30	25	30	28	28	28
<b><i>Total</i></b>	5782	6083	6787	7063	7230	7459

Source: US Department of Energy, *Middle East Economic Digest*.

## ■ Dependence on Imports

The Clinton Administration's most concerted efforts to limit the US dependence on imported oil have not been very successful. Yet, what is one to make of the overall strategy? The first part of this strategy, the attempted diversification of world gas and oil supplies, has concentrated

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on opportunities in the Western hemisphere (especially Colombia and Venezuela) and on the states of the former Soviet Union – particularly Russia, the newly-independent states in Central Asia, and those that border the Caspian Sea. While progress has been made, and the Western hemisphere potential was especially promising, it is fair to say that neither democratic reform nor oil and gas investment in the former Soviet Union is yet assured<sup>11</sup>.

The second part of the diversification strategy, R&D investment, was in jeopardy as well. In this context, natural gas, including R&D efforts designed to encourage a greater role for natural gas, was a key element of DOE strategy.

Competitive pressures in the private sector and budget pressures in the governmental sector were combining to cause a putting back or deferral of needed investment that could provide the United States with important tools to blunt the effects of a growing dependency on Middle East oil. Still, and as discussed above, Deputy Secretary Curtis and other key

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<sup>11</sup>. Fantasy aside, actual proven reserves around the world have not been altered in any substantial way, and are not likely to change unless another Saudi Arabia is actually discovered. Of an estimated total of 1 018 849 419 000 barrels of oil around the world, 788 578 500 000 were within OPEC states. The distribution of world proven reserves was as follows on 1 January 1997 (in barrels):

Saudi Arabia .....	259 000 000 000
Iraq .....	112 000 000 000
Kuwait .....	94 000 000 000
Iran .....	93 000 000 000
Abu Dhabi .....	92 200 000 000
Former Soviet Union	57 000 000 000
Western Hemisphere	157 187 750 000
Rest of World .....	154 461 644 000

See “Oil and Gas Reserves, Oil Output Rise in 1996”, *Oil and Gas Journal* 94:53, 30 December 1996, pp. 37-41; for a rosy assessment of potential Central Asian and Caspian resources, see George Lenczowski, “The Caspian Oil and Gas Basin: a New Source of Wealth?”, *Middle East Policy*, 5:1, January 1997, pp. 111-119.

policy-makers stressed the importance of continuing to fund R&D initiatives through the DOE and the Gas Research Institute, despite these pressures. It remained to be determined whether Congress and regulatory agencies would ensure this protection for the future.

## ■ **Vulnerability to Imports**

Not satisfied with the DOE's gloomy assessment, Congress mandated its General Accounting Office (GAO) to evaluate US vulnerabilities to future oil disruptions, presumably from the Gulf. In a controversial report, the GAO concluded that US reliance on low-priced foreign oil was not a bad energy policy after all<sup>12</sup>. GAO, a congressional watchdog agency, studied the issue for the House Budget Committee and issued a report maintaining that the US economy realized hundreds of billions of dollars in benefits annually by using relatively low-cost imported oil rather than relying on more expensive domestic sources of energy. The report posited that *"by comparison, oil shocks impose large but infrequent economic costs that, when annualized, are estimated to cost the US economy tens of billions of dollars a year. More importantly, substituting more costly domestic production for oil imports without lowering overall oil consumption would be unlikely to substantially lower the costs of oil supply disruptions. In essence, the economic costs of oil price shocks depend largely upon the rise in the price of oil coupled with the nation's level of oil consumption, rather than the level of imports. As long as market prices prevail, the price of domestic and world oil will be the same and will rise and fall with changes in world oil market conditions. Under these conditions, an incremental decrease in oil imports would reduce the benefits of such imports without substantially lowering the costs of oil price shocks"*<sup>13</sup>.

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<sup>12</sup>. United States General Accounting Office, *Evaluating US Vulnerability to Oil Supply Disruptions and Options for Mitigating Their Effects*, Report to the Chairman, Committee on the Budget, House of Representatives, Washington, DC: GAO/RCED-97-6, December 1996.

<sup>13</sup>. *Ibid.*, p. 3.

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Still, the report recognized that oil supply disruptions imposed significant economic costs, and reliance on imported oil further imposed military and other costs that were not easily measured. GAO noted that the Clinton Administration had taken some steps to increase conventional and alternative energy supplies, to lower the economy's vulnerability to oil supply disruptions. But it also concluded that those steps would have little effect. In fact, the GAO relied on Energy Information Administration forecasts that maintained the US economy would not be significantly less vulnerable to foreign oil disruptions through 2015, because domestic oil demand was projected to increase in that period. "*Only over a longer period*", it stated, "*do energy analysts anticipate significant improvements, and that depends on technological advances in such areas as energy efficiency and alternative fuels*"<sup>14</sup>.

Importantly, the GAO claimed that the energy experts it consulted about options for reducing the economy's vulnerability to oil supply disruptions agreed that in the short term the United States should rely on rapid and large releases of oil from the Strategic Petroleum Reserve (SPR) to blunt price increases at the onset of a supply disruption. It further reported that some analysts urged that the United States establish market-oriented triggers, such as the sale of options to purchase SPR oil, to avoid time-consuming government decision-making and ensure a rapid and sufficient draw down of the SPR at the onset of an oil supply crisis<sup>15</sup>. Longer term, the energy analysts favored research to develop cost-competitive alternatives to petroleum, especially in the transportation sector. Some said the gasoline sales tax should be raised to lower oil

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<sup>14</sup>. *Ibid.*

<sup>15</sup>. "Questions About SPR", *Oil and Gas Journal*, 94:38, 16 September 1996, p. 15.

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demand and increase the cost-competitiveness of alternative fuels but also noted the political barriers to such an action<sup>16</sup>.

Not surprisingly, the DOE disagreed with the report's overall conclusions. Nevertheless, and in the end, the GAO report did not calculate the true cost of imported oil because it failed to fully factor in the military and other costs associated with oil imports. This debate, coupled with the anticipated second-term foreign policy re-evaluations in 1996-97, called on Washington to formulate a clearer approach towards international affairs, including the Gulf. Still, neither the foreign policy debate, nor the crucial importance of the Persian Gulf region, received the attention they deserved. An analysis of how experts re-evaluated US foreign policy priorities in 1996-97, clearly indicated that long-term US security interests were often neglected. Moreover, none of these foreign policy re-evaluations factored in the tremendous military commitments made to the conservative Arab Gulf monarchies.

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<sup>16</sup>. Patrick Crow, "US Import Strategy", *Oil and Gas Journal*, 95:1, 6 January 1997, p. 24.



# Re-evaluating United States Foreign Policy in the Gulf

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In the season leading up to the 1996 Presidential elections, a number of political analysts and semi-independent groups took on the immense challenge of identifying the Clinton Administration's first-term shortcomings. Experts re-evaluated Washington's foreign policy initiatives and, in the process, highlighted new priorities for US interests in the post Cold-War era.

Rather than decipher every tendency, three specific studies are analyzed next, that offer a good flavor of what transpired. President Clinton may or may not have taken these into account but the confusing debate did not help clarify what were already difficult policy steps implemented after 1992 when he first assumed the leadership mantle.

## ■ Commission on America's National Interests

In mid-1996, an ad-hoc *Commission on America's National Interests* was established to “*help focus thinking on one central issue: what are US national interests today?*” It “*hope[d] to catalyze debate about priority US national interests during [the 1996] season of presidential*

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*and congressional campaigns*<sup>1</sup>. It maintained that America was adrift and confused, missing many opportunities and facing emerging threats. It further asserted that Washington lacked a clear understanding of its national interests – that it offered to rectify – and identified five specific vital United States national interests:

- Prevent, deter, and reduce the threat of nuclear, biological, and chemical weapons attacks on the United States;
- Prevent the emergence of a hostile hegemon in Europe or Asia;
- Prevent the emergence of a hostile major power on United States borders, or in control of the seas;
- Prevent the catastrophic collapse of major global systems (trade, financial markets, supplies of energy, and environmental issues); and,
- Ensure the survival of United States allies<sup>2</sup>.

In short, what the Commission saw in America’s future was a desire to “*promote singular United States leadership, military capabilities, credibility (including reputation for adherence to clear US commitments and even-handedness in dealing with other states), and critical institutions*”<sup>3</sup>. In a telling step, it substantially downgraded the Persian Gulf area from “*vital*” to “*extremely important*” for the United States. In a cavalier fashion, the report then turned to what its members coined as

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<sup>1</sup>. The Commission on America’s National Interests was co-chaired by Robert Ellsworth, Andrew Goodpaster and Rita Hauser, three highly respected political insiders. In addition to these individuals, the group included three executive directors, Graham Allison, Jr. (Center for Science and International Affairs, Harvard University), Dimitri Simes (Nixon Center for Peace and Freedom), and James Thomson (The Rand Corporation). Fifteen additional persons were identified as members: Richard Armitage, Robert Blackwill, Jeffrey Eisenach, Richard Falkenrath, David Gergen, Bob Graham, Jerrold Green, Arnold Kanter, Geoffrey Kemp, Paul Krugman, John McCain, Sam Nunn, Condoleeza Rice, Pat Roberts and Brent Scowcroft. See, The Commission on America’s National Interests, *America’s National Interests*, New York: The Hauser Foundation, July 1996.

<sup>2</sup>. *Ibid.*, pp. 2-4.

<sup>3</sup>. *Ibid.*, p. 4.

“*challenges to American national interests in the decade ahead*”, that included the following:

- Cope with China’s entry onto the world stage;
- Prevent loss of control of nuclear weapons and nuclear weapons-usable materials, and to contain biological and chemical weapons proliferation;
- Maintain sound strategic partnerships with Japan and the European allies;
- Avoid Russia’s collapse into civil war or reversion to authoritarianism;
- Maintain singular United States leadership, military capabilities, and international credibility<sup>4</sup>.

These challenges were not insurmountable and, according to the report, would be met if certain steps were adopted.

In a second category, and although *not vital to US national interests*, the Commission identified 11 “*red chips*” as extremely important that, “*if compromised, would severely prejudice but not strictly imperil the ability of the US government to safeguard and enhance the well-being of Americans in a free and secure nation*”<sup>5</sup>. The red chips included:

- Prevent, deter, and reduce the threat of the use of nuclear and biological weapons anywhere;
- Prevent the regional proliferation of nuclear, biological and chemical (NBC) weapons and delivery systems;
- Promote the acceptance of international rules of law and mechanisms for resolving disputes peacefully;
- Prevent the emergence of a regional hegemony in important regions, such as the Persian Gulf;

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<sup>4</sup>. *Ibid.*, p. 3.

<sup>5</sup>. *Ibid.*, p. 5.

## *The US and the Arab Gulf Monarchies*

- Protect United States friends and allies from significant external aggression;
- Prevent the emergence of a reflexively adversarial major power in Europe or Asia;
- Prevent, and if possible at reasonable cost, end major conflicts in important geographic regions;
- Maintain a lead in key military-related and other strategic technologies (including information and computers);
- Prevent massive, uncontrolled immigration across United States borders;
- Suppress, contain, and combat terrorism, transnational crime, and drugs;
- Prevent genocide<sup>6</sup>.

Instrumentally, the report concluded, the extremely important US national interests were to promote strong United States-European and United States-Japanese strategic partnerships. It avoided the vast majority of humanity, except in “preventing” it from doing certain things. In a comical twist, the report listed a variety of “white” and “translucent chips” that, were they not so colloquial, would deserve a serious response. “*Translucent chips*” were less important or secondary to US national interests. These included such categories as:

- “*Maintain an edge in the international distribution of information to ensure that American values continue to positively influence the cultures of foreign nations*”<sup>7</sup>,
- “*Preserve the territorial integrity or particular political constitution of other states*”<sup>8</sup>.

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<sup>6</sup>. *Ibid.*, p. 5.

<sup>7</sup>. *Ibid.*, p. 6.

The latter probably came as a surprise to those who subscribed to the norms of international law – embedded in the United Nations charter – at least since the end of World War II. Considering that the Carter Administration designated the Persian Gulf region as being “vital” to the security of the Western world, and the fact that Washington led an international coalition of more than 700 000 troops in a war as recently as 1991, the Commission’s categorization neglecting the Persian Gulf region was problematic. To be sure, the report acknowledged that there were two vital US interests in the Middle East, namely “*that Israel survive as a free and prosperous state*”, and “*that there be no major curtailment in energy supplies to the world*”<sup>9</sup>. Nevertheless, for the Commission, what was important was that no state in the region hostile to the United States – especially Iran and Iraq – acquired new or additional weapon of mass destruction (WMD) capabilities; that there be no regional hegemon in the Persian Gulf; that the Middle East peace process continue toward success; that the United States maintain good relations with the region’s moderate Arab regimes and that these regimes survive domestically<sup>10</sup>.

Noticeably, there was little in the Commission’s report on the prosperity of any Arab state. What mattered was that no hegemons emerged. Sadly, the report went on to suggest that just important interests included “*that the states of the region adopt or maintain moderate forms of governance and show growing respect for fundamental human rights, and that regional terrorism be held in check*”, implying that many states did not. The report cautioned, however, that “*civil unrest in Bahrain, an internal coup in Qatar, or the incapacitation of the Saudi King could potentially*

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<sup>8</sup>. *Ibid.*, p. 7.

<sup>9</sup>. *Ibid.*, p. 39.

<sup>10</sup>. *Ibid.*, p. 40; see also Zalmay Khalilzad, “The United States and the Persian Gulf: Preventing Regional Hegemony”, *Survival*, 37:2, Summer 1995, pp. 95-120.

## *The US and the Arab Gulf Monarchies*

*interrupt the flow of oil and thus assume greater significance than each would enjoy as a discrete political phenomenon*"<sup>11</sup>. Nevertheless, and despite this cautionary snippet, the report maintained that "*while it [wa]s true that democracies [we]re the most appropriate and the most reliable partners for the United States, we have a demonstrated ability to work closely and effectively with more authoritarian regimes – such as Saudi Arabia – when necessary*"<sup>12</sup>. Such a statement illustrated a dearth of understanding of the long-established United States relationship with the Kingdom of Saudi Arabia. In the end, the report depicted the confusion that was part and parcel of US foreign policy in the 1990s and, in retrospect, contributed precious little to the Clinton Administration's overall re-evaluation.

## ■ Restoring American Leadership

In its yearly foreign policy primer, the Heritage Foundation also published a major study in 1996 that purported to offer a blueprint for the government that, it hoped, would be led by Senator Bob Dole. This analytical assessment of US foreign policy, written by a team of conservative researchers, reached a somewhat different conclusion concerning the Persian Gulf<sup>13</sup>. It must be acknowledged that the book, including the chapter on the Middle East written by James Phillips (a senior policy analyst for Middle East affairs at the Heritage Foundation), was reviewed by Dov S. Zakheim, Chief Executive Officer of SPC International Corporation<sup>14</sup>.

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<sup>11</sup>. America's National Interests, *op. cit.*, p. 40.

<sup>12</sup>. *Ibid.*, p. 33.

<sup>13</sup>. Kim R. Homes and Thomas G. Moore (editors), *Restoring American Leadership: a US Foreign and Defense Policy Blueprint*, Washington, DC: The Heritage Foundation, 1996.

<sup>14</sup>. Dov S. Zakheim, who was a deputy undersecretary of defense in the Reagan Administration, is a well-known advocate of Israel in Washington. See his *Flight of the Lavi*:

## *Re-evaluating US Foreign Policy in the Gulf*

For the Heritage Foundation, the United States had many interests around the world, but seven qualified as vital:

- Protecting America's territory, borders, and airspace. Potential threats are long-range nuclear missiles and instability on America's borders.
- Protecting Americans against threats to their lives and well being. Potential threats include international terrorism.
- *Preventing a major power threat to Europe, East Asia, or the Persian Gulf.* Threats include the possible emergence of an expansionist or revanchist Russia, an expansionist or terrorist-exporting Iraq or Iran, an aggressive or imploding North Korea, and an unfriendly and revisionist China.
- Preventing hostile interference by outside powers in the Western Hemisphere. The United States faces no strategic threats to its interests in the Western Hemisphere at this time.
- Access to foreign trade. Potential threats include trade protectionism, trade wars, and trade blocs.
- Freedom of the Seas. Potential threats could arise from non-traditional maritime capabilities, such as mines and anti-ship cruise missiles, likely to be employed by rogue states and unfriendly countries or by terrorists, particularly at such choke points as the Strait[s] of Hormuz and the Taiwan Strait[s].
- *Access to resources.* A potential threat is the uncertainty of oil supplies caused by rogue states and terrorism<sup>15</sup>.

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*Inside the US-Israeli Crisis*, Washington, DC: Brassey's, 1996. In this important study, Zakheim reveals the inner workings of the United States arms and security relationship with Israel, and gives an insider's view of the life and death of Israel's Lavi fighter aircraft – and the billions it cost United States taxpayers.

<sup>15</sup>. *Ibid.*, p. xiii [emphasis added].

## *The US and the Arab Gulf Monarchies*

The Heritage report recommended that Washington “*pursue a strategy in the Middle East and the Persian Gulf based on three main objectives: assuring Western access to Persian Gulf oil, ensuring the security of Israel, and assisting moderate Arab states to remain stable and secure*”<sup>16</sup>. Importantly, the priority here was different, with Israel coming in second to access to oil.

For the purposes of this paper, it may be useful to further discuss the Heritage Foundation’s third *vital US interest*, namely preventing a major power threat to Europe, East Asia, or the Persian Gulf. For the authors, both Europe and East Asia possessed vast resources that, if mobilized against American interests, could gravely threaten US security. To be sure, both Europe and East Asia were critically important to US trade and commerce, as they accounted for 56% of all United States foreign trade. Along the same lines, the report recognized that the Gulf region held “*63% of the world’s oil reserves, and thus [wa]s important to a healthy US economy. Moreover, its vast oil wealth is used by such anti-American regimes as Iran and Iraq to build military forces to threaten US interests and allies*”<sup>17</sup>.

Addressing the “*expansionist Iraqi and Iranian*” threats to the Gulf region, the report stressed that “*only these two countries possess the potential wealth (based on oil) and will (based on anti-Western animosity) to mobilize a hegemonic threat to the Persian Gulf. Syria is a potential threat to Israel and to the stability of the Middle East, but it does not possess the hegemonic potential of Iran or Iraq. Saddam Hussein shows no signs of abandoning his expansionist designs on his neighbors, and Iran’s mullahs, with their radical Islamic zeal, hope to spread their brand of revolution throughout the region. If these states*

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<sup>16</sup>. *Ibid.*, p. 15.

<sup>17</sup>. *Ibid.*, p. 15.

were to gain nuclear and other weapons of mass destruction, they could threaten to dominate not only the region, but also – if they acquired long-range missiles – America itself. Because the level of hostility from these two regimes is so high, containing them is an urgent task. While Saddam Hussein's Iraq poses the most immediate challenge to US interests in the Middle East in the short run, Iran poses the greatest threat in the long run. Iran remains a volatile revolutionary state that continues to export terrorism and revolution. Teheran supports radical Islamic insurgents who are battling to seize power in many Muslim countries, including Algeria, Bahrain, Egypt, Jordan, Lebanon, and Tunisia. Iran is also building up its military power, including programs to produce chemical, biological, and nuclear weapons, and continues to use terrorism as an adjunct of its foreign policy. It supports and directs the Lebanon-based Hezbollah (Party of God) in its cross-border attacks on Israel and is the chief foreign supporter of Palestinian Islamic radical groups, such as Hamas (Islamic Resistance Movement) and Islamic Jihad (Holy War), in their terrorist war against Israel and attempts to derail Arab-Israeli peace negotiations. As the self-proclaimed leader of the Muslim struggle against Israel, Iran would benefit greatly from a breakdown in Arab-Israeli negotiations. Teheran strongly supported the February-March 1995 terrorist campaign launched by Hamas suicide bombers inside Israel and the April 1995 Hezbollah rocket attacks against northern Israeli villages. The United States has a vested interest in containing such terrorism, isolating Iran and its terrorist surrogates, and keeping the fragile peace talks on track. A stable Arab-Israeli peace would enhance the security of Israel and America's Arab friends, deprive Islamic radicals of an emotionally charged issue to exploit, and make it easier for moderate Arab states to co-operate with Washington"<sup>18</sup>.

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<sup>18</sup>. *Ibid.*, p. 17.

## *The US and the Arab Gulf Monarchies*

These assessments were colored by the conservative approach to US foreign policy in the first instance and, because of Dov S. Zakheim's acknowledged influence, by pro-Israeli views in the second<sup>19</sup>. Judging by the Clinton Administration's recent pronouncements – including the President's repeated efforts to admonish Yasser Arafat as well as Secretary of State Madeleine Albright's endeavors to persuade Riyadh to attend the November 1997 Middle East/North Africa (MENA) Economic Conference in Qatar – the recommendations were probably well received at the White House.

Equally enticing was the seventh vital interest. Access to Resources was indeed critical and the report acknowledged that because the *“American economy has grown increasingly dependent on foreign oil imports”*, it concluded that the United States had a *“vital interest in maintaining its access to a secure and adequate supply of oil imports at reasonable prices”*<sup>20</sup>. While the putative Soviet threat to gain access to the Gulf – and deny it to the West – has now vanished, according to the report, *“the Iranian and Iraqi threats to oil supplies from Saudi Arabia and other Gulf states remain[ed]”* intact. Despite the gravity of this strong statement, the authors did not provide persuasive evidence, to buttress their case. For example, Holmes and Moore (and Phillips and Zakheim), maintain that while oil producers *“have been remarkably stable in recent decades, there [we]re signs that the end of the oil boom ha[d] triggered growing internal strains”*. In a gloomy conclusion, *Restoring American Leadership* advanced that *“all of the oil monarchies [we]re vulnerable to succession struggles within the various ruling families. For example, the Emir of Qatar was ousted by his son in June 1995 and has vowed to*

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<sup>19</sup>. In their acknowledgments, Holmes and Moore underline that they *“are particularly appreciative of the help provided by Dov Zakheim [...] who dazzled us with his knowledge and kept us honest on a number of key points”*. See *Restoring American Leadership*, op. cit., p. 10.

<sup>20</sup>. *Ibid.*, p. 22.

*return to power, by force if necessary. Oman, which has enjoyed stability in recent years after quashing a secessionist rebellion in southern Dhofar province, could face an uncertain future because the Sultan has not produced any heirs to the throne. Bahrain, ruled by the Sunni Khalifa family, has been troubled by violent unrest among the majority Shiite population since December 1994. Even Saudi Arabia has been afflicted with a severe budgetary crisis and a backlash by militant fundamentalists against the Saudi government's close cooperation with the United States and other Western powers"*<sup>21</sup>.

Naturally, Iran was believed to be stoking the fires of rebellion in Bahrain and may even seek to incite the Shia minority in Saudi Arabia's Eastern Province, the center of the Kingdom's oil production. Similarly, Iraq was suspected of involvement in the November 1995 terrorist bombing of the US military assistance facility in the Saudi capital of Riyadh, which killed five Americans and two Indians<sup>22</sup>. In a harsh assessment, the authors further concluded that Riyadh was "*embroiled in a bitter border dispute with its southern neighbor, Yemen. Any one or all of these three Saudi enemies might see fit to undermine the royal family by sabotaging Saudi oil production. Moreover, Saudi oil exports could be disrupted by internal unrest, strikes, or sabotage even without external intervention*"<sup>23</sup>.

## ■ US Middle-East Policy and Differentiated Containment

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<sup>21</sup>. *Ibid.*, p. 23.

<sup>22</sup>. Since the report was written before the Khobar Towers bombing near Dhahran that killed 19 United States soldiers, it may be safe to argue that Holmes and Moore would have reached the conclusion that Iran was indeed responsible for that terrorist activity.

<sup>23</sup>. Holmes and Moore, *op. cit.*, p. 23.

## *The US and the Arab Gulf Monarchies*

Two more serious reports on the Middle East were published in early 1997 that also deserve attention. Both were produced by independent task forces sponsored by the influential Council on Foreign Relations. The first was coordinated by Henry Siegman, a Senior Fellow at the Council, who served as the National Executive Director of the American Jewish Congress from 1978 to 1993<sup>24</sup>. The second was directed by Richard W. Murphy, the Hasib J. Sabbagh Senior Fellow for the Middle East at the Council, who served as Assistant Secretary of State for Near Eastern and South Asian Affairs from 1983 to 1989<sup>25</sup>.

Interestingly, and although the first report dealt almost exclusively with the Arab-Israeli peace process, it defined American interests in the Middle East through the Gulf prism. It underscored that Washington had “*significant economic interests in the Persian Gulf*”, as well as “*long-standing political and strategic commitments to friendly Arab states*”<sup>26</sup>.

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<sup>24</sup>. The independent Task Force on “US Middle East Policy and the Peace Process” was chaired by former Senator William S. Cohen, who resigned from his chairmanship and from the Task Force when he was nominated by President Clinton to serve as Secretary of Defense in December 1996. The Task Force was composed of a rich roster of distinguished members, including Senator Spencer Abraham (R-Michigan), Stephen P. Cohen, Lester Crown, Kenneth Duberstein, Richard M. Fairbanks III, Henry A. Grunwald, Rita E. Hauser, Robert K. Lifton, Richard W. Murphy, Louis Perlmutter, Lester Pollack, Robert L. Rosen, George Salem, Robert Satloff, Brent Scowcroft, Shibley Telhami, John Waterbury, Dov Zakheim and Mortimer B. Zuckerman. Three additional signatories added their names to the report—Herman Eilts, Rashid Khalidi and Phebe Marr. See Henry Siegman, *US Middle East Policy and the Peace Process*, Task Force Report, New York: Council on Foreign Relations, 1997.

<sup>25</sup>. The “Gulf Task Force” was co-chaired by Zbigniew Brzezinski, who served as National Security Advisor to President Jimmy Carter, and Brent Scowcroft, who held the same post under Presidents Gerald Ford and George Bush. In addition to the co-chairs and the project director, the task force was composed of a commanding group of experts, including Joseph P. Hoar, Phebe Marr, William B. Quandt, James Schlesinger, Shibley Telhami and Robin Wright. The project called on various other distinguished guests to participate in its deliberations, including John Duke Anthony, Ben L. Bonk, Anthony H. Cordesman, Michele Durocher Dunne, Charles W. Freeman Jr., Richard K. Herrmann, Judith Kipper, Ellen Laipson, Robert Litwak, Thomas L. McNaugher, George Cranwell Montgomery, James A. Placke, Gary G. Sick, Henry Siegman, Michael H. Van Dusen, Mona Yacoubian, Dov S. Zakheim and Vahan Zanoian. See Richard W. Murphy, *Differentiated Containment: US Policy Toward Iran and Iraq*, Task Force Report, New York: Council on Foreign Relations, 1997.

<sup>26</sup>. US Middle East Policy, *op. cit.*, p. 11.

Moreover, it cautioned that “*because the world price of oil is determined by the market, sudden changes in the pattern of oil flows from the region would have serious economic consequences for the United States, particularly in the short term before markets and worldwide demand can adjust to those changes*”<sup>27</sup>. The report further recognized that “*the US military presence in the region has significantly reduced the hegemonic threats of Iraq and Iran. However, US strategy in the Gulf continues to be challenged by political threats, including domestic instability in some Arab states and a weakening regional and international consensus in support of US policy in the region*”<sup>28</sup>.

To limit the effects of an oil crisis, as well as an erosion of United States influence, the task force recommended that “*effective deterrence requires regional support for the US military presence and operations and international support for limiting the threats from Iraq and Iran, especially in the area of weapons of mass destruction, so as to reduce the need for the American use of force*”<sup>29</sup>. It concluded by stating that “*such support [wa]s not at a level adequate to sustain the viability of US strategy in the Gulf*”<sup>30</sup>.

Similarly, the Gulf Task Force concluded that “*US policy toward the states of the Persian Gulf [wa]s at an impasse*”<sup>31</sup>. In a frank assessment, the Murphy group stressed that the policy of “Dual Containment” (see below), was not promoting United States interests – nor, for that matter, those of the conservative Arab Gulf monarchies. It recommended reassessments in nine specific areas:

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<sup>27</sup>. *Ibid.*

<sup>28</sup>. *Ibid.*, p. 12.

<sup>29</sup>. *Ibid.*, pp. 12-13.

<sup>30</sup>. *Ibid.*, p. 13.

<sup>31</sup>. *Differentiated Containment, op. cit.*, p. 19.

## *The US and the Arab Gulf Monarchies*

- *General US Gulf Policy*

Separate Gulf issues from Arab-Israeli peace process.

- *Iraq*

Restate United States commitment to the territorial integrity of Iraq and the human rights of all Iraqis, while continuing to oppose Saddam Hussein. Categorically state that Washington will not deal with Saddam Hussein and [once change is introduced from the Baath Party or military inner circles, be] willing to deal with any new Iraqi government that accepts United Nations resolutions and international norms. [Finally, were Saddam Hussein to] remain in power indefinitely, the United States should formulate and articulate a coherent policy toward Iraq for this eventuality.

- *Iran*

Military containment of Iran must continue, [but] the United States should begin with modest steps, by reducing the intensity of the rhetorical war, [limiting] the economic embargo to a narrow range of specific items such as weapon of mass destruction (WMD) components, missiles, and dual-use technology, encouraging the International Atomic Energy Agency (IAEA) to carry out a more aggressive program of inspections, and exploring the potential of dialogue through track-two channels.

- *Force Restructuring*

Reduce the forces to the minimum necessary and lessen their attraction as a target by carrying out an internal reassessment of the future of the forces in northern Saudi Arabia to enforce the no-fly zone, publicly [stating] that most of the US Air Force presence in Saudi Arabia is temporary, and maintaining some balance of power between Iran and Iraq.

## *Re-evaluating US Foreign Policy in the Gulf*

- *Arab-Israeli Peace*

Intensify efforts to achieve a comprehensive peace.

- *Consultation*

Consult with both the Gulf Cooperation Council (GCC) states and Israel on matters of policy toward the Gulf.

- *Promotion of Long-Term US Commercial and Energy Interests*

Follow the example of some European countries in allowing US companies to negotiate deals with Iran and a post-Saddam [Hussein] Iraq, on the understanding that these cannot be implemented until after the sanctions are removed.

- *Political Participation*

Do nothing even to imply a distancing from the United States security responsibilities as GCC leaders cope with the challenges of a new generation's expectations and a changed economic environment. [Washington should encourage the adoption of] modest steps, including gradual political reforms, nourish foreign investments – that will bring transparency and accountability – and elevate the issues of political and economic reforms on the agenda of discussions with Gulf rulers<sup>32</sup>.

The Gulf Task Force was ambitious in more ways than one but by tackling so many – and at times contradictory – items, it confused more than it clarified. To be sure, the decision-making community was eager to consume some of these recommendations but, except when preaching to the converted, few in the administration were persuaded that “dual containment” needed any adjustments. Simply stated, Washington concluded that GCC states were expected to follow, given the few choices available over the horizon.

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<sup>32</sup>. *Ibid.*, pp. 21-27.

## *The US and the Arab Gulf Monarchies*

Because these reports – as well as many others published during the 1996 Presidential election season – clearly neglected the Arabian Peninsula’s multi-faceted internal developments, one is *less* bewildered by the confusion enveloping US foreign policy. Under the circumstances, how did the Administration envisage its second-term mandate, and was the Persian Gulf included on its list of top priorities?



## **The Second Term**

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President Bill Clinton relegated foreign policy to the back burner even before he won a second term in office. Sadly, he could afford to do so, because his Grand Old Party (GOP)/Republican challenger – Bob Dole – was not inclined to make international affairs a campaign issue. Even worse was the American public's attitude towards matters international. At times, most seemed totally bored by the subject, despite challenges facing the United States. Still, and for a variety of reasons, Clinton was more likely to look abroad more than ever.

The President took the first step in setting his second-term foreign policy agenda on 5 December 1996, when he named a new national security team. Led by Madeleine K. Albright, then United States Representative to the United Nations, whom Clinton nominated to succeed Warren Christopher as Secretary of State, and Maine Republican Senator William S. Cohen, who succeeded William J. Perry, as Secretary of Defense.

Given the unsettled state of the world, a huge pile of unfinished business remained from Clinton's first term. The Middle East peace process – once regarded as a shining accomplishment by administration officials – was, by most accounts, in tatters as the President turned from pursuing bold initiatives to managing crises. North Korea teetered on the brink of collapse, South Asia was a nuclear tinderbox, and the United States trade deficit with China was estimated to reach the colossal figure of

\$40 billion in 1997. In the weeks after winning reelection, Bill Clinton reversed his earlier positions, pledging to keep US troops in Bosnia. He also committed forces to Zaire as part of a multinational rescue mission to aid Rwandan refugees there. That operation was drastically scaled back after more than half-a-million Rwandans returned home from camps in Zaire voluntarily.

To be sure, President Clinton may have other reasons for wanting to devote more time and energy to international affairs. He will be thinking about his legacy, for example, and legacy tends to lead one abroad. The President has already set his sights on expanding NATO eastward to include former Warsaw Bloc states. His second-term agenda is also likely to include proposals to boost funding for international affairs programs, reduce the threat from nuclear, chemical and biological weapons, extend the North American Free Trade Agreement (NAFTA) to cover Chile, and bring China into the World Trade Organization (WTO).

These are all major objectives that will require stability at home and, more important, unparalleled economic strength. Without a doubt, the latter can only be achieved if oil supplies remain plentiful at reasonable prices. More important, and in addition to the steady supplies of petroleum products, Washington may have to face political problems in the Gulf region that, for all practical purposes, are either neglected or too cavalierly dismissed as threatening US national security interests. Bombings in Saudi Arabia, opposition in Bahrain, as well as active Islamic underground movements are but a few examples that threaten the long-term stability of the conservative Arab Gulf monarchies<sup>1</sup>.

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<sup>1</sup>. For several incisive reports on current developments in the Gulf, see Louay Bahry, "The Opposition in Bahrain: a Bellwether for the Gulf?", *Middle East Policy* 5:2, May 1997, pp. 42-57; and Shafeeq N. Ghabra, "Balancing State and Society: the Islamic Movement in Kuwait", *Middle East Policy* 5:2, May 1997, pp. 58-72.

## ■ Looking to Congress

Can the President, who promised to focus “*like a laser*” on the country’s economy in his first term, achieve lasting success in foreign affairs before he leaves office? Ironically, that could depend heavily on the strength of his domestic diplomacy, particularly his relations with Congress.

Beyond the familiar threats posed by Iran and Iraq in the Gulf region, Bill Clinton faces the unsettling prospect of turmoil in several conservative Arab Gulf monarchies, including Saudi Arabia. A bombing in June 1996 at a US military housing complex in Dhahran killed 19 Americans and highlighted the threat of terrorism in the Kingdom. Despite that incident, Saudi Arabia doesn’t appear on policy makers’ list of global hot spots, largely because members of both parties agree on its strategic importance<sup>2</sup>. Nevertheless, key officials in the Administration, as well as analysts affiliated with several research institutions, believe that fundamentalist forces are gaining converts in the Kingdom<sup>3</sup>. Many are concerned that the monarchy’s decision to crack down on its opponents, may eventually fuel wider dissent. In addition to these problems, analysts are concerned that King Fahd, a stalwart supporter of the United States, is in declining health and that his death could usher in a succession crisis<sup>4</sup>.

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<sup>2</sup>. Bradley Graham, “Bomb Won’t Deter US in Gulf, Officials Say”, *The Washington Post*, 27 June 1996, pp. A1, A25.

<sup>3</sup>. William H. Lewis, “The Growing Reach of Radical Islam”, *Joint Forces Quarterly*, Number 9, Autumn 1995, pp. 46-49; see also Judith Yaphe, “Middle Eastern Radicalism”, in Hans Binnendijk and Patrick Clawson (editors), *Strategic Assessment 1997: Flashpoints and Force Structure*, Washington, DC: National Defense University for the Institute for National Strategic Studies, 1997, pp. 169-184.

<sup>4</sup>. Simon Henderson, *After King Fahd: Succession in Saudi Arabia*, Washington, DC: The Washington Institute for Near East Policy, 1995.

*The Second Term*

## ■ US Strategy

Notwithstanding these many problems, the first half of the 1990s has been a period of relative success for US policy in the Persian Gulf region, success that has been most evident in strengthening the security of the area.

Militarily, the stage for the 1990-1991 US successes in the region was set in the late 1980s by Operation “Earnest Will”, in which United States forces protected merchant shipping against Iranian attacks and thus demonstrated American willingness to back up security commitments with military force<sup>5</sup>. Of course, a new peak of United States credibility was attained with “Desert Shield” and “Desert Storm”, the operations to defend Saudi Arabia and then liberate Kuwait from Iraqi aggression. Putting aside the many controversies associated with this campaign, it may be useful to underline one critical point in this context: US forces withdrew the vast majority of their units following the 1991 victory, proving to regional powers that Washington was:

- (1) a reliable security partner willing to return if necessary; and,
- (2) not another occupying foreign power like some that preceded it.

In 1997, the American strategic approach to the Gulf region was one of engagement, forward presence, and rapid response. Wishful thinking aside, the strategy fits with Washington’s overall national security objectives of “*Engagement and Enlargement*”<sup>6</sup>. Importantly, the United

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<sup>5</sup>. For a critical evaluation of Earnest Will see Janice Gross Stein, “The Wrong Strategy in the Right Place: the United States in the Gulf”, *International Security* 13:3, Winter 1988/89, pp. 142-167.

<sup>6</sup>. The US national security strategy “*is based on enlarging the community of market democracies while deterring and limiting a range of threats to [the] nation, [its] allies, and [its] interests*”. Towards that end, the three central components of the strategy are: 1. Enhance security by maintaining a strong defense capability and employing effective diplomacy to

States efforts to sustain and adapt security partnerships with key states throughout the region – led by Saudi Arabia – broaden the economic and cultural underpinnings of whatever official relationships may exist<sup>7</sup>. Although many groups – as discussed above – may wish to re-assess US national security, and downgrade the importance of the Gulf region to the United States, the fact remains that Washington has made and continues to make substantial commitments to the conservative Arab Gulf monarchies. In fact, it is difficult to see how the United States can back away from its current commitments, when *official policy is to increase its forward military presence* in the Persian Gulf region<sup>8</sup>.

To be sure, this effort – improve forward presence – must occur within a security framework that differs sharply from those in other regions where the United States has vital national interests. Indeed, Washington has no formal defense treaty, multilateral or bilateral, with any country in the Gulf region. Instead, its role and commitments are embodied in an accumulation of unilateral public pronouncements, assurances to regional leaders of US intentions, and a range of executive agreements for military access, pre-positioning, status of forces, and security assistance<sup>9</sup>. The absence of a defense treaty with a Gulf state is, however, more the result of the conservative Arab Gulf monarchies' desires to

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promote cooperative security measures; 2. Work to open foreign markets and spur global economic growth; and 3. Promote democracy. See *Strategic Assessment 1997*, *op. cit.*, p. 8.

<sup>7</sup>. It was not possible to make this argument in the 1980s when United States-Gulf relations were viewed through the Soviet prism. See Robert H. Johnson, "The Persian Gulf in US Strategy: a Skeptical View", *International Security* 14:1, Summer 1989, pp. 122-160.

<sup>8</sup>. For a good overview see the statement by Ambassador Robert H. Pelletreau, Assistant Secretary of State for Near Eastern Affairs, in *Developments in the Middle East*, Hearings, Committee on International Relations, House of Representatives, Washington, D.C.: 25 September 1996.

<sup>9</sup>. Although somewhat dated, the most serious assessment of the historical record may be found in Hermann F. Eilts, "Security Considerations in the Persian Gulf", *International Security* 5:2, Fall 1980, pp. 79-113. A more recent update is included in F. Gregory Gause III, *Oil Monarchies: Domestic and Security Challenges in the Arab Gulf States*, New York: Council on Foreign Relations Press, 1994.

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maintain their distances from Washington, rather than the latter's policy wishes. In the absence of such a defense treaty, interests of a different nature – in this instance, access to oil resources – will color the US presence in the area.

## Conclusion

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Contrary to popular opinion – as well as calls for specific reforms – the United States has increased its access and its forward presence throughout the Gulf region by minimizing its presence and maximizing its strategic agility and power projection. In mid-1997, US forces in the Persian Gulf area included a naval component (organized as the Fifth Fleet) under a Naval Forces Command headquartered in Bahrain. This force regularly included a battle carrier group and other naval assets, a maritime intercept operation enforcing the United Nations sanctions regime on Iraq, and a Marine Expeditionary Force with pre-positioned equipment in the Gulf. In addition to these naval assets, the US Air Force had an air wing in Saudi Arabia conducting Operation Southern Watch in southern Iraq, under the command of a Joint Task Force in the Gulf<sup>1</sup>. For deterrence, Washington forward deployed Patriot batteries and special operations teams, operating from several Gulf Cooperation Council states. Although the United States had no *permanent* ground troops stationed in the Gulf, by the end of the decade it may well have pre-positioned equipment for a total of five brigades. Ashore, there were two sets for heavy Army brigades, one each in Kuwait and Qatar, and discussions were underway with the United Arab Emirates (UAE) concerning the location for a third set. Afloat near Diego Garcia in the Indian Ocean were twenty ships, that contained, among other things,

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<sup>1</sup>. Additional air assets are deployed in Kuwait but these are not part of Operation Southern Watch.

equipment for another Army brigade as well as a Marine Expeditionary Force (MEF), which is somewhat larger than an Army brigade set<sup>2</sup>.

In addition, Washington increased its exercises in the Gulf, although many of these remained small in scale. Nevertheless, “*Washington greatly improved its ability to mount a defense*” of key regional states through its many security assistance and training programs with individual GCC military forces<sup>3</sup>.

The challenge, therefore, was not to gain access, but to manage security relationships with the GCC states – including the forward presence – in a manner that deterred adversaries without undue costs and risks for Gulf allies. To do so, Washington “*must preserve a balance between the need for a visible deterrent in the area and sensitivity to domestic concerns of GCC states. Too much visibility raises the risk of destabilizing host nations and reducing access. Too little raises the risk that potential adversaries will not be deterred*”<sup>4</sup>.

## ■ Engagement vs Dual Containment

If the Clinton Administration’s “engagement and enlargement” strategy is effective in the Persian Gulf region, what are we to make of dual containment? To begin with, the dual containment strategy was an outgrowth of the War for Kuwait. The previous US policy of attempting to maintain a balance of power between Iran and Iraq collapsed when Iraq invaded Kuwait. “Dual Containment”, consequently, was meant to

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<sup>2</sup>. Department of Defense, *United States Security Strategy for the Middle East*, Washington, DC: Office of the Assistant Secretary of Defense for International Security Affairs, May 1996.

<sup>3</sup>. Phebe Marr, “Persian Gulf” in *Strategic Assessment 1997*, *op. cit.*, p. 95.

<sup>4</sup>. *Ibid.* See also Norman Kempster, “Stakes Are Too High For US Pullout”, *The Los Angeles Times*, 27 June 1996, pp. A6, A7.

contain both Iran and Iraq, using the instruments of military presence to deter aggression and economic sanctions to induce either a change of behavior (Iran and Iraq) or a change of government (Iraq). Of course, the policy was also convenient, since US diplomatic efforts to isolate both regimes proved to be far less successful than anticipated<sup>5</sup>. Although containment of Iraq was stringent and internationally acceptable – it involved enforcing no-fly zones in the north and the south of the country to which Britain and France lend a hand, as well as an embargo on military sales and oil exports, and tight trade restrictions – efforts to muzzle Iran proved next to impossible. US legislation chimed in, prohibiting trade and investment with countries dealing with Iran that, not surprisingly, placed Washington at odds with its Western allies, including Britain, Germany, France and Italy. To be sure, these efforts were designed to raise the cost to Iran and Iraq of pursuing unacceptable behavior, such as alleged support for terrorist acts, but, in the end, neither Teheran nor Baghdad changed their behavior.

As a result, the dual containment strategy faced several challenges that, for better or worse, will continue to complicate US foreign policy objectives in the Gulf region. First, the policy implied equal treatment for two countries with different political dynamics and posing different kinds of threat. Given the priorities of the Clinton Administration it was difficult to see who would champion the cause. Second, it remained to be determined whether a stringent containment policy can be maintained over time, as several European and GCC states prefer dialogue and engagement – especially commercial engagement – to moderate the Iranian and Iraqi leaderships. Ironically, periodic military responses from the United States to challenges from Iraq, such as the military build-up in the Gulf in late summer 1996 after Saddam Hussein's

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<sup>5</sup>. It is not my purpose to argue for or against dual containment, except to say that it is there and that it will probably continue to be there for some time. For a good critique of the policy see Gregory Gause, *op. cit.*, pp. 190-192.

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incursion in the north of Iraq, put significant economic and political stress on some GCC states. Moreover, GCC states fear future backlashes at home, from too much isolation of the two regimes. Naturally, Washington prefers tough sanctions on Iran and continued constraints on Iraq, emphasizing its security role but this argument is no longer persuasive. The actual costs of dual containment on alliance cohesion in the area may prove to be too high.

There are also domestic economic and political costs to dual containment in the United States and the GCC states. As Saudi Arabia and the smaller conservative Arab Gulf monarchies face rising economic difficulties and domestic opposition, the United States may find GCC financial and economic support for the forward presence reduced<sup>6</sup>. In the United States, incidents such as the Khobar bombing, as well as the need for budget cuts may further raise questions about the costs and benefits of the policy. The challenge will be to sustain a suitable force presence that is affordable and acceptable to the local population in the Gulf. Washington may also need to consider whether both the burdens and the responsibility for Gulf security may be more equitably shared.

### ■ Dealing With GCC Partners

Opportunists aside, few doubt the United States' commitments to the Persian Gulf region, chiefly because of Washington's strategic and economic interests in the area. Still, improving the stability of friendly regimes in the Gulf, perhaps by encouraging GCC states to address underlying causes of domestic tensions, resembles to walking on a tightrope. To be sure, an evolutionary approach will surely create

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<sup>6</sup> Vahan Zanoian, "After the Oil Boom: the Holiday Ends in the Gulf", *Foreign Affairs* 74:6, November/December 1995, pp. 2-7.

## *Conclusion*

economically viable and politically accountable systems, capable of meeting the demands and expectations of growing and youthful populations. Towards that end, Washington may genuinely enhance its long-term interests if it can find ways to support indigenous reforms, without insisting on Western style “democracy”.



## Biographies/Authors

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## Acronyms and Conventions

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DOE:	Department of Energy
EIA:	Energy Information Administration
GAO:	General Accounting Office
GCC:	Gulf Cooperation Council
GOP:	Grand Old Party
IAEA:	International Atomic Energy Agency
IEA:	International Energy Agency
MEF:	Marine Expeditionary Force
MENA:	Middle East/North Africa
NAFTA:	North American Free Trade Agreement
NATO:	North Atlantic Treaty Organization
NBC:	Nuclear, Biological and Chemical
OECD:	Organization of Economic Cooperation and Development
SPR:	Strategic Petroleum Reserve
UAE:	United Arab Emirates
WMD:	Weapon of Mass Destruction
WTO:	World Trade Organization



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