

April 10, 1992

## RETHINKING U.S. POLICY IN THE MIDDLE EAST

### INTRODUCTION

America's Middle East policy has become an anachronism. As with policies for other parts of the world, conventional wisdom on the Middle East is being up-ended and swirled around by the end of the Cold War and the disintegration of the Soviet Union. Containing the expansion of Soviet power and influence in the Middle East has been since 1947 one of the highest priorities of United States Middle East policy, along with assuring Western access to Persian Gulf oil, ensuring the security of Israel, the foremost American friend in the region, and maintaining good working relations with moderate Arab states.

The collapse of the Soviet threat throws a new light on American interests in the Middle East. No longer, for example, should retaining access to Persian Gulf oil be a principal strategic American interest in the region. Since no military power in the foreseeable future can deny the West access to Persian Gulf oil, which accounts for roughly two-thirds of the world's oil, Washington increasingly can treat access to Gulf oil as an economic question rather than as a vital strategic interest.

The U.S. can focus much less on a military intervention prompted by Moscow and more on regional threats to the continued flow of Persian Gulf oil. These threats could be short-term oil supply interruptions caused by interstate conflict, as occurred during the 1980-1988 Iran-Iraq war, or disruptions caused by revolutions in the region, such as occurred in Iran in 1978-1979. In both cases, the U.S. and other Western oil importers preserved their access to Persian Gulf oil not through military action, but through the world oil market, which balanced oil supply and demand through higher oil prices. In the long run, America's first line of defense against oil shortages is the free market, not the armed forces.

**Containing Iran and Iraq.** While America should not consider going to war merely to lower the price of oil, it must consider doing so if only war can prevent Persian Gulf oil from falling under the control of a hostile hegemonic power, such as Iran or Iraq. If either of these two radical states gained control over Gulf oil, the immense oil wealth could fuel a massive Iranian or Iraqi military buildup that could include nuclear weapons and long-range missiles. America cannot permit either of these two states, driven by anti-Western ideologies, to gain hegemony over Persian Gulf oil; that could create a volatile nuclear threat to America and its allies.

The disappearance of the Soviet menace also alters the nature of the principal threat to Israeli security. Israel's chief military adversaries, Iraq and Syria, have been weakened by the decline of their Moscow patron. Not only is the Commonwealth of Independent States (CIS) much less of a security problem for Israel, but Moscow is less likely to back its former Arab clients militarily in a confrontation with Israel. Israel today is stronger relative to its prospective military enemies than ever. The chief threat to Israeli security no longer is the prospect of immediate military attack by conventional forces, but the long-term proliferation of Arab nuclear, chemical, and biological weapons combined with internal Israeli economic weakness.

**Highest Priority.** America's victory in the Cold War and in last year's war with Iraq have made America the dominant power in the Middle East, with enhanced prestige, influence, and credibility. The Bush Administration has devoted the bulk of its attention, energy, and resources to the search for an Arab-Israeli peace settlement. In effect, the Bush Administration has made reaching an Arab-Israeli peace accord its highest priority foreign policy goal in the region.

This American interest in an Arab-Israeli peace accord, however, is not a strategic goal comparable in importance to preventing hegemony by Iran, Iraq, or any other hostile power over the Persian Gulf. Nor is it as critical to America as maintaining access to Persian Gulf oil or militarily assisting Israel. As a result, peace negotiations should not take precedence over these goals. Nor should Middle East peace negotiations take on higher importance in U.S. foreign policy than more vital U.S. strategic goals, such as democratizing Russia.

The Arab-Israeli peace talks, even if successful, will be a protracted and grueling set of negotiations that will last for years and have many false starts, impasses, and dead ends. It thus would be a mistake to put American prestige and credibility on the line and to tie up the President and Secretary of State with responsibility for the negotiations when so many other pressing issues deserve high-level U.S. attention.

To adjust to the post-Cold War and post-Soviet reality in the Middle East, the Bush Administration should:

- ◆ **Deemphasize Washington's role in the Arab-Israeli peace talks.** Such a deemphasis would prompt the Arabs and Israelis to become accustomed to negotiating with each other, and not with Washington. The Arab-Israeli talks should be continued low-key with as little American intervention as possible. As it now stands, the negotiations divert Bush and Secretary of State James Baker from more important issues such as how to deal with the implications of the collapsed Soviet Union. Bush should appoint an ambassador-at-large to monitor and mediate the Arab-Israeli negotiations, freeing the Secretary of State for more important issues.
- ◆ **Guard against the rise of a hostile hegemonic power in the Persian Gulf.** This can be done through military deterrence and security cooperation with Saudi Arabia and other friendly Arab Gulf states. America should maintain its role as the dominant external power in the Persian Gulf and the chief guarantor of the security of the conservative Arab Gulf states. To deter Iraqi and Iranian aggression, the U.S. should reach bilateral security arrangements with friendly Persian Gulf states that grant America the right to preposition mili-

tary supplies on their territory and gain access to their military facilities in a crisis. This will enhance the U.S. ability to deploy forces rapidly in the region while minimizing the peacetime presence of American ground forces, which could provoke an anti-American political backlash.

- ◆ **Make the ouster of Iraqi dictator Saddam Hussein the top short-term U.S. policy goal in the Persian Gulf.** Washington should focus more on how to remove Saddam Hussein as a threat to the Persian Gulf than on how to remove obstacles to the Arab-Israeli "peace process." The U.S. must go beyond the current economic sanctions imposed against Iraq and give military, economic, and diplomatic support to the Iraqi opposition, particularly the Kurdish rebels of northern Iraq.
- ◆ **Reject a rapprochement with Iran until Tehran has stopped trying to export its Islamic revolution forcibly to its neighbors and halted its support of terrorism.** Washington should not repeat the mistake it made with Saddam's Iraq, which was to tilt toward a hostile power as the lesser of two evils when this was unnecessary after the end of the Iran-Iraq in 1988. Iran, which looms large on the Persian Gulf horizon as the dominant regional power and a potential threat to U.S. interests, should not be treated merely as a useful counterweight to Iraq.
- ◆ **Maintain close ties with Israel.** Although the end of the Cold War has reduced Israel's strategic value to the U.S. as a potential partner against Moscow, Israel remains a dependable friend and potential ally in an unstable region. U.S. credibility in the world, moreover, requires that Washington continue its commitment of military assistance to Israel.
- ◆ **Encourage the development of an informal working relationship between Israel and Saudi Arabia.** Both countries have an interest in peace and stability in the region. This gives them a common interest in a negotiated solution to the Arab-Israeli conflict and the containment of radical Middle Eastern powers, such as Iraq, which seek to upset the status quo.
- ◆ **Urge Turkey to become the dominant model for political and economic development in the Middle East and Central Asia.** Turkey's modern brand of secular democracy and free market capitalism would be a stabilizing influence in the Middle East as well as in the former Soviet republics of Central Asia. The triumph of the Turkish model of political and economic development would undercut the appeal of Iranian-style Muslim fundamentalism, reduce terrorism, and enhance the prospects for cooperative rather than confrontational approaches to regional problems, such as the Arab-Israeli conflict.
- ◆ **Halt the proliferation of weapons of mass destruction and the means of delivering them.** Washington should work with all countries that export advanced military technology to restrict as much as possible the transfer of sensitive technology to the Middle East that could aid in the development of nuclear, chemical, and biological weapons and long-range surface-to-surface missiles.

- ◆ **Cooperate with Russia and other former members of the Soviet bloc in working for peace in the Middle East.** The U.S. should press the Soviet successor states to continue support of the U.S.-mediated Arab-Israeli peace talks begun at Madrid, to observe the United Nations-imposed economic sanctions against Iraq, and to halt the transfer of such destabilizing weapons as surface-to-surface missiles and advanced warplanes plus technologies that could be used to develop weapons of mass destruction. Washington quietly should seek information from the appropriate authorities in Russia and other states of the former Soviet bloc about the many Middle Eastern terrorist groups trained or indirectly supported by the Soviet bloc.

## THE POST-COLD WAR MIDDLE EAST

Distracted by its internal problems and the disintegration of the communist system, Moscow's interest and influence in the Middle East has waned if not evaporated almost completely. The Middle Eastern powers hurt most by the Soviet collapse have been Moscow's radical allies—Iraq, Libya, Syria, and the Palestine Liberation Organization (PLO). These clients lost the backing of a superpower, which could be crucial in a crisis, as Iraq learned in last year's Gulf War, when Moscow's abstention from opposing the U.S.-led anti-Iraq coalition sealed Baghdad's fate. The radical Arabs also have lost an important source of economic support<sup>1</sup> and a reliable supplier of sophisticated arms at cut-rate prices. And the Soviet collapse deprives the radical Arabs of a dependable source of diplomatic support, particularly at the United Nations Security Council, where Moscow wielded a veto.

Israel has been the major Middle Eastern beneficiary of the Soviet Union's disintegration. Moscow's decision to allow Soviet Jewish emigration strengthened Israel



**The Post-Cold War Middle East**

Scale: 1000 miles

Note: U.A.E. = United Arab Emirates

1 From 1970 to 1989 Moscow provided the overwhelming share of communist economic aid to the Middle East, which amounted to \$3.9 billion for Iraq, \$3.3 billion for Syria, and \$976 million for Iran. See: Central Intelligence Agency, *The World Factbook 1991*.

by bringing more than 400,000 Soviet Jews into Israel since 1989. This helped to tilt the psychological balance in the Israeli-Palestinian struggle, leading both sides to conclude that time favored Israel rather than the Arabs, because of the new demographic balance favoring Israel.

Iraqi dictator Saddam Hussein bitterly complained about the changing nature of superpower relations in a February 24, 1990, speech in Amman, Jordan. He branded the end of the Cold War as a disaster for the Arabs because it left America the dominant power in the Middle East. To block American hegemony, he called for the formation of a unified Arab bloc under Iraqi leadership that could use the oil weapon to gain leverage over Washington. Then in May 1990, Saddam called for an Arab oil embargo against America to force it to alter its pro-Israeli Middle East policy. This hostility toward America, partly caused by Saddam's distress over the loss of the Soviet counterweight to the U.S., was a major factor in the events leading up to the 1991 Persian Gulf War.

## U.S. ENERGY SECURITY AND MIDDLE EASTERN OIL

The disappearance of the Soviet military threat removes the chief reason for Washington to worry about continued American access to overseas oil. Not only is the risk of a Moscow-led seizure of strategic oil-rich regions such as the Persian Gulf greatly reduced, if not eliminated, but the threat that Moscow-controlled naval or air forces will interdict the flow of oil has practically disappeared. Moreover, the likelihood of a lengthy conventional war between the U.S. and the Soviet Union, the worst case scenario which heightened the need for assured access to oil, of course has declined to almost zero.

No other potential American adversary has the military strength to block long-term American access to vital oil resources. Regional crises such as the 1978-1979 Iranian revolution or the 1980-1988 Iran-Iraq war indeed may trigger short-term oil supply interruptions and price hikes that could impose economic costs on the U.S. The results, depending on the economic policies taken by Washington, could be higher inflation and slower economic growth, but these would not severely threaten the U.S. economy and could be corrected fairly quickly.

Although foreign oil imports account for over 40 percent of American oil consumption, only 1.8 million barrels of oil per day, or slightly more than 10 percent, come from the Persian Gulf. Vast oil resources are available in Mexico. The creation of a U.S.-Mexican free trade area would allow the U.S. to expand and tap into these resources.

**Market Protection.** The operation of a free market, moreover, would provide substantial protection in the event of an oil supply crisis. A shortfall in available oil supplies would trigger higher oil prices which would balance supply and demand. Higher oil prices would increase oil supplies by bringing high-cost oil into production in the U.S. and elsewhere, while reducing oil demand by encouraging the development of more efficient technologies for using oil and boosting the development of such alternative energy sources as coal, natural gas, and nuclear power. This, in fact, is what happened in response to the oil crises of the 1970s.

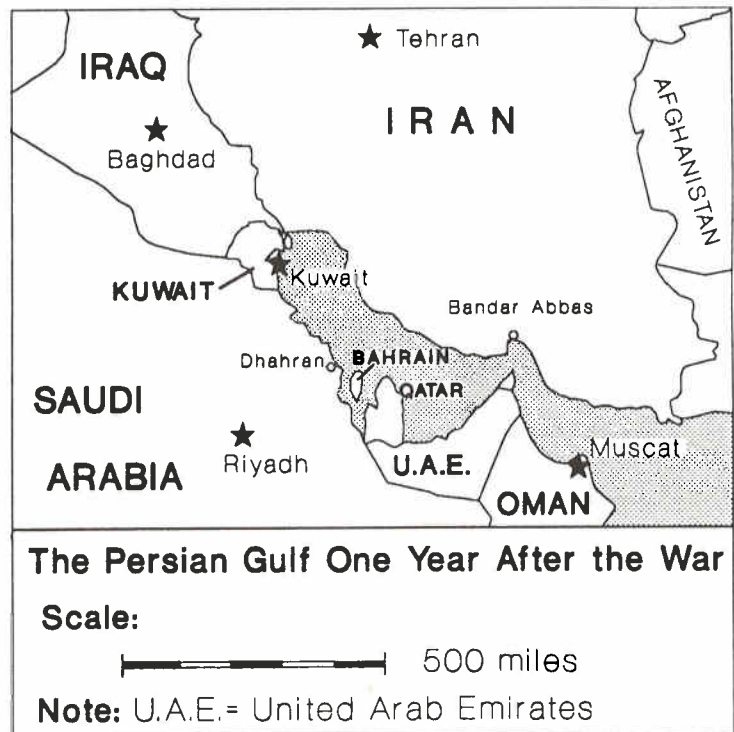
In the short run, an oil supply crisis could be ameliorated, if not resolved, by opening the spigot of the U.S. Strategic Petroleum Reserve (SPR), which contains approximately 568 million barrels of crude oil, the equivalent of 90 days of net crude oil imports. The SPR, which is slated to be expanded to 1 billion barrels of oil, will give the U.S. a substantial insurance policy against future oil supply disruptions. The SPR can be drawn down at a rate of 4 million barrels per day to offset a shortfall in oil imports, a fact that would reduce panic and help restrain prospective world oil price hikes in an international oil crisis.

The so-called Arab oil weapon is a blunt instrument that failed to force a change in U.S. Middle East policy when it was last unsheathed in 1973. The oil embargo was not able to be targeted against America alone because oil is a fungible commodity that could not be controlled by the Arabs once they sold it. The cutting edge of the 1973 oil embargo was the Arab oil production cutbacks that reduced world supply and drove up prices. But these costs were paid by all oil importers, not just the U.S.

U.S. imports of Arab oil rose from 915,000 barrels per day in 1973 to 2,244,000 barrels per day in 1990.<sup>2</sup> While Arab oil accounted for 5.3 percent of total petroleum products supplied in the U.S. in 1973, this figure rose to 13.2 percent in 1990.<sup>3</sup> Although U.S. dependence on Arab oil has risen, it remains relatively small. Moreover, the U.S. SPR and the emergency oil-sharing plans of the 21-member International Energy Agency would cushion the impact of another Arab oil embargo.

### America's Security Interests in Persian Gulf Oil

Since the world oil market would react to a shortfall in world oil exports with an immediate price rise to balance supply with demand, oil shortages would be short-lived phenomena experienced only during the transition to a new market equilibrium. The real issue in an oil crisis is not whether there will be enough oil, but how much the oil will cost.



<sup>2</sup> U.S. Department of Energy, *Monthly Energy Review*, October 1991, p. 47.

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

Although the U.S., as the world's largest oil importer, has an economic interest in low world oil prices, it has a security interest in high world oil prices. High world oil prices would reduce American vulnerability to disruptions of foreign oil supplies by making the production of high-cost U.S. oil commercially feasible and reducing U.S. dependence on imports of foreign oil that can be produced at low cost.

For energy security reasons it would not make sense for the U.S. to go to war merely to lower the price of oil. Such a policy only would make the U.S. more vulnerable to oil supply disruptions in the future by encouraging greater dependence on imports of cheap foreign oil. Moreover, the potential economic advantages of fighting a war to lower oil prices could be lost if oil production or export facilities were damaged in the fighting.

**Economic and Political Leverage.** What would warrant an American military response, however, would be the threat of a hostile power gaining hegemony over Persian Gulf oil. This would be unacceptable to America because it would allow that hostile power to use its control over two-thirds of the world's oil reserves to gain tremendous economic and political leverage over oil-importing states, including America.

More important, gaining control over Persian Gulf oil would give a hostile power enormous economic resources with which it could build a modern military machine and possibly a nuclear arsenal. The two chief regional threats, Iran and Iraq, are infused with radical anti-Western ideologies, Islamic fundamentalism and pan-Arab socialism, respectively. These ideologies have encouraged them to sponsor anti-western terrorism and have led them into violent confrontations with America in the past. Both have suffered humiliating military defeats in clashes with America—Iran in 1987-1988 when it attacked Kuwaiti oil tankers and Iraq in 1991 when it refused to withdraw from Kuwait.

Most disturbing, both have undertaken large-scale military buildups that include the acquisition of nuclear weapons. The enormous scale of Iraq's buildup was revealed in the Gulf War. Iran in 1990 launched a five-year \$10 billion program to buy arms from China, North Korea, and the former Soviet republics. Iran already has bought 20 MiG-29 *Fulcrum* jet fighters and some Su-24 *Fencer* fighter bombers from Moscow and is shopping for T-72 tanks.

These buildups not only threaten American forces and America's friends in the region, particularly Israel and Saudi Arabia, but eventually could threaten America as well, if Iran or Iraq should acquire intercontinental ballistic missiles. America's principal strategic aim in the Persian Gulf should be to prevent the rise of a hostile hegemonic power that could turn the enormous oil wealth of the region against the U.S.

## POST-COLD WAR PROSPECTS FOR ARAB-ISRAELI PEACE

The American victory in the Cold War and in the war against Iraq opened up what many Middle Eastern analysts characterized as a "window of opportunity" for Arab-Israeli negotiations. Radical Arab states received dramatic proof that they could not count on Moscow to support their policies or back them in a crisis. This not only weakened radical states that rejected peace negotiations with Israel, but reduced the feasibility of the Arab military option against Israel.

The prospects for peace were improved by Saudi Arabia's new assertiveness following Iraq's crushing military defeat. Saudi Arabia previously had been content to hew to the Arab consensus on foreign policy issues. But the defeat of Iraq, the weakness of Syria, the irrelevance of Libya, and the blunders of the increasingly isolated PLO left Saudi Arabia free to pursue a more independent foreign policy regarding the Arab-Israeli issue.

The war, moreover, gave the Saudis stronger incentives to help resolve the Palestinian problem, to demonstrate that the Saudis could do more for the Palestinians than Saddam could. Riyadh's disgust with the PLO's pro-Iraqi stance and the Gulf War's evisceration of Pan-Arabism gave the Saudis more latitude to elevate their own state interests over pan-Arab and Palestinian interests. For example, Saudi Arabia attended the multilateral round of peace talks held in Moscow on January 28-29, 1992, despite the refusal of Syria and the Palestinians to attend.

### **Bush, the Middle East, and the "Holy Grail" of the Presidency**

The Bush Administration tried to use the Gulf War as a springboard for diplomatic progress in the Arab-Israeli dispute. The Administration apparently was anxious to demonstrate that the war paid foreign policy dividends, despite Saddam's stubborn survival in power and the near certainty that, if he continues to survive, he again will threaten the region's peace. Secretary of State Baker made eight trips to the region to orchestrate the diplomatic process which began at Madrid last October 30. Bush, like his predecessors, had joined the quest for Arab-Israeli peace, something that Middle East scholar Martin Indyk perceptively calls "the Holy Grail of the American presidency".<sup>4</sup>

Yet Washington's stake in a settlement of the Arab-Israeli conflict has diminished for three reasons.

**First**, America no longer has to worry that Moscow will exploit simmering tensions between Israel and the Arabs to expand Moscow's own influence in the region. Moscow seeks Western assistance in solving its economic problems and is unlikely to jeopardize this to make marginal gains in the Middle East. Yevgeny Primakov, then Soviet President Mikhail Gorbachev's chief Middle East adviser, noted on September 4, 1991, that "Middle East issues have retreated and do not now have a place in our current thinking."<sup>5</sup>

**Second**, after the end of the Cold War there is little chance that an Arab-Israeli crisis could escalate into a superpower military confrontation. This, after all, is what made the thought of conflagration in the Middle East so terrifying. This worry is now gone. It is extremely unlikely that a democratic Russia will risk a war with America on behalf of Arab dictatorships that, in any event, are critical of Russia's political and economic reforms and its re-

---

4 Martin Indyk, "Concluding Discussion: The U.S. Role in Negotiations," in Proceedings from the Sixth Annual Policy Conference, The Washington Institute for Near East Policy, September 1991, p. 88.

5 Interview with London-based Arab newspaper, *Al-Sharq Al-Awsat*, cited in Foreign Broadcast Information Service, Daily Report: Near East and South Asia, September 6, 1991, p. 1.



trenchment. For example, Russia's relations with the PLO were strained severely by the PLO's support for the abortive August 1991 Soviet coup. The head of the PLO's Political Department, Faruq Qaddumi, applauded the coup and gushed, "We support the friendly Soviet Union in its new era."<sup>6</sup>

**Third**, the risk that Arab-Israeli tensions will threaten the continued flow of Persian Gulf oil has been reduced by the deterioration of relations between the PLO and the oil-rich Arab Gulf states. For the foreseeable future, Saudi Arabia and Kuwait, stung by Palestinian support for Iraqi aggression, are extremely unlikely to launch an oil embargo against the U.S., their chief protector, as they did at the time of the 1973 Arab-Israeli war.

## RETHINKING THE "PEACE PROCESS" OBSESSION

An Arab-Israeli settlement, of course, is an appropriate and laudable U.S. foreign policy goal. But too often Baker and his State Department treat the "peace process" as an end to itself. If progress towards peace stalls, then Bush and Baker bend over backwards to preserve the illusion of movement. As a result, American policy often becomes hostage to the fragile "peace process."

The Bush Administration, for example, tilted toward the Arabs by unilaterally deciding to hold the negotiations in Washington last December. This was precisely what the Arabs wanted, to maximize U.S. involvement. Israel, by contrast, wanted to hold the talks in the Middle East to signal Arab acceptance of the Jewish state. The Administration also sided with the Arabs by granting visas last December and then this January to PLO officials who acted as unofficial advisers to the joint Palestinian-Jordanian delegation at the Washington talks. This required the Administration to grant waivers to the PLO officials, who otherwise would have been banned from entering America under a 1986 law that prohibits the entry of members of terrorist groups. This concession contradicted Baker's assurances that Israel would not have to negotiate, even indirectly, with the PLO, which Israel rejects because of the PLO's continuing terrorist activities.

Allowing PLO officials to come to Washington also undermined Baker's attempts since 1989 to build up Palestinian moderates in the occupied territories by establishing a dialogue with them. By meeting Arab demands to allow PLO officials to come to Washington, the Bush Administration may have removed a short-term obstacle to Arab participation in the negotiations, but it damaged the long-term prospects for a negotiated settlement.

**Harsh on Israel.** The obsessive Bush Administration focus on the "peace process" not only hinders the attainment of a genuine peace but also strains American ties to Israel, America's best and most dependable friend in the region. To keep the Arabs engaged in the negotiations, the Bush Administration apparently feels that it must criticize Israel more harshly on contentious issues than it otherwise would do. Example: the U.S. joined the fourteen other members of the United Nations Security Council on January 6 in a one-sided resolution that "strongly condemns" Israel's January 2 deci-

---

6 Foreign Broadcast Information Service, *Daily Report: Near East and South Asia*, August 20, 1991, p. 1.

sion to deport from the occupied territories twelve Palestinians accused of inciting terrorism against Israelis. In five previous resolutions, that the Security Council had at most “deplored” the deportations. The U.S., which had never before supported a Security Council resolution that “strongly condemned” Israel, felt compelled to do so to assuage the Arab delegations to the negotiations, which had threatened to boycott the round of talks that was to be convened in Washington on January 7, 1992.

Washington acts as if Arab-Israeli peace is more important to America than it is to the parties involved. This leads astute negotiators on both sides to try to wring the maximum amount of concessions from Bush and Baker before seriously sitting down to negotiate with each other. The obsessive Bush Administration approach to the mechanical “peace process” leads to constant U.S. interventions that encourage the Arab negotiators to cling to the hope that America eventually will force a settlement on Israel. This harms the prospects for a settlement because a lasting peace can only be attained by the agreement of the parties involved and cannot be imposed by an outside power.

## RETHINKING AMERICA’S MIDDLE EAST POLICY

Although the Cold War is over and the superpower rivalry has abated, the Arab-Israeli conflict, inter-Arab rivalries, and Arab-Iranian tensions continue to roil the Middle East. The U.S. does not have the resources, will power, or imperial inclination—nor should it—to impose a Pax Americana on the Middle East that would suppress or resolve these destabilizing power struggles. The best that the U.S. can do is to work with the parties involved to reach a compromise negotiated settlement of outstanding issues wherever possible, and to maintain a favorable balance of power regardless of the state of negotiations.

To further American interests in the Middle East the Bush Administration should:

◆ **Deemphasize the U.S. role in the Arab-Israeli peace talks.**

This will encourage the Arabs and Israelis to become accustomed to negotiating with each other, not with Washington. Although much is said about a “window of opportunity” for Middle East peace, it is more like a “keyhole of opportunity.” Most of the parties were dragged to the negotiating table by Bush and Baker. The Middle East nations thus surely are motivated more by desire to avoid antagonizing Washington, the ascendant power in the region, than they are by a spirit of genuine reconciliation.

Baker has taken a hands-on approach to the Arab-Israeli peace negotiations and skillfully orchestrated the Madrid peace conference which launched the bilateral talks. But the bilateral talks now are grinding along at a glacial pace, bogged down in procedural issues such as where, when, and how the negotiations are to be conducted. The efforts remain at the level of talks about talks.

Given the more pressing issues at hand in the former Soviet Union, in Europe, and in Iraq, the Bush Administration should not continue devoting such high-level attention to the torturously slow Arab-Israeli talks, which are likely to make little progress until after the June 23 Israeli elections. Bush should appoint an ambassador-at-large as his personal representative to coordinate U.S. policy regarding the negotiations, thereby freeing the Secretary of State for more urgent foreign policy issues and allow-

ing him to be held in reserve to break negotiating logjams in the future. The ambassador-at-large should:

- 1) **Continue the negotiations in a low-key manner** with as little U.S. intervention as possible. This will encourage the negotiators to work things out for themselves through compromise. Over time, as the good faith of the negotiating parties is demonstrated by step-by-step agreements, both sides may become more flexible because of the increased confidence in the other side's peaceful intentions.
- 2) **Strive for incremental step-by-step bilateral agreements** between Israel and the Jordanian-Palestinian, Lebanese, and Syrian delegations, not a comprehensive agreement that can be blocked by a Syrian veto. Syria remains a diplomatic spoiler that for tactical reasons has gone along with the U.S.-designed negotiations to extract concessions from the U.S. and Saudi Arabia, try to drive a wedge between Israel and the U.S., and make propaganda gains at Israel's expense.
- 3) **Tell the Arabs** that since Israel is the party that has to make the tangible concessions and assume the security risks of trading land for peace, it is necessary for the Arabs to offer ironclad security guarantees to Israel. These should include perpetual demilitarization of any territory relinquished by Israel, continued Israeli military bases in some areas, and guarantees that any land from which Israel withdraws will be part of a confederation with Jordan, and not become an independent state.
- 4) **Declare that terrorism is the chief obstacle to the peace process** and that the U.S. expects Arab countries attending the negotiations to denounce terrorism with the same vehemence with which they denounce Israeli actions. The Arab countries also must be told that they carry a responsibility to stop terrorism.
- 5) **Inform both sides** that although the Israel settlements in the occupied territories are an obstacle to peace, that is a matter that should be decided only through bilateral Arab-Israeli negotiations, not through unilateral U.S. pressures, such as withholding the \$10 billion in loan guarantees requested by Israel.<sup>7</sup>
- 6) **Rule out the PLO as a suitable negotiating partner** and encourage the growing independence of Palestinian moderates in the occupied territories by talking exclusively to them.

---

7 The loan guarantees should be refused for other reasons. See: Edward L. Hudgins, Ph.D. and Joel C. Rosenberg, "Economic Reform, Not Loan Guarantees: Israel's Only Path to Prosperity," Heritage Foundation *Background* No. 881, February 13, 1992.

- 7) **Move the peace talks out of Washington** to a site closer to the Middle East. This will emphasize that the burden of the negotiations rests on the Arabs and Israelis, not on Americans.
- 8) **Avoid losing sight of the goal of peace** by obsessively focusing on the "peace process." Overeager American attempts to force concessions from Israel may preserve the negotiations in the short run, but they damage the long-term prospects of peace by making a negotiated settlement more unacceptable to Israel. If the negotiations are going to fail, it is better that they do so sooner rather than later, when Arab expectations are raised to such high levels that Muslim fundamentalists and other anti-Western radicals can exploit sudden Arab disillusionment with the collapse of the negotiations.

◆ **Assure U.S. energy security primarily through free markets, not through armed intervention.**

The chief threat to U.S. energy security is not another Arab oil embargo, but a major contraction in world oil supplies triggered by regional conflict or oil production cut-backs. This could be caused by internal instability in a leading oil producer, as during the Iranian revolution in 1978-1979. Although the U.S. could ride out most oil crises with little economic damage, a major crisis in the Persian Gulf that resulted in the complete loss of its roughly 15 million barrels per day of oil production, about 25 percent of total world oil production, temporarily would wreak havoc in the world economy. Although this scenario is extremely unlikely since some Persian Gulf oil almost surely will continue reaching the market, the U.S. should hedge against the unknown and maintain military forces in the Persian Gulf region to help deter another Saddam Hussein-type lunge for oil. The use of military force should be considered only as a last resort. In the long run, America's first line of defense against oil supply crises is the free market, not the armed forces.

The U.S. response to a limited economic threat should be primarily economic, not military, in nature. Absent a mortal threat to the American economy, the U.S. should seek to ride out an oil crisis using the free market to allocate scarce oil resources, and provide incentives for greater world oil production, greater conservation, more efficient consumption, and more extensive use of alternative energy sources.

◆ **Guard against the rise of a hostile hegemonic power in the Persian Gulf.**

This should be done through military deterrence and security cooperation with Saudi Arabia and other friendly Persian Gulf states. America should continue as the dominant external military power in the region and the chief guarantor of the security of Saudi Arabia and the other conservative Arab states of the Gulf. America's goal should be the forging of a stable regional balance of power in which Persian Gulf oil continues to flow, unimpeded by regional conflict or the hostile policies of a regional hegemonic power. To assure this, the U.S. should:

- 1) **Maintain forces armed and equipped to project power rapidly from bases in the U.S. to the Persian Gulf**, even without the support of local allies. This requires the deployment of strong naval forces, including at least one aircraft carrier battle group, continuously in the Persian Gulf and Ara-

bian Sea area, along with a quick reaction force of Marines, special forces units, and airborne troops. U.S. F-15 *Eagle* fighter-bombers should be rotated continually into Saudi or other air bases for joint training exercises. To move Army tank divisions rapidly in a crisis, the U.S. will have to continue investing in strategic airlift and sealift capabilities, and to preposition military supplies and equipment at depots and at sea near the Persian Gulf. The American military presence on the ground in conservative Arab gulf states should be minimized to reduce the risk of a destabilizing anti-Western political backlash that Muslim fundamentalists could exploit.

- 2) **Deter and defend against Iraqi and Iranian aggression** through bilateral security arrangements with Saudi Arabia and other members of the Gulf Cooperation Council (GCC)—Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates. The U.S. should press the GCC states to increase their military cooperation with each other as well as with Washington. The U.S. should strengthen the armed forces of GCC countries by augmenting the number and expanding the scale of joint military exercises with them, assisting them with military training, prepositioning military supplies on their territory if possible and increasing joint military planning. U.S. arms sales should be considered if they make it easier for the U.S. to deploy forces by encouraging a compatible defense infrastructure and if they do not significantly threaten Israel.

By prepositioning military equipment in Gulf states, the U.S. can reduce the number of personnel it needs to keep in politically sensitive countries, while reducing the time needed to build up a military force to defend that country against external threats. The U.S. had planned to leave about one armored division's worth of tanks and heavy equipment in place near the King Khalid Military City in northern Saudi Arabia as a hedge against a future crisis. The Saudi government, however, has balked, fearful that American soldiers guarding the prepositioned stocks could give the appearance of the establishment of an American base. These prepositioned stocks perhaps could be shifted to nearby Bahrain or Qatar, or alternative arrangements could be worked out with the Saudis in which Riyadh would buy the equipment and guard it with Saudi personnel.

- 3) **Encourage the creation of a Saudi-Egyptian alliance** and the deployment of Egyptian troops along the Saudi-Iraqi and Kuwaiti-Iraqi borders. Egypt and Syria had agreed to provide the nucleus of an Arab peacekeeping force in the Persian Gulf under the terms of the March 6, 1991, Damascus Declaration, but Saudi Arabia and Kuwait grew ambivalent, preferring to rely on the U.S. for protection. Washington should seek to block Syrian participation in the defense of the Gulf states because Syria itself is a threat to regional stability. But an Egyptian military presence in the Gulf and close Saudi-Egyptian ties would bolster regional security and help strengthen the Egyptian economy through Saudi aid, trade, and investment.

◆ **Make the ouster of Saddam Hussein the top short-term U.S. policy goal in the Persian Gulf.**

Saddam Hussein remains a threat to Persian Gulf stability as long as he remains in power. Bush erred seriously when he halted American forces in Iraq before Saddam's armed forces, particularly the elite Republican Guard, were destroyed totally. Now the U.S. must determinedly press the U.N. Security Council to enforce Resolution 687 of April 3 1991, which sets the terms of the permanent cease fire and requires the destruction of Iraqi weapons of mass destruction and ballistic missiles with ranges greater than 150 kilometers (93 miles). Continued Iraqi failure to comply with this resolution should be treated as a violation of the cease fire and should be punished with U.S., British, and French air strikes against identified Iraqi military production and storage facilities.

U.N. economic sanctions should be enforced relentlessly to exhaust Saddam's hard currency reserves and undermine his ability to assure the economic welfare of his power base. The Iraqi opposition is weak and divided by ethnic, religious, and ideological cleavages. These sanctions may prevent Saddam from further consolidating his power over the opposition, although throughout history, economic sanctions seldom have succeeded.

The chief hope for ousting Saddam lies in the possibility that the Iraqi army will remove him to preserve Iraq as a national entity. To give the Iraqi army maximum incentives to do so, the U.S. and its allies quietly should warn the Iraqi high command that military and economic aid will be dispensed to the Iraqi opposition in progressively increasing quantities until Saddam is overthrown. U.S. military aid, including shoulder-fired anti-tank and anti-aircraft missiles should be channeled to the Kurds, who have carved out their own enclave in northern Iraq. U.S. warplanes should prevent the Iraqi helicopter gunships and jets from launching air attacks on Iraqi rebels.

◆ **Reject a rapprochement with Iran until Tehran has stopped trying to export its Islamic revolution forcibly to its neighbors and halted its support of terrorism.**

Washington should not permit its focus on containing Saddam Hussein's Iraq to obscure the continuing threat of Iran, which looms large on the Persian Gulf horizon as the dominant regional power. Although Iran may in the long term become a useful counterweight to Iraq, America should be in no rush to seek a rapprochement with Iran.

Washington should try to constrain Iran's military buildup by seeking the cooperation of China, North Korea, the Soviet successor states, and other arms exporters in withholding sales of destabilizing missile and nuclear technology. If these countries refuse to accept some sort of export controls on these dangerous technologies, then the U.S. should punish them by freezing them out of Arab-Israeli peace negotiations and other multilateral negotiations on regional problems. The U.S. should seek to isolate Iran and deprive it of Western aid, loans, and technology until Tehran has halted its support of terrorism and stopped trying to export its Islamic revolution forcibly to its neighbors.

◆ **Maintain close ties with Israel.**

Although the end of the Cold War has reduced Israel's strategic value to the U.S. as a potential ally against Moscow, Israel remains an important and dependable friend in an unstable region. Israel can provide help to America in the form of intelligence, forward bases, and military cooperation against regional threats such as Iran, Iraq, Libya, and Syria. Israel also can assist the U.S. in fighting terrorism, in developing military technology, and in combatting drug trafficking in the Middle East.

The chief threat to Israeli security in the post-Cold War era is no longer an Arab conventional military threat but the prospect of proliferation of weapons of mass destruction and surface-to-surface missiles. To help Israel to blunt the threat of missile attack the U.S. should continue financial support for the joint U.S.-Israeli research and development program for the *Arrow* anti-tactical ballistic missile (ATBM) system, which will amount to 72 percent of the \$270 million cost of the program from 1991 to 1995. Washington also should continue its annual military assistance of \$1.8 billion to help Israel maintain its qualitative military edge over potential Arab adversaries.

To help Israel solve its festering economic problems, Washington should press Israel to adopt free market economic reforms such as reducing taxes, privatizing Israel's 160 state enterprises, selling land owned by the government, and deregulating Israel's economy.<sup>8</sup>

◆ **Encourage the development of an informal working relationship between Saudi Arabia and Israel.**

These two countries, which were simultaneously attacked by Iraqi *Scud* surface-to-surface missiles during the Gulf war, have an interest in shoring up a more stable regional status quo. Such cooperation could be critical to the success of a negotiated Arab-Israeli settlement. Since the defeat of Iraq, Riyadh has taken a more active and supportive role in the negotiations. A delegation of leaders from the American Jewish Congress visited Saudi Arabia in January 1992 at the invitation of the Saudi Ambassador to America, Prince Bandar Bin Sultan. Saudi Arabia also helped finance the costs of the multilateral round of the peace talks held in Moscow on January 28-29, 1992.

◆ **Urge Turkey to become the dominant model for political and economic development in the Middle East and Central Asia.**

Turkey's modern brand of secular democracy and free market capitalism would be a stabilizing influence in the Middle East as well as in the former Soviet republics of Central Asia. To reward Turkey for its moderate pro-Western policies and strengthen the appeal of the Turkish model of political and economic development, the U.S. should:

---

8 See Joel C. Rosenberg, "Land of Promise: Restoring Israel's Economic Miracle," *Policy Review*, Fall 1991, pp. 60-65.

- 1) **Support Turkey's bid to join the European Community.** If Turkey's bid for membership is rejected, Washington should offer to negotiate a free trade agreement with Turkey. This could help prevent Ankara from turning inward and reconsidering its pro-Western foreign policy.
- 2) **Grant Turkey \$50 million to help finance scholarships** for promising Central Asian Muslim students to study at universities in Turkey. This would strengthen the appeal of the Turkish model of development for future leaders and intellectuals of Central Asia.
- 3) **Cooperate with Turkish academic and government officials** in producing Voice of America radio broadcasts to Central Asia. The Turks could help select the subject matter of radio broadcasts, which could include increased coverage of Turkish affairs and interviews with Turkish intellectuals, artists, and government officials.

◆ **Halt the proliferation of weapons of mass destruction and the means of delivering them.**

America should work with both suppliers and regional countries to stop the spread of nuclear, chemical, and biological weapons and long-range surface-to-surface missiles. This means tightening export controls on these weapons and on the technology and materials for building them. The U.S. should try to expand participation in the Missile Technology Control Regime (MTCR), a 1987 agreement which prohibits the transfer of surface-to-surface missiles with a range greater than 300 kilometers (about 186 miles). The U.S. should urge Russia, China, and other non-participating missile-exporting states to join the eighteen states that currently observe the MTCR, including the U.S., Britain, Canada, France, Italy, Japan, and Germany. Washington also should try to extend the 1987 Intermediate-Range Nuclear Forces Treaty (INF), signed by the U.S. and the Soviet Union, to cover the Middle East. This would ban all the surface-to-surface missiles with ranges between 300 and 3,400 miles currently deployed in the region.

Washington also should strengthen export controls and expand the membership of the Nuclear Suppliers Group, formed in the mid-1970s to coordinate policies on nuclear materials exports and the Australia Group, created in the early 1980s to coordinate policies on exports of materials necessary to produce chemical weapons.

The test case for halting proliferation in the Middle East is Iraq. To reduce the incentives for acquiring weapons of mass destruction and missiles, the U.S. should work with other United Nations members to locate and destroy Iraq's nuclear, chemical, biological, and missile warfare programs, as required by U.N. Security Council Resolution 687 of April 3, 1991.

◆ **Cooperate with Russia and other former members of the Soviet bloc in working for peace in the Middle East.**

The U.S. diplomatically should press the Soviet successor states to strengthen the security of nuclear, chemical, and biological weapons research facilities and munitions stockpiles to prevent the unauthorized transfer of weapons of mass destruction in the



Middle East. Washington also should threaten to withhold economic aid to force the Soviet successor states to halt the transfer to the region of destabilizing weapons such as surface-to-surface missiles and technologies that could be used to develop weapons of mass destruction.

America should encourage all Soviet successor states to continue diplomatic support for the Arab-Israeli peace talks begun at Madrid. Although the Soviet Union theoretically was a co-sponsor of the talks, its internal distractions prevented it from playing an assertive role in the deliberations. Russian support for the negotiations is important, given Moscow's relative military strength and potential role as an arms supplier. But the diplomatic support of the various Central Asian republics also would be valuable, to strengthen the worldwide Muslim consensus supporting negotiations and demonstrate to radical Arab states that they will gain nothing from opposing negotiations.

**Cooperating Against Terrorists.** The embryonic democracies emerging from the Soviet empire presumably will have an interest in helping to repair the damage done by direct and indirect Soviet support for Middle Eastern terrorist groups which targeted Western democracies and Israel. Washington quietly should seek information from the appropriate authorities in the former Soviet Union and in Eastern Europe about the many terrorist groups, such as the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine, and the Armenian Secret Army for the Liberation of Armenia, that covertly were trained, armed, financed, or indirectly supported by the Soviet KGB or other Soviet bloc intelligence agencies. Such information about the leadership, cadres, capabilities, contacts, operational techniques, communications, bases, safe houses, and whereabouts of Middle Eastern terrorists greatly would assist the U.S. and other states in stamping out the scourge of terrorism.

Since ideological tensions no longer will make Russian-American competition a zero-sum game in which one side's gains automatically translate into the other side's losses, both sides will have an interest in cooperating to contain the threat of radical Islamic fundamentalism. To the extent that Russia becomes a Western-style democracy, Moscow will have an interest in cooperating with the U.S. in building stability in the Middle East and bringing peace to the region.

## CONCLUSION

The collapse of Soviet power and diminution of the Soviet threat to American interests in the Middle East should allow America to redefine its interest in protecting Persian Gulf oil. Since no power now has the military means to deny long-term Western access to Persian Gulf oil, the energy security problem now can be defined more as an economic than a strategic threat. This allows America, cushioned by the Strategic Petroleum Reserve, to make the free market, rather than the U.S. armed forces, the first line of defense against oil supply crises.

America will retain an interest, however, in keeping military forces in the vicinity of the Persian Gulf to prevent Iran or Iraq from establishing hegemony over Persian Gulf oil. America's goal should be to deny Iraq or Iran a monopoly over the enormous oil wealth of the Gulf, which they could use to build an arsenal that would make them much greater threats to U.S. security.

**Long-Term Focus.** The collapse of Soviet power also reduces the importance to America of pushing Arab-Israeli peace negotiations forward. Washington should continue its efforts to mediate such negotiations but should not sacrifice its ties to Israel or jeopardize Israeli security in an overeager attempt to accelerate negotiations. Real peace will require a solid Israeli-American relationship and only will be attained after years of arduous negotiations. Washington must focus on the long-term goal of peace rather than become obsessed with the short-term "peace process."

Compared with the Persian Gulf, the Arab-Israeli theater is a minor strategic side-show from Washington's perspective. The U.S. therefore should be much more concerned about who controls Persian Gulf oil than about who controls the West Bank, Gaza Strip, and Golan Heights.

**Skirting the Quagmire.** The Bush Administration should reshape its anachronistic Middle East policy. It should break the bonds of the conventional wisdom that prevailed before the collapse of Soviet power. The immediate challenges to U.S. interests posed by Iraq and Iran overshadow the long-term dangers posed by Arab-Israeli tensions. The Administration therefore should concentrate more on the pressing threats to America's interests in the Persian Gulf and avoid being bogged down in the quagmire of the Arab-Israeli "peace process."

James A. Phillips  
Deputy Director of Foreign Policy Studies

*All Heritage Foundation papers are now available electronically to subscribers of the "Nexis" on-line data retrieval service. The Heritage Foundation's Reports (HFRPTS) can be found in the OMNI, CURRNT, NWLTRS, and GVT group files of the NEXIS library and in the GOVT and OMNI group files of the GOVNWS library.*