

FALLACIES, SMOKE AND PIPE DREAMS: FORCING CHANGE IN IRAN AND IRAQ

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Foreign-policy goals invariably combine objectives that are achievable with those reachable only in theory or over a vastly extended time frame. There must be a balance. We seek to change other nations' undesirable behavior with sanctions, inducements and, at times, with direct support for internal oppositions. The resulting record is mixed, to say the least. But among the efforts most debilitating to national purpose are those principally of rhetorical salve for home consumption and without realistic prospects for success. U.S. policy toward Iran, and to a degree, Iraq, exemplifies unfortunate efforts that undercut our stated goals.

First, the administration attempts to prevent Iran's acquisition or development of weapons of mass destruction (WMD), support for terrorism and opposition to the Arab-Israeli peace process, all by sanctions designed to weaken the country's economy. Second, the United States aims to engineer "regime change" in Iraq to remove the threat created by Saddam Hussein's continued rule. The goals themselves are unexceptionable. But their pursuit by the Clinton administration

creates a fantasy view of regional realities: a posture useful for domestic politics, but largely counterproductive. Until Iraq rids itself of Saddam's ruling clique, U.S.-led political schemes are likely to do more harm than good. Prudent planning should be based on likely outcomes as opposed to fantasy expectation. Even a reinstated weapons-inspection regime would likely face impenetrable barriers devised during the long inspection hiatus by a regime whose deception skills have been honed during two recent wars and years of hide-and-seek with UNSCOM (United Nations Special Commission). This frustration is compounded by Saddam's evasion of sanctions, tightened control of his devastated population and effective anti-sanctions propaganda worldwide. Likely outcomes, then, suggest a continuing threat more likely to increase than dissipate. Even Saddam's departure may only bring another military junta. Or change could bring Afghanistan-like chaos, with fragmentation into unviable, vengeful mini-states.

The U.S. relationship with Iran that would then become imperative should be started now, for it will be slow maturing.

The administration complains that offers of negotiations with Tehran have been refused. No wonder. On top of abundant impediments on the Iranian side, we suggest talk on the one hand but make accusations and unrealistic demands on the other. Moreover, the nature of these demands leaves the whole process hostage both to Russia and to the entrenched Iranian clerics who see Iran's isolation as an indispensable tool against reforms. The current U.S. requirement is to drop the tit-for-tat diplomatic methodology in approaching Iran and the daily fever chart fixation with reformist versus conservative gains and losses. For every negative or threatening statement from Tehran there seems to be a U.S. response in kind. Is it useful for Secretary of Defense Cohen to tour the Gulf warning of "continued threats from Iran" and telling our marines in Kuwait that he hopes films of their "bunker buster" assault weapons will be shown in Iran to show them "just how good you really are"?¹

Counterproductive sanctions and the "rogue state" stereotype would best fade away without expectation of reciprocal acts or immediate resumption of diplomatic relations. The United States should remain interested, but uninvolved in efforts to mold the Islamic Republic's policies to our will as its factional struggles unfold. Apologies for U.S. past actions in Iran by Secretary of State Madeleine K. Albright, furthermore, are singularly inappropriate, particularly without balancing reference to the U.S. role in compelling Soviet departure from Iran after World War II and the many U.S. contributions to Iran's educational and economic development under the shah despite his repression and ultimate megalomania. Many Iranians recall these factors

and view the 1953 U.S.-British-assisted coup as in one sense an outrage, but also as likely having thwarted an eventual communist-party takeover. The United States can take pride in many aspects of its past relationship with Iran.

FORBIDDING WEAPONS

Because the administration's position on Iranian-sponsored terrorism has moderated somewhat and Iran's opposition to the Arab-Israeli peace process is a minor determinant to its outcome, the WMD issue remains foremost among U.S. impediments to serious engagement with Iran. Washington's insistence that Iran prove innocent of WMD development gives hard-line clerics a welcome barrier to improved relations with the United States. In starkest form, the issue may be framed as a question: Could any prudent regime in Iran *not* maintain and seek to improve an arsenal of WMD? If the answer is no, then the United States seeks not only one, but several near impossibilities. First, to convince Iran's leadership that a U.S. relationship is more valuable than deterrence against Saddam Hussein or his successors and, second, to continuously verify that Iran had actually disposed of existing chemical and biological weapons or abandoned its reputed preparations for nuclear-weapons capability.

To meet U.S. demands, then, would require Iran's agreement to cease a weapons development program it claims does not exist. In other words, Iran's required opener would amount to a confession of past duplicity – an unlikely policy reversal for a deeply divided government. President Clinton's inept diplomacy toward Iran was further displayed by his recent secret overture to President Khatami,

designed to “tease out the moderates in Tehran and test their willingness and ability to engage the United States.”²² Clinton proposed discussions to identify terrorists in the 1996 bombing of the Khobar Towers U.S. military housing in Saudi Arabia. This while Khatami was engaged in an all out pre-election battle against opponents ideologically predisposed to extremism. He is as yet without strength to confront them regardless of his post-election mandate. A less productive line of discourse is difficult to imagine, immediately putting Khatami on the defensive and requiring him either to offer unverifiable denials or possibly betray powerful political opponents

to a foreign government. A Khatami overture equivalent in tact and promise might have suggested to Clinton discussion of officeplace morality.

In contrast, Clinton could have proposed intensified cooperation in the uncontroversial area of drug control. Iran expends enormous resources battling the large flow of opium (the United Nations estimates 75 percent of global output) moving from Afghanistan through Iran and on to the streets of the world via international crime cartels. Or Clinton might have suggested the existing “Six Plus Two Group,” created to help solve Afghanistan’s civil war and comprising Afghanistan’s immediate neighbors plus Russia and the United States, as a forum for expanded diplomatic engagement on a mutually threatening problem.

Regardless, however, the WMD issue

overshadows prospects for normalizing relations. The problem must be viewed from the standpoint of (1) Iran’s war experience and current relationship with Iraq, (2) Iran’s image of itself in regional and world terms irrespective of the current leadership, and (3) the evolution of strategic and advanced weaponry in the Gulf and South Asia since Iran’s revolution. Because the revolution’s rationale centered on vilification of the United States, the hard

core of Iran’s clerical leadership still depends on reciprocal animosity for its survival. Animosity toward Iran, in turn, has become so entrenched in U.S. politics that Iran is still widely portrayed

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as a “rogue” or “pariah” whose search for regional military balance exclusively threatens Israel, Saudi Arabia or the United States itself. Such a one-dimensional view hardly serves a sustainable U.S. security policy in the Middle East. It is a view defining a threat so urgent and extreme that radical actions rather than regional measures and negotiations for its elimination are implied.

This interpretation consequently obscures common-sense analysis of Iran’s vulnerabilities and legitimate security requirements, apparently based on the assumption of Iranian willingness to forgo a self-reliant defense capability out of faith in neighbors’ good intentions. Non-Arab Iran has no allies apart from its loose Syrian link. But Iran is involved in the several ethnically related mini-wars simmering on its periphery, often to the point of danger-

ous confrontation: in support of Armenia's military success against neighboring Azerbaijan, in support of Uzbek and Tajik factions in Afghanistan opposing the Pakistan-backed Taliban. Without the ability to exert decisive influence over these destabilizing conflicts, Iran thus remains antagonistically engaged with four important bordering states – Iraq, Azerbaijan, Afghanistan and Pakistan. With its large Azeri ethnic minority, Iran maintains an uneasy relationship with politically unstable Azerbaijan. Tensions are exacerbated when Azeri opposition figures recklessly threaten to liberate the millions of Azeris living in Iran. Washington's incorporation of these factors into its Iran calculus would balance the regional perspective. The current goal of isolating and impoverishing Iran would become recognized as counterproductive.

BITTER LESSONS OF WAR WITH SADDAM

Iran confronted Iraq's invasion in September 1980 with the shah's once elaborately equipped armed forces in a shambles. The officer corps was purged, and most of its air force and other more advanced capabilities soon became inoperable without maintenance and spare parts. Moreover, clerical leaders deliberately favored revolutionary-guard and other new irregular units as insurance against the U.S.-trained and therefore doubly distrusted services of the shah's regime. Thus disadvantaged against Saddam's well-equipped forces, Iran partially compensated by its strategic geographic depth, by its enormous advantage in raw manpower, and eventually by its use of Scud-B missiles on Baghdad. But once Iraq extended the range of its own Scuds, an

estimated 135 hit Tehran alone, causing, by some estimates, 2,000 fatalities, 4,000 wounded, and the flight of one third of the city's ten million people.³

The mutual devastation prompted both countries to stop missile attacks on cities, but the memory of Iranian casualties remains as vivid as the loss of hundreds of thousands in futile human-wave assaults against Iraqi positions. These tragedies were capped by the Ayatollah Khomeini's eventual bitter capitulation. While Iran must revel to a degree in Saddam's Kuwait imbroglio and subsequent travails with UNSCOM, the Desert Storm-linked Scud attacks on Israeli cities dramatized Saddam's missile capabilities despite sustained Western air strikes. UNSCOM-revealed evidence of Scud warheads fitted with nerve gas strengthened Iran's resolve to develop or maintain deterrent capability. The stream of additional revelations about Iraq's (previously underestimated) advanced nuclear-project, chemical and biological stockpiles, and continuing concealment capability overturned prospects for regional stability. Underground concealment for clandestine weapons programs has evolved to a high art, as shown not only by Iraq and by Iran's surprise Shahab-3 missile test, but by Libya, India and Pakistan. Russian, Chinese and North Korean hardware and technical expertise appears available to all comers. As noted by General Lee Butler, former commander of U.S. strategic forces, "There is really no piece of information, no piece of software or hardware, relating to ballistic missile technology that is not available to anyone who is willing to pay the price."⁴ For Iran, any previous faith in the efficacy of international controls withered as evidence of a strong Iraqi nuclear program emerged

by 1990; the program had remained undetected despite international inspections. Moreover, the International Atomic Energy Agency recently stated, "It is essential that the IAEA return to Iraq as soon as possible" for renewed inspection because of probabilities that Iraq (1) "retains the capability to exploit for nuclear-weapons purposes any relevant materials or technology to which it may gain access in the future," and (2) that Iraq retained "documents of its clandestine nuclear program, specimens of important components and possibly amounts of non-enriched uranium."⁵

IRAQ'S POST-DESERT-STORM DEFIANCE

U.S. frustration and alarm over Saddam's preference for retaining concealed weapons programs above the welfare of his own people must be multiplied from Iran's perspective. The inability of UNSCOM or IAEA to provide reassurance against Iraqi weapons of mass destruction is manifest. Further, the evident readiness of Russia and France to resume military sales to Baghdad and recoup billions owed from previous sales suggests active renewal of military supply for a post-sanctions era. From its own experience, Iran is aware not only of Russian scientific expertise-for-hire in advanced military technology, but of Moscow's preparedness to provide critical supporting hardware.

Joined with this evidence of Iraq's absolute priority for military development and acquisition, Iraq's historical claims against neighbors are subject to revival: claims to Kuwait's islands of Warba and Bubiyan, to Kuwait itself, to control of the Shatt al-Arab shipping passage long-

disputed with Iran, and even to Iran's Khuzestan province. The U.N. Security Council's post-Desert Storm settlement, which understandably favored Kuwait's border claims, nonetheless constitutes a strategic loss for Iraq likely to reignite conflict in a post-Saddam era.⁶ Though Iraq accepted the 1994 U.N. resolution fixing the new borders, by 1999 Deputy Prime Minister Tariq Aziz wrote in the ruling Baath party paper that the issue was a "land mine that may explode in the future."⁷ The Iraqi threat, however, represents only one aspect of the Iranian strategic perspective. Israel's military capabilities, both conventional and non-WMB, dominate among strategic threats as seen by many Arab states and Iran. With most U.S. analysis focused on the threat newly posed to Israel by missile and WMB proliferation, such an Arab or Iranian perspective is ignored because of its implied equivalence of security concern for friend and "foe." But to do so overlooks a powerful regional reality. As noted by Seth Carus, a Middle East-proliferation specialist at the National Defense University, "It certainly makes sense (for Arab States) to hold on to and continue to develop (WMD) programs as a deterrent to Israel's nuclear program."⁸ The topic was enflamed in 1998 when leading Israeli Labor party member and army reserves general (now deputy defense minister) Ephraim Sneh reacted to Iran's Shahab-3 missile test by suggesting a possible preemptive strike "if we have to."⁹ Israel has refused to sign (1) the Nonproliferation Treaty, which requires inspection of nuclear facilities, and (2) the 1972 Biological and Toxin Weapons Convention, which was ratified by Iran, Libya and Saudi Arabia and signed by Syria and Egypt.

IRAN'S SELF-IMAGE AND HISTORY'S MOMENTUM

Revolution notwithstanding, Iran remains historically driven. Ancient Persian glories aside, one need only recall the shah's ambition for regional dominance, his goal for Iran as an Indian Ocean power, and his consequent aspiration to deploy the most sophisticated U.S. military equipment including advanced fighter bombers, Spruance-class destroyers and submarines. This exaggerated vision was a factor in his downfall, but the image of power made credible by U.S. support enabled Iran to prevail. He grabbed the disputed Gulf islands of Abu Musa and the Greater and Lesser Tunbs following the end of the British protectorate in 1971 and in 1975 leveraged Iraq's capitulation over the disputed Shatt al-Arab waterway. Similar puffery could also endanger his clerical successors. From another standpoint, however, Iran's determination to remain a strong, solidified state in a region threatened by chaos and disintegration ultimately should benefit the West.

In contrast, Iran now watches the United Arab Emirates, with its population of 2.3 million, negotiate a \$6.4 billion contract for 80 U.S. F-16 fighter aircraft reportedly sophisticated beyond the current level of our own forces. Kuwait, of course, has also received many advanced U.S. weapons systems since Desert Storm. Saudi Arabia, apart from its already bulging force of

U.S.- supplied and trained defense systems, acquired "several dozen" CSS-2 (DF-3) Dong Feng missiles from China in 1988.¹⁰ The 3,000 kilometer range of these (chemical-weapons capable) missiles encompasses all of Iran. In contrast, Iran's still disheveled and largely outmoded military systems mock Iran's self-image – with a population of over 66 million – as a major regional power. This predicament can only intensify Iran's grating recollection of the Arab Gulf states' wartime role keeping supply lines open to Iraq with Western naval support. The ensuing military defeat did not predispose Iran to passive acceptance of better-armed neighbors.

EMERGING NUCLEAR POWERS

But beyond these immediate regional factors lie wider issues raised by the

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emergence of India and Pakistan as nuclear powers. Pakistani President Rafiq Tarar's annual address in March 1999 described his country's decision to go nuclear as "a golden page in our history" while adding praise for

Pakistan's new long-range missile capable of carrying a nuclear warhead.¹¹ This accompanied (1) Pakistan's assertive role in support of the Taliban regime in Afghanistan against Iran's opposition and (2) India's new push for influence in the Gulf through naval exercises following nuclear tests in May 1998. New Delhi tested its intermediate-range missile, Agni II, a year

later. Iran is fully within its range, and India's defense minister, when asked about plans to equip the missile with nuclear explosives, responded, "Whatever we need to meet our security concerns will be done."¹² India's defense spending increased by over 28 percent for fiscal year 2000-01, the largest in Indian history and one slated to "replace obsolete weapons and build a credible nuclear deterrent."¹³

Given Israel's well-publicized nuclear capability, a non-nuclear Iran would, apart from NATO-member Turkey and U.S.-allied Egypt, remain alone among major states of the wider region without the ultimate deterrent. While such a status clearly would be preferable to a nuclear Iran, it is unlikely to be acceptable to almost any foreseeable Tehran leadership. Even in the remote circumstances of reliable regional arms-control measures, Iran would still crave a place at the world's council table. No less than China or India, Iran defines its modern role within long historic dimensions. Western policy makers state repeatedly that Russia must be taken seriously because of its nuclear capability. Iran listens. Equally telling are the West's political attention and concessions offered North Korea to deter its ballistic-missile and nuclear-weapons programs. The United States has reportedly promised to lift its four-year-old North Korean trade embargo if plans are abandoned for testing the new long-range Taepodong 2 missile.¹⁴ Even with comparable inducements, Iran's military vulnerability probably would preclude a similar deal. Without them, Iran's bending to U.S. demands has been made even more unlikely.

The Clinton administration's analysis apparently ignores consideration of Iran's intentions or strategic rationale for develop-

ing WMD. While this broader consideration would not remove concern about Iran's course, it would lead to dealing with the problem in a more analytical fashion. For U.S. policy, Tehran's efforts to develop WMD and ballistic missiles are the primary reason "we oppose investment in Iran's participation in the development of Caspian resources, multilateral lending to Iran, and Iran's full integration in international economic fora."¹⁵ Iran, predictably, has denied WMD possession or development programs, has signed the Biological and Toxin Weapons Convention Treaty and passes regular International Atomic Energy Commission (IAEC) inspections. With this resolute denial already in place, just how would Iran move forward to prove its case in the international atmosphere of hyper-skepticism created by inspection failures in Iraq? By using the WMD issue as the ultimate barrier to engagement with Iran when the United States works closely with many WMD-equipped nations, Clinton signals his unwillingness to lead in overcoming the bogeyman stereotype of Iran that is deeply engrained, popular and politically useful to many Washington interest groups. Iran's minimum security posture on WMD will likely remain somewhere between denial and ambiguity.

ENABLING A SPOILER ROLE FOR MOSCOW

With the WMD issue a fixed barrier, improved U.S.-Iran relations remain hostage to Moscow's (1) shared "intelligence" revealing Iran's search for WMD material or technology in the former Soviet Union, (2) grey-area nuclear-power assistance regarded as potentially weapons-related by the United States, or (3) actual provision of equipment, training or

expertise to Iran inevitably to be identified as incriminating by Washington. Intelligence from Russian sources reports Iranians shopping throughout the former Soviet region for WMD material and expertise. U.S. evidence of direct Russian-related assistance for WMD programs has surfaced regularly along with Moscow's denials. What better way for Moscow to block resumption of a U.S.-Iran relationship that could spark development of major pipelines through Iran from the Caspian? Russian influence throughout the Caucasus and Central Asia would diminish along with potential pipeline income. Caspian energy aside, Moscow regards ruptured U.S.-Iran relations as beneficial to both its overall strategic interests and its weapons-sales potential.

Finally, if there is consolation in Iran's apparent determination to catch up in the regional arms race it rests in these facts: (1) Iran neither historically nor currently has pursued threatening territorial ambitions apart from the tiny Gulf islands it regards as Iranian and, (2) while the first stages of Iran's revolution threatened established neighboring states with radical Islamic subversion, the Ayatollah Khomeini's personal vendetta against Saddam Hussein was the sole physical threat. The clerics' power grew from channeling domestic grievances, not from enflaming jingoistic emotions. Early propaganda to spread the revolution created regional alarm but was bolstered neither by military threat nor the post-revolution emergence of Iran as an attractive regional model. Ultimately, Iran seems likely to remain on the strategic defensive. Fortunately, its continuing aspiration for status as a major power does not include an expanded geography.

These assessments in no way predict an inevitably moderate course for Iran. Should hard-line obscurantists prevail, they could doubtless exploit Iran's new status as a nuclear power to damage Western interests. The possibility remains a source of legitimate alarm. But every scare or doomsday scenario in prospect enforces the rationale for engaging rather than isolating Iran. Though U.S. actions in the long run may have only marginal influence on the equation of Iran's behavior, we should at least join the forces, inside Iran and out, trying to further open the country to Western commerce and communication.

DOES A DETERIORATING IRANIAN ECONOMY HELP THE UNITED STATES?

If there is no prospect of sanctions changing Iran's strategic defense program, we need to reexamine our purposes. If indeed sanctions contribute to weakening Iran's economy, is a poorer Iran more likely to support the country's reformists? Already burdened by the presence of two million Afghan and Iraqi refugees, Iran's stagnant economy reflects not only the recent period of low oil prices but a one-percent fall in real gross domestic product for fiscal year 1999, a 40-percent drop in industrial investment during the second half of 1998 along with the closure of many factories, an expected 1999 inflation rate of 14.2-percent, and an estimated 20-percent unemployment rate.¹⁶ This translates into an annual problem of finding jobs for 800,000 new entrants to the economy, the bulk of whom are too young to have been infused with the anti-Western venom of the revolution. They include the politically active students forming President Khatami's main constituency opposing

hard-line policies. Revitalizing the economy involves undoing the revolution's massive confiscation of banking, industrial and service institutions to create new job opportunities. Khatami has ambitious plans for privatization of over 2,000 state-owned firms and 4,000 related enterprises confiscated by the revolution. In effect, nearly every major banking, industrial and service institution became government controlled.¹⁷ But plans have stalled, in part because unemployment could increase as bloated, unproductive companies are made efficient. Furthermore, powerful forces still view strict state economic control as essential for purity of the revolution's ideology and discipline.

In this regard, state economic ownership far exceeds appearances. The largest of Iran's "private foundations," the huge Bonyad Mostazafan (Foundation for the Disinherited), for instance, while classified as part of the private sector, is accountable only to the Supreme Leader, Ayatollah Khamenei, and represents the largest economic block in Iran after government itself. With ownership of over 400 companies (including construction, airlines, shipping, commerce and agriculture) and annual sales of \$3.5 billion, the Bonyad's expenditures remain secret.¹⁸ This clearly enhances conservative clerical control to the detriment of privatization and political liberalization. Presumably, then, U.S. policy should be working to counter Iran's economic stagnation and reduce the relative dominance of the Bonyad and other state entities. U.S. sanctions, however, aim to weaken and isolate Iran. Chronic budget shortfalls were dramatized in September 1998, when Iran stopped payments of its \$5.9 billion debt to Germany, Italy and Japan.¹⁹ The option of

privatization, with its risk of greater initial unemployment at a time when welfare should be reduced, becomes politically less feasible as financial straps tighten. Clinton first imposed Executive Order sanctions in August 1995, prohibiting U.S. companies and their foreign subsidiaries from doing business with Iran, including contracts for financing development of its petroleum resources. Conoco, a U.S. company, was then forced to abrogate its \$550 million contract for development of several of Iran's offshore oil and gas fields. By August 1996 Congress passed the Iran-Libya Sanctions Act (ILSA) then signed into law by Clinton, broadening sanctions to non-U.S. companies investing over \$40 million (reduced to \$20 million a year later). After the European Union directed its members not to comply with ILSA, a U.S./EU Summit in 1998 resolved most issues subject to Congressional acceptance. But the threat of sanctions blocked major projects like the proposed \$3 billion pipeline project by Australia's BHP for exporting natural gas from Iran to Pakistan and India.

IRAN AND CASPIAN OIL

Sanctions have since been eased to a degree; food and medicine exports have been allowed since April 1999, with pistachios, caviar and carpets following a year later. The action was a response to President Khatami's overtures and reflected Iran's promotion in the State Department's 1999 and 2000 annual reports on terrorism to less heinous categories. At the same time, however, Washington denied Mobil's request to swap crude oil from the Caspian Sea area with Iran. Caspian crude would have been supplied by Mobil to a refinery in northern Iran in

return for an equal quantity of Iranian-produced crude to be delivered to Mobil at Persian Gulf terminals. Denying Iran any role in Caspian-energy development or transportation has been bedrock to Clinton's entire Central Asian policy. The rationale presumably is that, (1) Iran will find this penalty so damaging that it will accede to U.S. demands across the board, (2) Iran's Islamic radicalism will be more insulated from infecting the states of the Caspian region, and (3) Iran will be deprived of earnings to be used for military development, terrorism or subversion of states friendly to the United States.

This rationale assumes that isolation and financial squeezing will punish radicals to the benefit of moderate reformers. Not only is the reverse true, but the action works at cross purposes to basic U.S. energy policy for "enhancing and diversifying global energy supplies" (and) "rapid development of Caspian energy resources to enhance Western energy security."²⁰ Moreover, removing Iran from Caspian transit routes forces Western oil companies into exclusive development of more expensive alternate pipeline routes to the Black Sea or the Mediterranean. Despite claims to the contrary, all of these routes are vulnerable to separatist/ethnic conflicts. They are also vulnerable to Moscow's determined efforts to monopolize export of Caspian oil and gas on its own terms. For, although Moscow is a victim of these conflicts, it appears also to be a manipulator in some cases. Chechen disruption of the northern section of the Baku-Novorossiysk pipeline during early 1999 resulted in the loss to Azerbaijan of major oil exports and was followed by subsequent full-scale Russian action against Chechnya. In conflicted areas affecting proposed

major Western-sponsored pipelines such as Georgia, Armenia and Azerbaijan, on the other hand, there is suspicion of a stoking Russian hand. The absence of an option for transit through Iran to balance dependence on Caucasus uncertainties, therefore, perpetuates the Central Asian states' vulnerability to Moscow intrigues. Russia, which views its Caspian-energy export role as a vital strategic interest, recognizes that transport routes through Iran would be inherently less costly than its own east-to-west lines. Moscow therefore has an incentive to block improved U.S.-Iran relations not only through the provocative arena of WMD sales but by destabilizing regions to be traversed by the east-to-west pipelines sought by Clinton.

PIPELINE CONSTRUCTION BY POLITICS

Washington continues to push hard for the construction of a 1,240-mile oil pipeline (and a parallel gas pipeline originating in Turkmenistan) from Baku to Ceyhan on Turkey's Mediterranean coast in order to avoid Russia and Iran. Framework agreements for the projects were signed at the mid-November OSCE (Organization for Security and Cooperation in Europe) summit in Istanbul. Last-ditch Russian efforts to induce Azerbaijan's continued use of the Soviet-era pipeline system apparently failed despite Moscow's offer to construct a bypass around Chechnya. But the lines would still cross unstable Georgia with its Russian-occupied Abkhazian region and three Russian bases. Russia has supported the separatist Abkhazian effort against Georgia as well as separatist movements in Georgia's South Ossetia province and in the Ajara region of Georgia near the Black Sea.

The proposed system would barely skirt the smoldering conflict between Armenia and Azerbaijan over Nagorno-Karabakh. The war, but one of five ethnic conflicts in the region over this decade, has claimed thousands of Armenian and Azerbaijani lives and created over a million refugees. The recent assassination of Armenia's prime minister and other senior officials illustrates the volatility inherent in attempts to settle the Karabakh dispute. A climactic point in these efforts coincided with the assassinations. Negotiations between Azerbaijan and Armenia had just included U.S. Deputy Secretary of State Strobe Talbott. Because the assassins' purpose was apparently to block settlement of the Karabakh issue on any but maximalist terms, the event demonstrated the disruptive capacity of ethnic and separatist issues, either with or without Moscow's manipulation.

The line would also traverse eastern Turkey's Kurdish insurgency, offering an enticing new target for militants who remain unmoved by Ankara's pacification program. In response, or even in anticipation, hard-line elements of the Turkish military could use pipeline security as justification for renewed Kurdish oppression. Plans for starting project construction recently were set back from 2003 to 2005, and an additional \$300 million was added to the original cost estimate of \$2.4 billion.²¹ Doubts in the oil industry are increasing about whether the still unproven Caspian fields will produce enough volume to justify the one-million-barrels-per-day pipeline. Early assessments of Caspian reserves have since been substantially downgraded by oil companies. A potential 100 or 200 billion barrels of oil has dropped to a probable 15 to 30 billion barrels – a North

Sea rather than a Kuwait or Saudi Arabia, according to seismic tests and drilling results.²² The inevitable surprises inherent in major exploration suggest caution in basing huge long-range investment decisions on the assumption that Iran will remain an unavailable transit route. Such caution is particularly relevant as most of the increased oil consumption over coming decades will occur in Asia. Gulf ports rather than Mediterranean or Black Sea terminals are the logical servers for Asia.

Nevertheless, the Baku-Ceyhan route's apparent advantages have political glitter: (1) for providing Turkey with an alternative to Russian gas supply as well as valuable new revenue, (2) a parallel opportunity to enhance Georgia's independence from Russia, and (3) providing a hedge against Persian Gulf disruption. But much of this may prove illusive. East-to-west pipelines from the Caspian, including Russia's and those attempting to skirt areas vulnerable to ethnic/separatist turmoil, whether Russian inspired or not, still create vulnerabilities that would be diluted with an Iran transit route. The situation obviously calls for multiple options. Yet Iran's exclusion remains the negative centerpiece of U.S. policy. Iran's \$20-billion gas-sales agreement with Turkey dating to 1996 hinges on pipeline construction reportedly nearly complete on the Iran side but apparently stalled in Turkey by U.S. pressure. Turkey is also committed to eventual large gas purchases from Egypt and Iraq. A further complication is pressure from a faction of Turkey's governing coalition, led by a former prime minister, to purchase gas from Russia via a proposed Black Sea pipeline. With these pressures and for a region beset with conflict and repressive, corrupt regimes, the

administration's pipeline declarations seem overblown. The agreement was called "a major foreign-policy victory" by Energy Secretary Richardson and by Clinton, "a great insurance policy for democracies everywhere."²³

"INSURANCE FOR DEMOCRACY" OR PIPE DREAM?

Given these uncertainties, the considerable questioning of administration policy is not surprising. Former CIA Director John Deutch recently told a Harvard conference on Caspian stability of his skepticism that any of the planned pipelines would be built "in the next dozen years."²⁴ A former assistant secretary of defense argued that all regional interests, including Iran, must share the benefits of pipeline development to avoid the risk of failure. Azerbaijan's deputy foreign minister spoke of security concerns raised by the large numbers of Russian armored vehicles involved in Chechnya. As Russia's Chechnya assault is partly to secure Moscow's pipeline routes, its ferocity is an unnerving demonstration to other states along the old silk route.

Each new political or discovery surprise refocuses the Iran question. Last summer's major gas find in Azerbaijan's off-shore sector seriously clouds agreements with neighboring, and gas-rich, Turkmenistan to share the proposed (parallel) Ceyhan gas pipeline.²⁵ Turkmenistan has threatened to revive the less expensive and far more quickly realizable option of swapping gas with Iran in an arrangement at least initially requiring relatively little new construction. One leading energy specialist sees such options exemplifying, "...the compelling geopolitical potential of Iran to the Caspian."²⁶ The

example of oil transit cited above is applicable. By modest augmentation of Iran's existing pipeline network (through which some Caspian oil is already passing), refineries in northern Iran normally dependent on distant Gulf crude could switch to relatively nearby Caspian crude. In return, the equivalent in Iranian crude could be exported from Gulf terminals on behalf of Turkmenistan or Azerbaijan.

Obvious benefits include savings in construction time, infrastructure investment, and avoidance of Caucasus turmoil or high Russian transit fees and unreliable pipeline maintenance. Gas transit could be similarly simplified by pipelines crossing Iran, thus avoiding knotty questions of resource ownership and the environmental risks associated with pipeline construction on the already tragically polluted Caspian seabed.²⁷ These issues are hotly disputed among Russia, Azerbaijan, Turkmenistan, Kazakhstan and Iran. They must be resolved before constructing a gas pipeline across the Caspian to export Turkmenistan's gas. But as noted above, Washington has denied Mobil's recent request for a swap deal that would bypass these complications.

Yet timing is critical. Azerbaijan, Turkmenistan and Kazakhstan are cash starved, and their stability and freedom from Russian pressure depend on early resource exploitation. This was exemplified recently by the reluctant Kazakh decision to sell nearly one half of its share of the 6-9-billion-barrel Tengiz oil field.²⁸ The Kazakh government noted that 2-6 million tons of oil annually could be moved by tanker to northern Iran and might rise to 25 million tons if a line were built through neighboring Turkmenistan.²⁹ While cost factors as well as actual production of the

still-unproven Caspian resources will be major determinants of pipeline options, the current block on Iran transit precludes consideration of many of the most natural routes. Struggling new Caspian states will be deprived of quick earnings while major alternatives are debated and then constructed over coming years. Moscow's leverage is thereby enhanced during this formative stage, as is its incentive to intervene in Central Asian affairs.

To become solely dependent on Iran would be unthinkable. To exclude it from consideration, however, places a pall of artificiality over ventures of great potential importance to Western security that will be unfolding for decades. Instead of superimposing short-term political assessments over a morass of complexities and unknowns, then, the U.S. government might more rigorously accommodate geographic and economic realities within the decision-making process.

BLURRING THE TERRORISM DEFINITION

Iran's negative image in the United States, created early during the revolution by the 444-day holding of U.S. embassy hostages, was magnified by terrorist activities in Europe directed from Tehran. These activities for the most part involved assassination of prominent Iranians considered disloyal to a revolution captured by radical students and goaded by the inflammatory rhetoric of the Ayatollah Khomeini.

Although this penchant for state-sponsored assassination diminished as the years passed, the image outlived the reality in many ways, partly because of the notoriety surrounding Khomeini's *fatwa* demanding the death of British novelist Salman Rushdie. By 1997, other, less clear-cut cases were used to define Iran's "rogue" and "terrorist" status. In the U.S. Department of State's

Iran's activities for the most part involved assassination of prominent Iranians considered disloyal to a revolution captured by radical students and goaded by the inflammatory rhetoric of the Ayatollah Khomeini.

annual analysis of state-sponsored terrorism for that year, "Iran remained the most active state sponsor of terrorism."³⁰ The specifics substantiating this accusation, however, raise

important issues of definition. Of the thirteen assassinations conducted by Iran, the report cited the "majority" occurring in northern Iraq against "targets which normally include . . . members of the regime's main opposition groups," such as the Kurdish Democratic party of Iran (KDPI) and the Mujahedin-e Khalk (MEK). The KDPI promotes violence against the Iranian regime and moderate Kurdish leaders in the Kurdish region of Iran, much as Turkey's PKK (Kurdish Workers' party) separatists led by the recently captured Abdullah Ocalan have long battled Turkish authorities. In turn, although the MEK runs terrorist operations into Iran from its bases in Iraq, the report included among Iran's terrorist acts a January 1997 effort by Iranian agents to bomb MEK's Baghdad headquarters. Technical definitions of terrorism notwithstanding, the report strains for substance

when it adds to Iran's rap sheet actions against MEK (itself classified as a terrorist organization) sheltered by an Iraqi regime the United States has pledged to contain and "change." Here the distinction blurs between terrorism and the kind of legitimate national defense the United States claims for itself, for instance, when it fires cruise missiles into Afghanistan targeting Osama bin Laden. Misuse of the terrorism label was acknowledged recently by the State Department's coordinator for counter terrorism, Michael Sheehan, who stated that the department's annual report on terrorism "has become a politicized instrument to punish countries for reasons that sometimes have nothing to do with terrorism."³¹ The U.S. fight against terrorism depends heavily on the cooperation of other countries. Equally essential is an American public credibly informed. Semantic corruption in our official statements is therefore intolerable.

BERLIN MURDERS REVISITED

Similar straining becomes evident in the report's lengthy reference to the 1997 trial in Germany of an Iranian and four Lebanese for killing Iranian Kurdish dissidents including the secretary general of the KDPI in a Berlin restaurant in 1992. The Iranian (and three Lebanese) were found guilty and the court accused Iran of systematic liquidation of the regime's opponents who lived abroad, a policy approved by the highest level of government. The report noted, however, that following Iran's May 1997 elections, the minister of intelligence and security, the foreign minister and the president, who were members of the committee alleged to have approved the Berlin assassinations, were no longer in office. This recognition

of potential improvement in Iran's behavior also noted condemnations by its foreign minister of the terrorist attacks on tourists in Luxor, Egypt.

The confusion caused by inexact definitions of terrorism again appears as the report cites Iran's support for the Lebanese Hezbollah, a militant Shia group formed in response to Israel's disastrous invasion of Lebanon in 1982 and continuing occupation of a zone in its predominantly Shia south. While the PLO was Israel's target, Lebanon's large and traditionally neglected Shia population suffered much of the destruction. Inspired by Khomeini's revolution and given military training and financial support by Iran's Revolutionary Guard, Hezbollah conducted suicide bombings against U.S., French and Israeli occupying forces in the mid-1980s, killing hundreds. Their subsequent operations against Israeli occupation generated national sympathy, and the changed political structure of Lebanon saw Hezbollah evolve into a political party. By 1992, Hezbollah had won eight seats in parliamentary elections. By 1998, a leading American authority on Lebanon identified Hezbollah as "arguably the most effective and efficient political party in the country . . . with medical facilities far better than those available in government hospitals, . . . a network of schools, companies, community centers and public assistance facilities," with an extensive social welfare system, a weekly newspaper, television and radio stations.³² Its military wing's often successful operations against Israeli proxy forces and Israeli military within occupied Lebanon prompted the leaders of Israel's two principal parties by March 1999 to endorse withdrawal from Lebanon.

Branding today's Hezbollah simply as

terrorist once again blurs definitions. Actions from a war resisting one state's military occupation of another cannot be defined as terrorism. Once Hezbollah became an accepted component of Lebanon's political structure, its military actions against Israeli or Israeli-supported occupation forces fell within the state-to-state conflict category. As a legal Lebanese political party, Hezbollah built popularity partly by its guerrilla action against foreign occupation; an occupation moreover that was in violation of U.N. Security Council Resolution 425 of 1978 calling for Israel's withdrawal. The United States has provided support to help Lebanon reconstitute its army, an army designed to replace Syria's occupying forces and prevent renewed communal violence or Hezbollah (or Palestinian) guerrilla action across Lebanon's southern border.³³ Thus, U.S. cooperation with Lebanon constitutes a form of cooperation with Hezbollah as a political party based on the expected expiration of its rationale for guerrilla activities. Bashar Asad, son and heir apparent to ailing President Hafiz Asad, recently predicted, "Hezbollah's military wing will wither," following Israel's military withdrawal from Lebanon.³⁴ Regardless, the heroic aura conferred on Hezbollah by resisting Israel's long presence in Lebanon has changed Lebanon's politics.

The United States would have been a better friend to both Israel and Lebanon by calling a spade a spade; by differentiating guerrilla resistance to foreign military occupation from "terrorism." Instead, our passive acceptance of Israel's definition during two decades has facilitated the entrenchment of a major Lebanese political force now triumphant for having forced Israel's unilateral retreat. Iran's material

and inspirational links to Hezbollah do not confer control of the movement or the ability to override a determined Syrian and Lebanese peace agreement with Israel. But Iranian support against Israeli occupation and its devastating reprisals on Lebanese villages accused of "terrorist" links has probably embedded Iran's influence in Lebanon to a degree unanticipated by U.S. policy makers who drifted on the politically safe "fight against terrorism" path for 22 years.

While Iran's slate is certainly not clean, dubious or even bogus accusations raise doubts about the validity of the overall terrorist label. As more and more evidence links real terrorist activity to Sunni groups – often allegedly masterminded by Osama Bin Laden – trained in Afghanistan and funded from Saudi Arabia and other Gulf states, Iran looks less and less like the instigator. However reprehensible, Iran's murder of its own nationals or intervention in Lebanon should not be categorized with terrorist attacks on civilian aircraft or buildings in New York – actions defining terrorism in the public mind.

IRAN AND THE PEACE PROCESS

Iran's objection to the Middle East peace process is a third inhibitor to positive relations between Washington and Tehran, although a senior State Department official stated before the Council on Foreign Relations in April 1999 that "the Iranian Government . . . has stated that Iran would respect peace acceptable to the Palestinians."³⁵ Iranian opposition combined religious fundamentalism, anger over Israel's occupation of Shiite southern Lebanon, and objections to a settlement not providing for repatriation of Lebanon's Palestinian refugee population. These

factors aside, it would be surprising if Iran erratically switched political course by praising an American-supported process. With only marginal gains from such a policy reversal and measurable loss as the Islamic vanguard, Iran would also hesitate to preempt Syrian diplomacy. Should Syria rejoin the peace process, much of the rationale for the Syria-Iran relationship could fade, as noted above. No one familiar with the history of regional relationships would be surprised thereafter to see Iran continue rhetorical diatribes against Israel while simultaneously promoting limited intelligence and commercial cooperation.³⁶

London's *Financial Times* of June 21, 1999, quoted a U.S. State Department analyst's view that recent reports of Israeli and Iranian efforts toward improved relations were "consistent with moves by both countries, which have retained covert links for much of the past two decades despite public animosity and Iran's backing for anti-Israel Hezbollah fighters in Lebanon." More recently, both *The Times* of London, on September 30, and *Ha'aretz* from Israel discussed ongoing British diplomatic activity in support of dialogue on non-proliferation issues between Israel and Iran. Throughout most of the 1980s, Israel used intelligence channels to supply Iran with spare parts and arms – usually of U.S. origin – for use against Iraq.³⁷

STRAINING TO MAINTAIN IRAN'S OLD (AND DESERVED) BAD IMAGE

Motivation for Washington's tendency to exaggerate Iran's sins even as they diminish is not difficult to identify. Bad reputations die hard, and Washington only reluctantly rehabilitates villains who have become a useful part of its political land-

scape. Calm search for an appropriate response to Iran's weapons programs has been replaced by bombastic assertions about U.S. ability to control proliferation. Related high-tension issues like U.S. missile defense draw on Iran's potential threat for supporting rationale. Discussion of Israel's strategic vulnerability was inflated to an all-out propaganda campaign by the Netanyahu government's demonizing of Iran. Major pro-Israel organizations continue to fuel this campaign among members of Congress and the media. Ironically, the additional jeopardy to Israeli security caused by missile proliferation is partially self-inflicted. CIA Director James Woolsey said in 1993 that Israel has been China's primary source of advanced defense technology since 1989.³⁸

The Congressional bipartisan Cox Committee Select Report on security issues relating to the People's Republic of China, declassified in May 1999, detailed Israel's "significant military cooperation with the PRC, especially aircraft and missile development [both] in weapons and technology."³⁹ The report, in turn, listed Iran as a beneficiary of PRC military technology. Although Israel's unauthorized arms transfers to the PRC long have been recognized as enhancements to Iran and Iraq's capabilities, the linkage has been generally ignored.⁴⁰ This changed dramatically as recent reports detailed Israel's planned sale of an advanced Phalcon AWACS aircraft to China. Raising more questions than answers, a Pentagon spokesman noted that U.S. objection to Israel's technology transfers to China had been expressed privately to Israel since 1996 with specific reference to China's transfer of technology back to the Middle East in ways threatening to Israel.⁴¹

Israeli willingness to share advanced military technology with a known supplier of Iran suggests that its alarmist public assessment of the Iranian threat is exaggerated to exert pressure on Tehran's Lebanese activities. Israeli strategists' longer range view likely looks ahead to an Iran whose differences with the Arab world may reopen traditional areas of cooperation with Israel. But currently the monolithic "Islamic threat" is integral to Israel's information campaigns in the United States. This threat supports Israel's negotiating demands to hold West

Bank territory and for increased high-technology U.S. military assistance. More broadly, the threat justifies a strategic partnership with the United States of sufficient priority to muffle Washington's requests for Israeli compromises with Arafat or Syria's Assad.

Another intelligence and evaluation area requires studied objectivity. U.S. media often accept at face value reports circulated by the expatriate Iranian opposition. There are indications that U.S. intelligence, denied the resources of a Tehran embassy, may feed on some of these reports, which aim to stimulate demonization rather than inform. Other sources may also mislead. Israel, as noted, has incentives to slant its intelligence cooperation with the United States. Countries like Bahrain, Saudi Arabia or even Egypt are not immune from downplaying internal dissent by blaming Iran. To further

cloud the evaluation process, powerful segments of Iran's leadership depend for their political survival on keeping the "hate America campaign" active. They are capable of dangerous actions and constitute a part of the Iranian political scene that bears close watching. But in the process we should not support their goal of isolation from the West by taking the bait of their provocations. We can expect incidents like the recent arrest for espionage of undoubtedly innocent

Iranian Jews to occur coincident with relaxed sanctions covering U.S. food sales, or more harassment of U.S.

U.S. accusations of terrorism against Iran have at times involved contradictions and seemed to ebb and flow subject to the administration's broader political requirements.

tourists as travel restrictions ease. Conservative extremists similarly have tried to derail Khatami's rapprochement with Egypt by renaming a Tehran street after Anwar Sadat's assassin. Our analysis, though, should not fixate on these tactical power plays among clerical factions to the obfuscation of basic policy.

While granting the need to protect intelligence sources as well as the legitimate distinction between informed suspicion and solid proof, U.S. accusations of terrorism against Iran have at times involved contradictions and seemed to ebb and flow subject to the administration's broader political requirements. Tehran's rejection of Clinton's clumsy overture to discuss terrorism with Khatami, noted above, was followed within days by "senior administration officials'" press briefings detailing Iran's suddenly increased role in terrorism targeting the Middle East peace

process.⁴² While once again most of the accusations were not implausible, the timing seems more than coincidental. Aspects of the briefing look contrived or, in one instance, contradictory. Although the State Department has long accused Iran of cooperation with Hamas, the briefing presented evidence of direct linkage between the two groups as new information. The reported presence of Iranian artillery specialists in Lebanon was seen as Hezbollah's preparation for long-range artillery attacks on Israeli forces. Yet in the context of guerrilla warfare where Israel controls the airspace, Hezbollah could hardly deploy and protect heavy artillery. Rhetorical provocations from Iran's hardliners can be expected to mount should Syrian-Israeli peace talks resume parallel with the Israeli-Palestinian track. Recent scheduling of an "anti-Zionist conference" in Tehran to coincide with parliamentary elections in February confirmed this expectation. Hamas in turn may well be seeking new locales, alliances and publicity following its ouster from Jordan. There is no doubt that these events signal potential dangers. But the greatest of these lies in their ability to wrest control of policy.

IRAQ: COMPOUNDING POLICY ERROR

Both Iran and the United States confront a mutual enemy: Iraq. Apart from other areas of common interest, this alone presents a necessity as well as an opportunity gradually to build a working relationship between Washington and Tehran. Long years of a U.S. "dual containment" policy that demonized both countries have obscured this most elemental regional factor. The ugly scars on Iran's record should not block recognition of the political

ferment and democratic potential marking the country in a way that is absolutely unique in the region. Instead of identifying Iran as the political element worthy of priority attention in the Gulf, Clinton has focused on sanctions and dawdled with a non-starter "regime change" policy for Iraq. He acquiesces in the latter's promotion by Congress to soothe public frustration over Saddam's continued defiance.

The proposition that the United States can lead in the overthrow of Saddam and the engineering of a new political structure in Iraq is a pretense. Far from harmless, the "regime change" effort carries high risks. The expatriate Iraq National Congress comprises some 60 to 90 groups whose cooperation has been superficial and episodic. Its claims to leadership of potentially rebellious factions in Iraq are suspect and consist primarily of Kurdish or Shiite groups divided among themselves. Given Saddam's proven ability to penetrate opposition activities, reliable protection of covert planning by such a disparate assembly seems unlikely. The initial risk, therefore, is of repeating previous debacles in Iraq and embarrassment for a much-advertised U.S. foreign-policy effort. But this is not the only risk. Highly visible U.S. funding and backing for the group taints individuals who, instead of bolstering civil society in a post-Saddam Iraq, may be marked for destruction. While we might hope for eventual evolution away from Baghdad's xenophobic Baathist nationalism and clan-based intrigues, it is wholly unrealistic to expect the initial leadership to be rallied or peopled by expatriates painted as U.S. stooges. Continued sanctions and daily bombings, whatever their merits, do not build American qualifications as a likely mentor for coup leaders in Iraq.

Saddam's Sunni military have controlled Iraq by ruthless suppression of the country's Shia majority and large Kurdish minority. His brutal revenge against the Kurds on several occasions has been well publicized, as has his crushing of Shia rebellions. Despite the U.N. no-fly zone over Shia-populated southern Iraq, Saddam's assassination of revered religious leaders there has ignited new hatred. "Regime change" proponents envision the resulting Kurdish and Shia outrage as vehicles for unseating Saddam's military when joined with dissidents among other Iraqi groups. In reality, however, the military clique keeping Saddam in power will only further coalesce as boisterous U.S. support engages with their victimized national enemies. Change in Iraq, while tribally oriented, will come from within the military itself, which, out of self preservation, will spare no level of brutality to retain Sunni control. This will mean an Iraq still dominated by its Sunni minority, but where Kurds and Shiites are at best represented rather than repressed. Many failed efforts will mark the way to such an accommodation. Any burst of factional unity to unseat Saddam will be short-lived. It is unrealistic to expect more than a marginal U.S. ability to influence Iraq's entrenched factional politics. We should be wary of encouraging new bloodbaths by Saddam's or his successor's forces arising from failed Kurdish or Shiite rebellions. And while such rebellions could enjoy temporary success with large-scale U.S. military intervention, separatist sentiments then might well emerge stronger than Iraqi nationalism.

Sadly, all of this is fully apparent to Washington analysts who are independent of the politically driven imperative to "do something" that looks active and on the

way to forming a benevolently governed democratic Iraq. Before Clinton signed the Congressional Republicans' \$97 million bill for overt support of anti-Saddam groups inside and outside Iraq, Marine Corps General Anthony Zinni, commander of U.S. forces in the Gulf, warned the Senate Armed Services Committee that the "91 potential opposition groups" have "little if any viability," and that, even with Saddam ousted, we could have dozens of splinter groups competing for power, raising the specter of another rogue regime.⁴³ Obviously reflecting overall intelligence assessments, Zinni suggested that a fragmented and disintegrated Iraq would pose greater regional dangers than a contained Iraq ruled by Saddam Hussein.

The multiple dangers unleashed through civil war and disintegration in Lebanon, Afghanistan, Somalia and the Balkans exemplify potential risks for the Gulf region. Shiite separatism is an explosive issue for Saudi Arabia, whose Shiite Eastern Province harbors latent resentment over Sunni dominance. Iran's intense interest in Shiite southern Iraq could spark intervention, should the populace and Shiite holy cities there again become subjected to wholesale destruction by Baghdad. Kurdish nationalism, demonstrably explosive for Iran and Turkey, could erupt regionally with chaos in Iraq. Turkey's current hot pursuit of its own Kurdish separatists into northern Iraq and the terrible consequences of Iraqi-Iranian Kurdish cooperation during the Iran-Iraq War demonstrate the impossibility of containing Kurdish upheavals within state borders. Turkish prime minister Ecevit has complained publicly that U.S. attempts to unite rival Iraqi Kurdish groups could cause Iraq's partition and creation of an independent Kurdish state bordering Turkey.⁴⁴

Planned assistance to exiled Iraqi opposition groups from Defense Department stockpiles will consist of desks, computers, fax machines and copiers, provoking criticism from congressional hawks, who demand lethal weapons and training instead. Some consolation in this farcical exercise lies in its inability as yet to stir a wave of futile Iraqi resistance like the post-Desert Storm debacle, in which Iraqi rebellions arose only to be crushed while awaiting U.S. military support.

CONCLUSIONS: PATIENT STEPS TOWARD LONG-RANGE GOALS

The array of circumstances in Southwest Asia remains unfavorable for U.S. national interests. The de facto state of war with Iraq continues with evidence that economic sanctions, instead of weakening Saddam, have endowed him with a heroic mantle. We can only persevere toward the day Baghdad has a new government. The regional political costs, however, are manifest as Iraq's humanitarian plight and the issue of our military presence in Saudi Arabia and elsewhere in the Gulf serve the anti-Western movements that pressure the regimes we aim to protect.

Because of this erosion of influence and the lack of choices in dealing with Iraq, current U.S. policy has created an illusory option suggesting our ability to solve the problem by helping Iraq's exiled opposition oust Saddam. This effort is counterproductive to the well-being of potential Iraqi leadership groups and unnerving to other regimes in the region who wonder whether the United States might one day turn on them. Instead, U.S. efforts should focus on dismantling our fixed barriers to an Iran where the uncertainties of an evolving polity nonetheless leave in place its geo-

graphic lock with Iraq.

Iran is the natural regional balance against Iraq to which some of the small Gulf states look for backing, albeit uneasily. Just as uneasily, some of these key oil-producing states will once again come to view Iraq as an offset to Iran's pressures. The considerable geopolitical momentum to this prospect leaves the fate of regional Western interests ambiguous. But in the long view, it should reduce the need for our continued large military presence, which feeds the diatribes of extremist political groups and their terrorist followers.

From a simple common sense point of view it is a wonderment how Iran's missile threat has become the boilerplate of official testimonies, speeches and press coverage. U.S. forces continue to sit on the neck of Saddam's Iraq, Iran's primary threat. U.S. presence in the Gulf makes the likelihood of Iran having to fight Iraq alone, remote. As with all other missile-equipped states there is always the madman potential and always a threat. But by what calculus has Iran been stereotyped as an inevitable, determined launcher of missiles at the United States as it sits within easy range of our vastly disproportionate retaliation?

With all this in mind, U.S. policy should focus less on how many missiles Iran is about to blast off at the world and less on the fiery rhetoric or day-to-day factional struggles of its clerics. It is time to begin lowering the profile of Iranian-U.S. alienation, recognizing that it has enabled the Russians and Chinese to make inroads into Tehran's commerce and military. We can begin doing this unilaterally. Moscow's positioning of itself for a major role in post-sanctions Iraq at the expense of substantive inspection requirements adds urgency. French alignment with Moscow on the

U.N. inspection issue should also alert Clinton that forfeiting to France the commercial opportunities in Iran that he has prohibited to American companies may not be the choicest way to enhance U.S. national security in the region.

Washington's standard "it takes two to tango" excuse for not changing its Iran policy is inadequate. We do not need to court Iran or await full diplomatic relations or expect warm exchanges. We cannot wait for the clerical reformers to fully wrest state control from conservatives. The requirement is for moderating our negative demands on Iran's behavior as the precursor to devising a working relationship. This means a recognition of Iran's strategic realities, which in the absence of regional arms control will inevitably lead Iran toward weapons programs we have tried to, but cannot, prevent. Unfortunately, Clinton's State of the Union address, in its scanty treatment of foreign affairs, singles out Iran with the rogue stereotype. We are to meet the new threats posed by terrorists and potentially hostile nations in part by, "curbing the flow of lethal technology to Iran." Instead, why not, "We need to develop a constructive relationship with Iran not only because of Iraq's continued menace, but in view of Afghanistan's instability"? Our sanctions, our strained attempts to keep Iran categorized as terrorist, and our determination to exclude Iran from any role in Caspian energy exploitation principally work to the detriment of the Iranian political forces we should be trying to encourage. They provide continuing opportunity for provocations by domestic or foreign interests that stand to lose from resumed U.S.-Iran relations. Isolation for Iran, after all, which is the basis of our policy, is also the goal of

the Iranians opposing reform as well as the Russians and Chinese.

The sweeping parliamentary election victory for Iran's reformists demonstrates the inappropriateness of continuing the simplistic "rogue state" categorization of Iran despite the surly backlash by hardliners. Rogue elements remain, but the ongoing political process with its unprecedented degree of public participation has profound implications for the Islamic world and regionally. There is renewed need for a U.S. policy change, but not an embrace, not a dramatized effort to open immediate diplomatic relations or indulge in publicized official exchanges. For Iran's reformers the moment holds great promise, but also acute dangers. Khatami's statement that "we are waiting for practical steps from the United States, more than just nice words," reflects appropriate caution against a conservative backlash.⁴⁵ As the initiator of numerous unilateral sanctions, we can begin unilaterally to unravel them: our opposition to loans for Iran by international financial institutions, our opposition to investments in Iran's energy sector, to bilateral debt rescheduling, Paris Club debt treatment, and the extension of favorable credit terms by Iran's principal creditors. Our opposition to Iranian WMD intentions would continue, but tempered by regional realities and the recognition that any prospects for dissuasion or for dealing successfully with *faits accomplis* lie with engagement rather than isolation. We should think ahead to the ugly prospect of a resurgent, Russian-armed Iraq alongside an isolated and still relatively feeble Iran. In view is a prescription not only for an urgent forward surge in Iranian WMD development activity, but for potent new Chinese and Russian strategic opportunities.

- ¹ *The Washington Post*, April 10, 2000.
- ² *The New York Times*, December 3, 1999.
- ³ Department of Defense, "Conduct of the Persian Gulf War," (Washington: U.S. Government Printing Office, April 1992), p. 13.
- ⁴ *The Washington Post*, July 29, 1998.
- ⁵ *The Washington Post*, February 10, 1999.
- ⁶ See Majid Khadduri and Edmund Ghareeb, *War in the Gulf 1990-1991: The Iraqi Conflict and Its Implications* (New York: Oxford University Press, 1997).
- ⁷ *European Stars and Stripes*, January 15, 1999.
- ⁸ *The Washington Post*, April 14, 1998.
- ⁹ *The Washington Post*, September 27, 1998.
- ¹⁰ U.S. Senate, *A Proliferation Primer*, a majority report of the Subcommittee on International Security, Proliferation, and Federal Services, January 1998, pp. 58-9.
- ¹¹ Associated Press Wire Service, Islamabad, March 11, 1999.
- ¹² *The New York Times*, April 12, 1999.
- ¹³ *Jane's Defence Weekly*, March 7, 2000.
- ¹⁴ *Los Angeles Times*, August 13, 1999.
- ¹⁵ Martin S. Indyk, assistant secretary of state for Near Eastern affairs, remarks at the Council on Foreign Relations, New York, April 22, 1999.
- ¹⁶ For basic information on Iran's economy, see, *Iran*, U.S. Energy Information Administration, April 1999; Djavad Salehi-Isfahani, "Labor and the Challenge of Reconstruction in Iran," *Middle East Report*, No. 210, Spring 1999, pp. 34-7.
- ¹⁷ *Iran Times*, October 16, 1998.
- ¹⁸ See the Bonyad web page at www.iran-bonyad.org. The *Financial Times*, March 10, 1999, in an article by David Gardner and Robert Allen, "Iran: The Smiling Face of Khatami," stated that six reformist intellectuals were assassinated in late 1998, "the moment the government started trying to audit the bonyads."
- ¹⁹ *Iran*, U.S. Energy Administration, op. cit.
- ²⁰ Stuart Eizenstat, under secretary for economic, business and agricultural affairs, Department of State, testimony before U.S. Senate, Foreign Relations International Economic Policy, Export and Trade Promotion Subcommittee, October 23, 1997.
- ²¹ *Financial Express*, India, June 28, 1999, citing Natik Aliyer, President Azerbaijan State Oil Co.
- ²² *Chicago Tribune*, Knight-Ridder Tribune Business News, Yumurtalik, Turkey, November 25, 1999.
- ²³ *The New York Times*, November 19, 1999; *Los Angeles Times*, November 25, 1999.
- ²⁴ *Radio Free Europe/Radio Liberty*, Boston, November 1, 1999; Michael Lelyveld, "Caucasus: Scholars Ponder Prospects for Caspian Stability," rferl.org/nca/features/1999.
- ²⁵ Agence France Press, "Azeri Gas Find Casts Doubt on Trans-Caspian Pipeline," August 3, 1999.
- ²⁶ Thomas R. Stauffer, "Symposium – Caspian Oil: Pipelines and Politics," *Middle East Policy*, Vol. V, No. 4, January 1998, p. 35.
- ²⁷ See "Caspian Sea Region: Environmental Issues," U.S. Energy Information Administration, April 2000, www.eia.doe.gov
- ²⁸ *The New York Times*, August 19, 1999.
- ²⁹ *Financial Times*, July 1, 1999.
- ³⁰ "Patterns of Global Terrorism: State-Sponsored Terrorism: 1997," Department of State Publication 10535, Office of Coordinator for Counterterrorism, April 1997, pp. 2-3.
- ³¹ *USA Today*, April 13, 2000.
- ³² Richard Augustus Norton, "Hezbollah: Radicalism to Pragmatism," *Middle East Policy*, Vol. V, No. 4, January 1998, p. 148.
- ³³ In a 1995 interview, Hezbollah's spiritual leader, Shaykh Muhammad Fadlallah, stated that even with Israeli withdrawal from south Lebanon and the Golan Heights his movement would consider Israel illegitimate. *Journal of Palestine Studies*, Vol. XXV, No. 1, Autumn 1995, p. 75. Subsequent statements by Hezbollah leaders have been noncommittal about their intentions following Israel's withdrawal from Lebanon. See Jo Marie Fecci, "As Long As There Is Occupation, There Will Be Resistance," *The Washington Report on Middle East Affairs*, March 1999, p. 97.

³⁴ *The Washington Post*, August 28, 1999, as quoted from a recent interview with the Arabic language daily, *al-Wasat*.

³⁵ Martin S. Indyk, op. cit. *The New York Times*, March 21, 1999, reported the same assurance to Arafat by Iranian President Khatami.

³⁶ *Ha'aretz*, a leading Israeli newspaper, reported on June 20, 1999, ongoing efforts by Iran and Israel to reopen lines of communication. Expectedly, Iranian television denied the report.

³⁷ *The Washington Post*, June 23, 1999.

³⁸ *Christian Science Monitor*, July 22, 1998.

³⁹ Select Committee, U.S. House of Representatives, *U.S. National Security and Military/Commercial Concerns with the Peoples Republic of China*, Vol. 1, Report 105-857, May 25, 1999, p. 52.

⁴⁰ See particularly Duncan Clarke, "Israel's Unauthorized Arms Transfers," *Foreign Policy*, No.99, Summer 1995, pp. 89-109; Shawn Twing, "U.S., Israel at Odds Over Israeli Defense Sales and Technology Transfer to India, China," *Washington Report on Middle East Affairs*, January/February 1999.

⁴¹ Department of Defense News Briefing, Kenneth Bacon, April 13, 2000.

⁴² *The Washington Post*, December 4, 1999.

⁴³ *USA Today*, January 28, 1999.

⁴⁴ *The Washington Post*, January 15, 1999.

⁴⁵ *The Washington Post*, February 23, 2000.