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HIGH STAKES FOR THE U.S. IN THE PERSIAN GULF

INTRODUCTION

The May 17 attack on the USS Stark is a tragic reminder of the potential dangers of the seven-year-old Iran-Iraq war. It also is a reminder of the Persian Gulf's enormous strategic importance to the United States and the West.

The attack on the Stark prompted second thoughts about the Reagan Administration's March commitment to reflag and escort eleven Kuwaiti oil tankers in the Persian Gulf. Some have called for Ronald Reagan to break this pledge to avert a possible naval confrontation with Iran. Such advice, however, ignores the long-term risks of a U.S. decision to cut and run. This would reverse the decades old U.S. policy to promote stability in the Gulf, to keep it open to ships of all nations, and to prevent Soviet dominance in the region.

The West has sustained two major strategic setbacks in the Persian Gulf region in the past decade--the Iranian revolution and the Soviet invasion of Afghanistan. It cannot afford another. Reneging on the commitment to Kuwait would shatter U.S. credibility, already weakened by the revelation of arms sales to Iran, and undermine U.S. ability to deter both Iranian and Soviet aggression in the future. Withdrawing the reflagging offer not only would cast doubt on the consistency and reliability of the U.S., but would lead the Arab Gulf states to appease Iran or seek protection from Moscow.

Such an abdication of U.S. responsibility eventually would allow one of these hostile powers to establish hegemony over the Persian Gulf oil reserves. Given the economic importance of Persian Gulf oil to the Western Alliance, the U.S. can not afford to err on the side of complacency.

Also at stake is the containment of the destabilizing spillover effects of the Iranian revolution. If Washington stands by idly, Iran probably could intimidate Kuwait, drive a wedge between Iraq and the other Arab Gulf states, and then defeat Iraq. Iranian radicals bent on exporting Ayatollah Ruhollah Khomeini's

brand of radical Islamic fundamentalism would be strengthened at the expense of more reasonable Iranian leaders who could reach some accommodation with the West. Iran would be encouraged to foment revolution in Kuwait, Saudi Arabia, and other Gulf states. An ascendant Iran would ignite smoldering fundamentalist movements in such pro-Western states as Egypt, Jordan, Tunisia, and Morocco. Anti-Western terrorism would surge, as would the chances of another Arab-Israeli war.

Prudent Risks. The risks entailed in the Administration's reflagging plan appear prudent when weighed against the long-term risks of dishonoring the reflagging commitment. Reflagging, of course, is no panacea. It does not assure the free flow of all Persian Gulf oil, only the bulk of Kuwaiti oil exports. Yet it sends a signal to Iran, the Soviet Union, and the Arab Gulf states: the U.S. is willing and able to take action to protect its vital interests in the Persian Gulf.

Upholding the U.S. commitment to Kuwait is a necessary but not sufficient policy to protect U.S. interests in the Persian Gulf. The best way to protect these interests is to end the Iran-Iraq war. Pursuing this, the Reagan Administration has launched a diplomatic offensive to prompt the United Nations to give teeth to its so far ineffective Security Council resolutions calling for an end to the Gulf war. Washington wants the U.N. Security Council to mandate an arms embargo on whichever belligerent refuses to accept a cease-fire and negotiations.

Washington experts know from long experience, however, that there is little chance of the U.N. taking effective action on the Iran-Iraq war. The Administration thus must be prepared for the U.N. approach to fail. At that time, the Administration must be ready to work with other states to prevent Iran from attaining an outright victory. That would destabilize the region and ultimately impose enormous security and economic costs on the U.S. and its allies and friends.

THE REFLAGGING AND ESCORT PLAN

Bogged down in its stalemated war with Iraq, Iran has launched a mounting campaign of intimidation against Kuwait. Kuwait is not an outright ally of Iraq. In fact, until the 1979 Iranian revolution, Iraq was the prime threat to Kuwait's independence and territorial integrity. Today, Iraq and Kuwait have a strategic marriage of convenience prompted by the common threat from revolutionary Iran. Kuwait permits Iraq's warplanes to transit its airspace and Iraq's trade to be routed through Kuwait's port. Together with Saudi Arabia, Kuwait contributes oil revenues of about \$4 million a day to Iraq.

To punish Kuwait for this, Iran has unleashed a war of terrorism against Kuwait, sabotaging Kuwaiti oil facilities and attacking Kuwaiti shipping. Since last September, when Iran escalated its bully tactics against Kuwait, 26 of the 35 ships attacked by Iran in the Gulf have been bound to or from Kuwait.

Kuwait approached both Moscow and Washington in late 1986 seeking protection from Iran's illegal naval attacks. To preserve its nonaligned foreign policy stance and maximize its leverage on both superpowers, Kuwait originally

wanted to put six ships of its twenty-two-tanker fleet under U.S. protection and five ships under Soviet protection. In early March, the Reagan Administration, hoping to minimize Moscow's role in the Gulf, offered to reflag and escort all eleven ships. Nevertheless, Moscow has leased three of its tankers to Kuwait as a gesture of solidarity against Iranian intimidation.

A Limited Operation. Reflagging and escorting eleven Kuwaiti oil tankers is a limited operation that provides protection for 70 percent of Kuwait's oil exports at most. It does not constitute a comprehensive effort to ensure the security of all Gulf oil exports. Only a few dozen of the 600 tanker sorties from the Gulf will be escorted. Escorts for each oil tanker are unnecessary because only 1 percent of Gulf tankers have been attacked during the "tanker war"; this has not been enough to trigger an oil supply crisis. A key reason is that pipelines skirting the Gulf carry a steadily increasing proportion of Gulf oil exports--9 to 11 million barrels per day of pipeline capacity will be available in 1990, compared to 2.5 million in 1980.¹ Reflagging, nevertheless, is important because it demonstrates American determination to step in before the tanker war rages out of control and disrupts oil markets. Ultimately, however, only an end to the Iran-Iraq war will remove the threat to seaborne oil exports.

To protect ships flying the U.S. flag, the Navy is expanding its Persian Gulf task force. Normally comprised of five or six ships, it will be built up to nine ships including a Ticonderoga-class cruiser equipped with the sophisticated Aegis air defense system. This force is slated to escort a convoy of three to five reflagged oil tankers about every ten days, starting in late July. Each of the escort ships will be linked electronically to U.S. and Saudi AWACS radar surveillance aircraft based in Saudi Arabia. A U.S. carrier task force in the Indian Ocean will provide air support if necessary.

Battle Stations Manned. The U.S. escort ships will operate with battle stations fully manned when passing through the Strait of Hormuz, the 35-mile wide channel at the mouth of the Gulf. The U.S. escort warships will be allowed to defend themselves and the reflagged tankers against any ship or plane that manifests hostile intent either by maneuvering into a position where it could attack or by activating its target acquisition radar. To avoid being misidentified by belligerents, which resulted in the Stark tragedy, U.S. ships and aircraft will be equipped with electronics gear called "squawkers" that broadcast identifying signals.

The political aims of the reflagging and escort operation are to prevent Iran from bullying Kuwait into submission and to demonstrate support for freedom of navigation for nonbelligerent shipping. U.S. neutrality in the Iran-Iraq war would remain unchanged since American ships will be escorting Kuwaiti oil out of the Gulf, not war materiel into Iraq. Two Kuwaiti tankers already have been reflagged with British flags with little fuss.

This U.S. policy is a specific response to Iranian pressure on Kuwait, not to the ongoing Iranian war against Iraq. Although Iranians are sure to complain that it amounts to an American intervention on behalf of Iraq, they long have

1. The Wall Street Journal, June 29, 1987.

denounced anyway what they insist, incorrectly, is American support for Iraq. Teheran knows, moreover, that the U.S. could intervene much more decisively on Iraq's behalf if it desired. The argument that reflagging should be ruled out because it would be interpreted by Iran as a tilt towards Iraq, therefore, carries little weight.

U.S. INTERESTS IN THE PERSIAN GULF

The Persian Gulf arguably is the region most vital to Western security outside of Europe. Since 1949, U.S. Navy ships have steamed through the Gulf to demonstrate U.S. willingness to protect Western interests there. During the 1970s the U.S. followed a "twin pillar" strategy in the Gulf, relying on strong ties to the Shah's Iran and Saudi Arabia to safeguard Gulf stability. A more direct American commitment was needed after the Iranian revolution destroyed one "pillar" and the Soviet Union encircled the Gulf in a pincer movement by developing bases in South Yemen and Ethiopia and invading Afghanistan in December 1979. The Carter Doctrine of January 1980 proclaimed that the U.S. would resist any Soviet move to dominate the Gulf.

The reflagging of the Kuwaiti oil tankers furthers three U.S. objectives in the Persian Gulf: maintaining access to Gulf oil, minimizing Soviet influence in the Gulf region, and enhancing the stability of Gulf states.

Access to Gulf Oil

The Persian Gulf is the globe's largest single storehouse of low-cost energy supplies, containing 55 percent of the world's proved oil reserves. In 1986 Gulf states provided 6 percent (900,000 barrels per day) of U.S. total oil consumption. Although U.S. dependence on Persian Gulf oil currently is relatively low, U.S. allies are not so fortunate. In 1986 Japan imported from the Gulf 2.6 million barrels per day or 61 percent of Japanese oil consumption, Italy 800,000 barrels per day or 47 percent of consumption, France 600,000 barrels per day or 32 percent of consumption, and West Germany 200,000 barrels per day or 8 percent of consumption. The long-term cohesiveness of the Western alliance depends on the ability of the U.S. to assure its allies continued access to Gulf oil.

Despite its relatively low dependence on Gulf oil, the U.S. remains vulnerable to the economic damage that would accompany a major disruption in Gulf oil exports. Since oil is a fungible commodity freely traded in the world market, a sudden interruption of Persian Gulf oil exports would cause importers of that oil to bid up the world price of oil. The 1973-1974 quadrupling of oil prices and the 1978-1979 doubling of oil prices were both triggered by global oil supply disruptions of less than 5 percent. When supply shortages are translated into price hikes, the U.S. stands to lose more than any other country because it is the world's largest oil importer (5.3 million barrels daily in 1986) and the American economy is more oil intensive than many of its economic competitors.

Persian Gulf oil will become increasingly important in the future. The recent fall in oil prices has depressed global investment in oil exploration and alternative energy sources while spurring the growth rate of oil consumption. Because it

Teheran wants to maximize immediate profits. Iranian control of Iraqi oil would increase OPEC production discipline, because Iraq currently ignores OPEC-assigned quotas. Enforcing the quotas would push up oil prices. Moreover, by reducing Iraqi oil production, Iran could justify a prolonged Rhineland-style occupation of Iraq's oilfields to extract the up to \$150 billion in war reparations that it has demanded.

THE RISKS OF REFLAGGING

By reflagging and escorting Kuwaiti tankers, the U.S. will be assuming manageable risks: a low to moderate risk of attack on the ships themselves and a somewhat higher risk of terrorism against U.S. targets in the Middle East. Iran's naval threat to U.S.-escorted ships in the Gulf can be blunted relatively easily by the U.S. Navy. Iranian-sponsored terrorist attacks are more difficult to counter, but this threat existed long before the reflagging in any case.

Military Risks

Iran's small navy of three destroyers, four frigates, and several small patrol craft poses a minimal threat to escorted tankers. Iran's ships are believed to be in poor condition because of inadequate maintenance and lack of spare parts. Naval personnel are poorly trained, and their weapons are extremely unreliable. Last fall, for example, only 10 percent of Iran's Italian-made Seakiller surface-to-surface missiles functioned properly in combat.³ Other Iranian weapons systems also have poor performance records because of deterioration in storage or the purchase of defective weapons from unscrupulous black market arms dealers. The strength of the Iranian air force has fallen steadily to about 70 serviceable combat aircraft, including perhaps ten modern U.S.-made F-14 fighter-bombers supplied before the revolution. Unlike Iraq, Iran has few, if any, air-to-sea missiles.

Iran's tanker war has been waged primarily by the Revolutionary Guards, militant followers of Ayatollah Khomeini who have developed their own naval, air, and missile forces. Using 50 speed boats armed with machine guns and rocket launchers, the guards harass shipping with hit-and-run raids. The guards also have deployed Chinese-supplied Silkworm anti-ship missiles at two sites near the Strait of Hormuz and one on occupied Iraqi territory near Kuwait. The Silkworm is a truck-portable 1960s era missile with an 1,100 pound warhead and a range of roughly 50 miles. Iran is reported to have 20 Silkworms and eventually may get twice as many.⁴ Although the Iranians have test-fired one missile, the others are not yet believed to be operational. Work at one missile site was halted after U.S. warplanes staged a training exercise nearby.

More Nuisance than Threat. The Revolutionary Guards increasingly are using naval mines. At least four ships in the last two months have struck mines in the channel leading to Kuwait's main oil terminal. An 18-man U.S. Navy

3. The Washington Post, June 14 1987, p. A31.

4. The Washington Post, June 7, 1987, p. A1.

contains 71 percent of the world's surplus oil production, the Gulf is projected to meet a growing share of Western energy demands.² From the roughly 20 percent of the free world's oil consumption that the Gulf supplies today, it will climb to 45 percent by 1995.

Minimizing Soviet Influence

Given the vital importance to Western economies of continued access to Gulf oil, the U.S. cannot allow the Soviet Union to establish control over Gulf oil or to gain the capacity to deny it to the West. This would give Moscow tremendous leverage to peel oil-thirsty Japan and Western Europe away from their alliance with the U.S.

The Reagan Administration stepped forward to protect Kuwaiti tankers in part to minimize the Soviet role in the Gulf. To allow Soviet warships to become guarantors of the flow of Gulf oil would afford them a foothold in the area. They then could pose as the protector of Gulf Arabs against Iran's Islamic revolution. Conceding Moscow such a role would undermine American influence in the Gulf and prompt nervous Arab Gulf states to establish closer ties to Moscow.

Enhancing Gulf Stability

The chief source of instability in recent years has been the radical Islamic fundamentalism unleashed by the Iranian revolution. Since grabbing power in 1979, Iran's revolutionary ayatollahs have sought to incite Shiite revolutionaries in Iraq, Lebanon, Saudi Arabia, Kuwait, and Bahrain. Iranian subversive activities were a major factor triggering Iraq's September 1980 invasion of Iran.

American interests in the Gulf have become increasingly threatened since 1984 when Iraq, unable to export its oil through ports blocked by Iran, escalated attacks on Iranian oil exports. Iran responded by attacking shipping from other Gulf states to intimidate them and press them to restrain Iraqi air attacks. Meanwhile, Iran continued its relentless brutal war of attrition against Iraq.

An Iranian victory over Iraq would bring fanatical Iranian Revolutionary Guards to the borders of Kuwait, Saudi Arabia, and Jordan while increasing Iran's ability to foment trouble in Turkey. The U.S. then would be confronted with the challenge of neutralizing a direct Iranian ground threat to Saudi Arabia and Kuwait rather than blunting Iranian threats at sea, where the U.S. enjoys a pronounced comparative advantage.

Iran in the Driver's Seat. An Iranian victory also would threaten the economic stability of the West because Iranian control of Iraqi oil fields would put Iran in the OPEC driver's seat. Unlike the Saudis, who have a long time-horizon for oil production and therefore want prices to stay below the level that would make alternative energy sources economically competitive, the Iranians have a relatively short time-horizon because of their smaller oil reserves. The result:

2. Lt. Col. Ralph Cossa, "America's Interests in the Persian Gulf Are Growing, Not Decreasing," Armed Forces Journal International, June 1987.

ordnance team dispatched to Kuwait located up to 20 primitive North Korean-made mines in Kuwaiti waters. Given their limited numbers and unsophisticated manufacture, Iranian mines are more of a nuisance than a threat. Kuwait has requested assistance from Saudi Arabia's four U.S.-made minesweepers and may lease a Dutch minesweeper itself. U.S. Navy helicopters also could locate and detonate mines if necessary.

U.S. naval escorts should have little trouble neutralizing Iran's conventional naval threats. The U.S. ships carry sophisticated electronic devices to confuse the Silkworm's guidance system, and the ships have anti-missile defense systems. American AWACS surveillance planes provide early warning not only of missiles and aircraft but also of Iranian speedboats. On balance, Iran's unconventional threats in the form of sabotage or terrorism are relatively greater than the military threat to the reflagged tankers.

Iran's Risks

Despite its rhetorical bluster, Iran always has treated American naval forces with utmost caution. The U.S. Navy has escorted approximately 150 U.S. ships through the Persian Gulf in recent years without sustaining a single Iranian attack. British and Soviet warships also have escorted hundreds of their own merchant ships without being attacked, although unescorted ships have not been so fortunate. Iran assiduously follows U.S.-established procedures for warning and identification when its forces operate in close proximity to U.S. naval vessels. Unlike Iraq, which mistakenly attacked the USS Stark, the Iranians always make a reconnaissance overflight to identify a target before launching an air attack.⁵

The Iranians have good reason to be cautious. A naval confrontation with the U.S. is far riskier for Teheran than for Washington. The Iranians already have their hands full with the war against Iraq. They launched their tanker war to reduce Kuwait's support for Iraq, not to drag the U.S. in on Iraq's side. The Iranians know that they are totally dependent on shipping their oil through the Gulf. By contrast, all Iraqi oil is transported in pipelines that skirt the war zone. Iran risks losing its own oil exports if it picks a naval fight with the U.S. that it could not win.

THE RISKS OF RENEGING ON THE REFLAGGING COMMITMENT

The abrogation of the U.S. commitment to Kuwait would send dangerous signals to Kuwait, other Arab Gulf states, the Soviet Union, and Iran. Kuwait and other pro-Western Gulf states would lose confidence in the reliability, or even the relevance, of U.S. security commitments. This could prompt them to appease Iran or to offset the Iranian threat by establishing closer ties to the Soviet Union. Either way, U.S. influence in the Gulf would be eroded severely. Plummeting American credibility in the Gulf also would diminish U.S. ability to deter Libyan terrorism and act as a trusted go-between in resolving the Arab-Israeli dispute.

5. Middle East Policy Survey, May 29, 1987, p. 1.

Propaganda Victory for Moscow. An American about-face on reflagging would rebound to Moscow's benefit. The Soviets secretly signed an agreement with Kuwait on April 1 to lease and reflag additional Kuwaiti tankers if the U.S. were to break its commitment to protect Kuwait's tankers.⁶ This would hand Moscow a devastating propaganda victory in the Arab world, allowing it to pose as the champion of Arab interests while belittling American resolution and staying power. The resulting corrosion of deterrence could precipitate a Soviet miscalculation that would produce a superpower confrontation in the Persian Gulf.

American renegeing on reflagging would encourage Iran to adopt a more aggressive posture toward the U.S. and step up its intimidation of Kuwait and other Gulf states. Perceiving U.S. power and interest in the Gulf to be ebbing, the Gulf states would hedge their bets on the Iran-Iraq war and appease Iran by reducing their financial support for Iraq.

This would bolster Iran's prospects for a decisive victory over Iraq. Such a victory would threaten the political stability of many pro-Western Middle East states by inflaming radical Islamic fundamentalist movements. Terrorism would surge. Iran would gain leverage to block Arab-Israeli peace efforts and escalate attacks on Israel. An American effort to avoid the risks of reflagging heightens the long-term risks of Iran-generated instability.

U.S. POLICY

The U.S. has made a commitment to reflagging, and it should live up to that commitment. Like it or not, reflagging is now seen as a litmus test of U.S. credibility in the Gulf. Reflagging is a means to an end, and the Administration should clarify that end. Although it marginally improves the security of Persian Gulf oil flows and minimizes the Soviet role in the Gulf, reflagging makes the most sense in the context of U.S. policy toward Iran. Reflagging blocks Iran's attempts to intimidate and dominate the Arab Gulf states. The Administration therefore should stress that reflagging is a component of its long-term efforts to contain the destabilizing spillover effects of the Iranian revolution. As such, reflagging should be linked to a set of other policies aimed at limiting Iran's attempts to export its revolution.

Encouraging Responsible Leaders. Washington must present the Iranian government with solid disincentives for radical behavior and plausible incentives for moderating its aggressive foreign policy.⁷ The ultimate U.S. goal should be to encourage the emergence of a responsible Iranian leadership with which the U.S. and pro-Western Middle East states can establish a modus vivendi. These would be Iranian leaders who would accept a "revolution in one country" rather than relentlessly strive to foment revolution elsewhere. It also means leaders who would disavow terrorism as an adjunct of foreign policy.

6. The Washington Post, June 5, 1987, p. A1.

7. See: James Phillips, "The Continuing Need for a U.S. Opening to Iran," Heritage Foundation Backgrounder No. 566, March 5, 1987.

The American people and U.S. Congress would understand better the need to buttress Kuwait if they realized that the same pro-Iranian terrorist groups that hold American hostages in Lebanon are intent on bringing Kuwait to its knees. In fact, most of the nine Americans kidnapped by fundamentalist Shiites in Lebanon were taken hostage to force the release of seventeen pro-Iranian terrorists captured after the December 1983 bombings of Kuwaiti government installations and the American and French embassies in Kuwait.

Kuwait has stood firm against Iran-sponsored bombings, an assassination attempt on Kuwait's head of state, and sabotage of Kuwaiti oil facilities. The reflagging and escort of Kuwaiti tankers shores up Kuwait's determination to resist Iranian terrorism. It underscores the failure of Iranian terrorism to alter Kuwaiti or U.S. foreign policy, thereby demonstrating to Iran's leaders that terrorism does not always pay dividends.

Seeking the War's End. Fulfilling the U.S. reflagging commitment is an essential signal that the U.S. is determined to protect its interests in the Gulf. But blunting the threats posed by Iran's tanker war treats the symptoms, not the cause, of instability in the Gulf. The U.S. must go beyond reflagging and seek an end to the Iran-Iraq war which spawned the tanker war. The most potent option for forcing an end to the war would be a joint U.S.-Soviet effort, but such a policy is unrealistic and undesirable. Long-term Soviet goals in the Persian Gulf are incompatible with American goals. Moscow wants a servile Iran, which would not block the extension of Soviet power to the Gulf or spur Islamic revolution in Soviet Central Asia. Washington needs a stable, independent Iran, which does not disintegrate into separatist states that the Soviets can use as stepping stones to the Gulf. The 1941-1946 failed experiment in Soviet-British condominium over Iran demonstrated the conflict between long-term Western and Soviet goals. Moscow refused to honor its pledge to withdraw from northern Iran after World War II, and when it finally did so under heavy American pressure, it left behind communist puppet governments in Iran's provinces of Kurdistan and Azerbaijan.

If the Soviet Union truly wants to end the Iran-Iraq war, then it can prove it at the United Nations Security Council where the U.S. delegation is pushing a resolution that calls for a negotiated end to hostilities and an embargo on whichever side rejects a preliminary cease-fire. This would penalize Iran since Iraq long ago, signalled its willingness to accept a cease-fire. Without the imposition of an arms embargo that would choke off Iran's import-dependent war effort, however, the Security Council resolution is irrelevant. Moscow is Iraq's foremost arms supplier, and the Soviets provide Iran with arms indirectly through North Korea, Libya, Syria, Nicaragua, Vietnam, and Eastern Europe. Together with the People's Republic of China, Iran's chief arms supplier, Moscow probably will derail any effort to mandate an arms embargo. Washington should press its effort anyway to demonstrate to the Gulf Arabs the shallowness of the Soviet commitment to end the war.

Thwarting Iranian Victory. If efforts to resolve the conflict through the U.N. fail, as almost surely will happen, then the U.S. must consider measures to deny Iran a decisive victory over Iraq. Although Saddam Hussein's brutal Iraqi regime is no friend of the West, it furthers Western interests by shielding other Middle Eastern states from the brunt of Iran's revolutionary fervor. Thwarting an Iranian

victory over Iraq is the best way to frustrate Iran's radical hard-liners and encourage moderation in Iran's foreign policy.⁸

Direct military assistance to Iraq should not be necessary unless Iran escalates terrorist attacks against the U.S. or provokes a confrontation in the Gulf. The U.S. could improve Iraq's financial plight by easing repayment terms on the \$500 million worth of U.S. commodity credits that Iraq receives annually. Washington also could use its tilt to Iraq to help restore the confidence of international lenders in Iraq's ability to withstand Iran and repay loans.

Washington must make it clear that the U.S. arms sales to Iran were a temporary aberration. The American effort to block arms sales to Iran, "Operation Staunch," must be a top priority. The availability of foreign arms stokes Iran's war efforts and prolongs the war.

Washington could support Iraq diplomatically by pressing Gulf states not to appease Iran. Saudi Arabia, for instance, revised its oil pricing policy in 1986 and bowed to Iran's demands to cut oil production. The Saudis also supplied Iran with refined oil products to offset shortfalls in Iranian refinery production.

The U.S. should support Jordanian efforts to encourage Syria to break with Iran and to reconcile with Iraq. Such a realignment could limit Iran's ability to support terrorism in Lebanon and reduce Iran's ability to manipulate American hostages.

As long as Ayatollah Khomeini remains in power, Iran will continue to prosecute its war against Iraq. When Khomeini passes from the scene, however, Iran's implacable determination to continue its bloody war could soften. The U.S. thus should maintain contact with all of the ad hoc factions maneuvering to fill the power vacuum that Khomeini will leave behind. To focus Iranian attention on the benefits of a negotiated solution, the U.S. should endorse in principle Iran's demand for war reparations from Iraq. Saudi Arabia and Kuwait may be willing to foot some of the bill by earmarking some of the oil production that already is committed to Iraq. The U.S. also could offer technical assistance in rebuilding the Iranian oil industry if Iran ends its war against Iraq and disavows terrorism.

Respect for Firmness. In addition to these carrots, Washington must brandish sticks. If Iran attacks the reflagged tankers, the U.S. must be willing to respond firmly. Any Iranian attacks should be answered with the destruction not only of the attacking forces but also of their bases. Iran respects firmness, as it demonstrated in 1984 when it chose not to escalate a confrontation with Saudi Arabia after Saudi fighter planes shot down an Iranian warplane on the Saudi side of the Gulf.

The Iranians should be kept guessing about the precise form and timing of U.S. retaliation. They should be warned beforehand, however, that a naval confrontation in the Gulf will precipitate American military assistance to Iraq and ultimately could result in U.S. airstrikes against Iran's vulnerable oil export facilities.

8. See: Daniel Pipes and Laurie Mylroie, "Back Iraq: It's Time for a U.S. Tilt," The New Republic, April 27, 1987.

Iran must be convinced that attacks on U.S. escorted shipping will jeopardize its highest priority goal: winning the war with Iraq.

CONCLUSION

Washington cannot respond to the Stark tragedy by abandoning its commitment to escort reflagged Kuwaiti tankers. The U.S. must take prudent risks to defend its interests in the Persian Gulf if it expects to be taken seriously by Iran, the Soviet Union, and the Gulf states. The risks of fulfilling its commitment are outweighed by the risks of dishonoring it.

Abrogating the reflagging commitment would encourage Iranian aggressiveness and allow the Soviets to expand their influence in the Gulf at U.S. expense. It would increase the likelihood of an Iranian victory over Iraq, which would generate instability in the Middle East for years to come.

Reflagging should be part of a broader diplomatic effort to safeguard Western interests in the Gulf. Washington must work with other states to end the Iran-Iraq war. If a negotiated solution proves unacceptable to Iran, then Washington should join an international effort to choke off Iran's arms supplies and tilt toward Iraq. Iran must be convinced that extremist policies ultimately will hurt its interests, not help them. Until Iran disavows terrorism and ends violent efforts to export its revolution, the U.S. must safeguard Western interests vigilantly in the Persian Gulf against Iranian threats and Soviet threats alike.

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