4

US Policy Priorities in the Gulf: Challenges and Choices

Martin Indyk

United States (US) security strategy in the Arabian Gulf has been dictated by its vital interest in ensuring the free flow of oil at reasonable prices from the oil fields of that region.[1] With the elimination of the Iraqi army and its replacement with American forces, the United States is now the dominant power in the Gulf. With bases and access rights in Iraq and most of the Gulf Cooperation Council (GCC) states (with the notable exception of Saudi Arabia), the United States is capable of maintaining this dominance for the foreseeable future, even if its efforts to stabilize the situation in Iraq prove hapless.

Its greatest challenges are likely to stem from two sources: first, a potential failure to prevent Iran from acquiring nuclear weapons, which could in turn trigger an Israeli preemptive strike and a destabilizing arms race in the region; and second, a ripple effect from instability in Iraq that could impact on the stability of its

smaller Arab neighbors, which could in turn undermine the foundations on which America's security policy is based.

To deal with these potential challenges, the United States needs to develop a security architecture for the Gulf that will take into account the legitimate security concerns of all the states in the Gulf, including Iran, and thereby defuse the potential for nuclear proliferation in this volatile region. At the same time, it will need to stabilize the situation in Iraq in ways that ensure its ability to maintain a security presence in the region for the foreseeable future. This paper will review the various ideas for developing a new security architecture in the Gulf and suggest a comprehensive security policy for the United States to pursue.

Securing American Interests

Since the United States assumed primary responsibility for protecting Western interests in the Gulf in the 1950s, its essential objective has been to ensure the free flow of oil at reasonable prices from this region to fuel the economies of Europe, Japan and the United States. This "vital" interest has remained remarkably unchanged in five decades, and is likely to continue to be the case for the foreseeable future. This is simply because 25 percent of the world's production and two-thirds of the world's oil reserves are located in the Gulf. Any interruption of this flow of oil either through war, instability, or government production decisions has the potential to generate skyrocketing oil prices with profound implications for every Western economy. As long as those economies depend on oil, they will depend on the free flow of oil from the Gulf at reasonable prices; and the United States, as the leading world economy and the most powerful nation, has a responsibility to protect this vital interest.

There are other strategic interests which derive from this core concern. For example, ensuring the basic stability of oil producing regimes on the Arabian Peninsula is important to the task of guaranteeing the free flow of oil. This is particularly true of Saudi Arabia as long as it remains the only "swing producer"—the country capable of increasing or decreasing its production sufficiently to ensure overall price stability. Iraq has the potential to become an alternative "swing producer" once its oil production capability is significantly boosted. However, given the poor state of its oil infrastructure and the need to use whatever increases in production become possible to generate revenues for the post-Saddam reconstruction effort, it is likely to be at least five years before this possibility eventuates.

In the meantime, therefore, the United States is likely to have a continued interest in preserving the stability of Saudi Arabia in order to ensure its vital interest in the free flow of oil at reasonable prices. This principle also applies to American interests in ensuring that Iraq develops a more stable condition than prevails today, so that eventually it can provide an alternative to Western dependence on Saudi oil production and, therefore, on Saudi stability that could well become a more uncertain prospect in the next decade.

Maintaining the Balance of Power

Ensuring the free flow of oil has also meant that the United States had to develop a security policy that would preserve the independence of the Gulf Arab oil producers. This was an inherently difficult proposition from the outset because they have never been able to develop an independent ability to defend themselves against Iraq or Iran, their much larger and more powerful neighbors. This, in turn, has required the United States to

develop strategies for balancing or containing the potential threats of these regional powers.

Until the overthrow of the Shah in 1978, US strategy had come to depend on a relatively benign and status-quo oriented Iran to maintain the balance of power in the region in a way which helped preserve the independence of the Gulf Arab states. This strategy worked well for more than a decade. However, it blinded US policy-makers to the dangers of depending on an autocrat, who had become increasingly out of touch with the needs of his people, for the preservation of its vital strategic interests. Recognizing the problem too late, the Carter Administration's efforts to get the Shah to undertake a process of political reform proved to be too little too late, only helping in the end to undermine his resolve to maintain control.

After the overthrow of the Shah, the ayatollahs became bent on spreading their revolutionary zeal to the other side of the Gulf, threatening to destabilize the regimes there. On the urging of the Gulf Arab states, the United States therefore increasingly came to support Saddam Hussein's Iraq as the best way to counter the threat now posed by a radical regime in Iran.

This balance of power strategy worked fairly well through the 1980s as the two regional powers managed to consume their energies in a decade-long conflict. As long as the Iraqi army was able to keep the Iranian army from crossing the Shatt al-Arab, the United States was content to let Iraq and Iran exhaust themselves. Eventually, however, with US assistance, Iraq defeated Iran, severely weakening the Iranian armed forces and tilting the balance of power decisively in Iraq's favor. If Saddam Hussein had chosen at that moment to play the role of preserver of the status quo, as the Shah had done during a time of Iranian dominance in the Gulf, the United States would probably have been content to depend on him.

However, in the first of many miscalculations, Saddam used his newfound power to turn on Kuwait, Iraq's weak oil-producing neighbor. The Iraqi army not only invaded Kuwait but headed south toward the oilfields of Saudi Arabia. In doing so, Iraq had crossed the red line of American vital interests in the Gulf. The ensuing war resulted in the Iraqi army's expulsion from Kuwait and the reevaluation of the wisdom of depending on one or other regional power to preserve American interests.

That reevaluation was made easier by the fact that the military might of both Iran and Iraq had now been substantially reduced since each had now fought and lost a war. It therefore became possible for the United States to avoid dependence on either of them to counter-balance the power of the other. This was just as well, since relying on a balancing game had placed American strategic interests in the Gulf in profound jeopardy, not once but twice! First we depended on the Shah and begot the Iranian revolution which generated prolonged instability in the Gulf and the wider Middle East, an economic recession in the United States triggered by rocketing oil prices, and a prolonged hostage crisis which demoralized the American nation. Then we depended on Saddam and begot the invasion of Kuwait, which required the United States to dispatch 500,000 troops half-way across the world to repel the Iraqi army. As they say in the Middle East, "Fool me once, shame on you; fool me twice shame on me." The consequence of this sorry history was to discredit thoroughly a security policy based on maintaining the balance of power between Iraq and Iran.

Bilateral Defense Arrangements

These developments were reinforced by a third factor: a greater willingness of the weaker Gulf Arab states, after the Iraqi invasion of Kuwait, to grant the US access to their bases and military

facilities. Prior to Saddam's invasion, they had preferred to keep US forces "over the horizon." This was particularly true of Saudi Arabia where the idea of any Western forces operating in the land of the Prophet Mohammed [PBUH] provoked strident Islamist opposition.[2] However, Saddam's invasion of Kuwait demonstrated to all the Gulf Arab leaders just how vulnerable their small, oil-rich countries really were. The fact that it took the United States six months to build up enough forces in the Gulf to evict the Iraqi army from Kuwait underscored the great risk they were running by continuing to keep the United States at arms length.

Consequently, Saudi Arabia allowed the US Air Force (USAF) access to its air bases, eventually concentrating those activities at Prince Sultan Air Base where a state-of-the-art Combined Air Operations Center was also established. Through the 1990s, the other Gulf Arab states all negotiated or renegotiated their own access arrangements for US forces.

Kuwait agreed to house an armored battalion as well as prepositioning of equipment that would enable the rapid deployment of a mixed armor and mechanized infantry brigade. Two USAF wings also operate from Kuwait's Ali al-Salim and Ali al-Jabir air bases.

Bahrain formalized its defense cooperation agreement with the United States in 1991, and in 1995 the US Fifth Fleet established its permanent headquarters on the island. USAF operates out of the Sheikh Issa air base.

Qatar signed its defense pact with the United States in 1992, which provides for prepositioning of equipment for up to three armored brigades. In addition, Qatar built the huge al-Udaid air base for American use. In 2002, US Central Command established a forward headquarters in Qatar.

The United Arab Emirates (UAE) signed its defense pact with the United States in 1994 providing the US with access to its ports,

prepositioning for an armored brigade and the use of Dhafra air base for aerial refuelers.

Finally, Oman continues to provide access to three air bases at Masirah, Seeb and Thumrait, for USAF strategic bombers.[3]

As a result of the 1990–1991 Gulf War, the United States had become the dominant power in the Gulf. With these access arrangements it no longer needed to depend on one or other regional power to preserve its interests. It could now do so on its own. Indeed, with its prepositioned forces in the Gulf, the United States was now able to defend Kuwait from a possible Iraqi attack without having to provide any additional forces. The United States was now able to protect its strategic interests by adopting a revolutionary approach—the forward deployment and maintenance of significant military force in the Gulf arena.

Nevertheless, concern lingered in Washington about the reliability of all these access arrangements in a new Gulf crisis. Saudi Arabia's King Fahd had invited US troops to defend his kingdom against the Iraqi threat in 1990. Over the years since then, they had learned to keep a low profile, eventually moving all their facilities deep into the Saudi desert. Nevertheless, Islamic militants viewed this Saudi dependence on US forces as apostasy. Consequently, the actual use of Saudi military facilities had to be negotiated on the eve of every new crisis, leaving Pentagon planners in a state of unwelcome uncertainty. Fortunately, Qatar's offer of the al-Udaid air base made it possible for the US to relinquish its use of Prince Sultan Air Base in 2003, thereby removing a critical dependence on Saudi goodwill at a moment of growing tension between the two allies.

The reliability of the access arrangements with the five other Gulf Arab states was put to its ultimate test during the 2003 war in Iraq. The United States fought this war without the cover of a UN Security Council Resolution and in the face of considerable

international criticism, especially in the Arab world. Nevertheless, all the access arrangements proved highly reliable with barely a protest in the streets of the Arab Gulf.

Dual Containment

Through the 1990s, the absence of any need to depend on Iraq or Iran for the preservation of American strategic interests enabled the United States to adopt a strategy of containment and isolation of *both* the Iranian and Iraqi regimes. This strategy became known as "dual containment." For almost a decade, this policy enabled the United States to protect its security interests in the Gulf quite effectively. There was an occasional need to threaten or use military force to ensure the effective containment of Saddam (in October 1993, October 1994 and again in December 1998). The Iranians, on the other hand, chose to quell their ardor and seek rapprochement with all of the Gulf Arab states, removing one important source of tension from the region. Overall then, the decade of the 1990s proved much more stable in the Gulf than any of the three previous decades.

However, "dual containment" was never intended to be a permanent arrangement. Rather it had been developed at the outset of the Clinton Administration to generate changes over time in the threatening behavior of these two regimes. Using United Nations (UN) sanctions on Iraq and US sanctions on Iran, together with an active diplomacy designed to isolate both from Russia, Europe and the Arab world, Washington did its best to undermine Saddam Hussein's grip on power and encourage moderation in Tehran's policies.

Moreover, the policy of "dual containment" was designed as one branch of a broader strategy for the transformation of the Middle East. The other branch of this strategy was the active pursuit of

comprehensive peace in the Arab–Israeli arena. The US sought to exploit a presumed symbiosis between the two branches whereby the more it succeeded in achieving Arab–Israeli peace the more it would succeed in isolating the rogue regimes in Iraq and Iran; and the more it succeeded in containing these two strongest "rejectionists" of peace with Israel, the more its pursuit of comprehensive peace would be advantaged.

That was the theory. In reality, the US discovered a negative symbiosis—when we stumbled in the peace process it became more difficult to contain Iraq and Iran, and when we were unable to effectively isolate Tehran and Baghdad we paid the price in the disruption of the peace process. This was especially true of Iran's sponsorship of Palestinian terrorism, something which Yasser Arafat complained bitterly about during the Oslo years and which Abu Mazen and Mohamed Dahlan were the victims of during their short-lived attempts to exercise authority in the Palestinian territories in the first half of 2003. Iranian sponsorship of Hezbollah terrorist and "resistance" activities also repeatedly disrupted the Israeli–Syrian negotiations, helped defeat Shimon Peres and elect Benjamin Netanyahu in 1996, and helped provoke the Palestinian *intifada* in 2000 and fuel it thereafter. The stalling of the peace process in 1997–1998 combined with Iran's success in splitting the US from its European allies enabled the regime in Tehran to avoid the change in threatening behavior that containment was intended to generate.

At the same time, while containment of Iraq succeeded in reducing the threat that Saddam could pose to his Gulf neighbors, it did not succeed in undermining his regime. On the contrary, the sanctions regime had the unintended consequence of punishing the Iraqi people while leaving the regime untouched. The UN sanctions allowed for unlimited importation of food and medicine but by refusing to avail himself of these openings in the sanctions regime,

Saddam imposed considerable hardship on his people while skillfully putting the blame on the sanctions. This generated widespread opposition in the Arab world to the containment policy and undermined support for both the sanctions and for cooperation with the US in deterring Saddam. The oil-for-food regime was introduced by the US and Britain to try to stem the hemorrhaging of support. Yet while this ensured the importation of sufficient food and medicines to meet the basic needs of the Iraqi people, it enabled Saddam to tighten his control over them through the rationing system his regime established. It also enabled Saddam to cream as much as $2 billion a year off the top from kickbacks and commissions for his own use.

By 1998, with the peace process stalled, "dual containment" slipping and the landslide election of a reform-minded president in Iran, the US introduced adjustments in its strategy. Henceforth, we would act to remove Saddam Hussein before the sanctions regime collapsed completely and we would seek to engage President Khatami and the Iranian reformers in a dialogue designed to address the differences between the US and Iran. This shift in strategy to regime change in Iraq's case and engagement in Iran's case represented a tacit acknowledgement that containment was no longer a viable strategy for securing American interests in the Gulf.

Logical Consequences

By 2004, these new approaches had also been brought to their logical conclusions—Saddam Hussein's regime had indeed been removed; and the reformers in Iran were stripped of all effective influence (if they ever had any). In some ways, the security situation has dramatically improved. The Iraqi army has evaporated and, for the time being, has been replaced by 110,000 US troops. The region and the US now know that Iraq no longer possesses

weapons of mass destruction (WMD) or the programs to build them and is unlikely to pose a threat to its neighbors for the foreseeable future. The Pentagon is now overseeing the rebuilding of the Iraqi army but its design is strictly to defend Iraq's borders, involving 30-40,000 light infantry in the first stage in place of Saddam's 400,000-strong army.[4]

Yet, at the same time as Iraq's capability to threaten the region has been dramatically reduced, the *potential* threat from Iran has grown dramatically. The recent International Atomic Energy Agency (IAEA) revelations that Iran's nuclear program is considerably more advanced than had been estimated, has raised the specter of a regional nuclear arms race at the very moment that Iraq's nuclear program has been eliminated. Since the IAEA has already confirmed traces of highly enriched uranium in Iranian facilities, the assumption that Iran is still five years from acquiring nuclear weapons has now become questionable.

If Iran's nuclear program proceeds unchecked, or is merely perceived to be proceeding, other regional powers like Egypt, Saudi Arabia and Turkey, may seek their own crash nuclear programs to balance Iran's. Moreover, Israel has already warned that it will not tolerate an Iranian nuclear capability and might well take preemptive action.

Iran's recent acceptance of the IAEA's Additional Protocol that would allow enhanced inspections to detect covert efforts to develop nuclear weapons does provide a degree of assurance. However, Iran's sudden suspension of those inspections on the trumped up charge of American threats is a reminder of how fragile and uncertain IAEA inspections are as a tool for preventing Iran's acquisition of nuclear weapons. This is especially the case since Iran has only agreed to suspend its enrichment programs, not end them.

This cessation of nuclear activity remains the ultimate objective of the intervention by Britain, France and Germany. However, the incentives offered to Iran for such a cessation relate to nuclear fuel guarantees, preferential trade status with the EU and accession to the World Trade Organization (WTO). They do not address the issues which are driving Iran's nuclear ambitions—its existence in a strategic environment in which one of its neighbors – Pakistan – already possesses nuclear weapons; its desire to deter the US superpower, which now maintains a military presence on most of Iran's borders; and its pretensions for regional primacy.

If Iran's potential nuclear capability creates one challenge to America's security interests in the Gulf, internal instability poses another. This threat of instability comes in several forms. If the United States proves unable to stabilize the situation in Iraq, the descent into chaos could well result in sectarian warfare, intervention by Iranian forces, and ultimately the disintegration of Iraq.[5] This could send shock waves throughout the Gulf, upsetting the delicate balance between Shias and Sunnis elsewhere in the region, such as in Bahrain and Saudi Arabia.

The other threat of instability comes from the potential for internal unrest in the Gulf Arab countries. Already Saudi Arabia is facing a determined campaign by al-Qaeda type Islamic terrorists to wreak havoc in the kingdom. Moreover, this campaign comes at a time both of increasing alienation of Saudi youth who face poor employment prospects and of increasing pressure on the regime from the United States to undertake meaningful political and educational reforms. Crown Prince Abdullah has begun to enunciate a reform agenda. However, he is constrained by his Sudeiri brothers who deny him full authority and a Wahhabi religious establishment that controls the social and educational aspects of government and regards Abdullah's reform efforts as deeply threatening to its control over the minds and lives of Saudi citizens.

In short, at the very moment that the United States should feel that through military intervention it has secured its interests in the Gulf for some time to come, it is facing new challenges that threaten to bring about even greater jeopardy to those interests. To meet these new challenges, the US will therefore need to develop new approaches that draw on the lessons of past failures and mistakes.

Containing Instability

The first requirement is to develop a new strategy for dealing with the threats to internal stability in Iraq and Saudi Arabia. In the Iraqi case, the objective is clear—a stable pluralistic government that fairly represents the interests of all Iraq's diverse communities and is capable of preserving law and order and protecting the security of its citizens. Yet, achieving it will be highly problematic and will require a great deal of military and financial resources as well as high-level attention from Washington. The rush to hand over sovereignty to the Iraqi people in July 2004 runs the risk of pleasing no one.

Certainly, the insurgents will lose none of their determination to sow chaos and provoke sectarian warfare. Indeed that determination may grow as the onset of elections in the United States holds out the hope to them that they can defeat George Bush through terrorism in Iraq as surely as they beat José Maria Aznar in Spain through the terrorist attacks in Madrid on March 11, 2004. On the other hand, by handing over sovereignty before the Iraqis have had the opportunity to establish a legitimate government, the United States is giving up a large degree of control before the Iraqis are ready to receive it.

Moreover, the continuing lack of security for Iraqi citizens is fueling hatred for the US, which they regard as responsible for their

predicament, while strengthening the role of sectarian militias who fill the vacuum left by the inability of US forces to protect their communities. The lack of a legitimate Sunni leadership, following the removal of Saddam and his colleagues, places the Sunni community at a distinct disadvantage during this critical period when the arrangements for governance are developed. Moreover, the failure to provide Iraqi Sunnis with a stake in the stability of what they perceive to be an emerging Shia-dominated government has only helped to create a more conducive environment for Islamic extremism and violence to thrive in the Sunni triangle.

At the same time, the Kurds are becoming increasingly fearful that their intense interest in retaining their autonomy will be jeopardized by a new tyranny of the majority Shias. Turkey is as determined to ensure that Kurdish independence is constrained as Iran is determined that a Shia-dominated Iraq will cooperate rather than compete with its interests.

In these circumstances, the first requirement is for the United States to remain committed to maintaining a military presence in Iraq for as long as necessary to ensure that the emerging centrifugal forces do not succeed in tearing the country apart. Even though Iraqis blame the American military presence for their current lack of security, they know that its premature departure would make their predicament even worse. They want the United States to do a better job—not to give up the job altogether.

In terms of doing that job better, it is essential that policy-makers in Washington end their state of denial about the presence and role of Wahhabi Islamic extremists, affiliated with al-Qaeda, who are gaining strength in the current environment. What seems to be lacking is a policy directed at reassuring the Sunni population that their interests will be protected in the new Iraq. At the same time a determined effort needs to be undertaken to root out the

Islamic extremists that have now seeded themselves among this frightened and angry populace.

The United States will also have to develop a policy for dealing with the Iranian role in Iraq. With 5,000 Iranian pilgrims crossing the border into Iraq daily, it has been simple for Iran to establish a Hizbollah and Iranian Revolutionary Guard Corps presence in Shia-dominated parts of Iraq. This has given the hardliners in Tehran an ability to play in Iraq's future in a way that could severely complicate the US effort at promoting stability. At the moment, Iran seems content to signal its ability to hurt or help US interests in Iraq. However, blithe American assumptions about a common Iranian interest in a stable Iraq will need to be tested through a long overdue dialogue with the government in Tehran.

The task of maintaining a military presence in Iraq for as long as necessary to stabilize the situation would be made a lot easier if the United States could succeed in turning the effort into a genuinely multilateral process with a United Nations cover that would turn the reconstruction of the Iraqi state into the responsibility of the international community. Fortunately, the Bush Administration appears to have finally understood the consequences of their determination to take on the burden of regime change unilaterally. Hopefully, the realization does not come too late for the stabilization project in Iraq.

The second stabilization project is in Saudi Arabia. By withdrawing all its forces from the kingdom, the United States has already taken the single most helpful step in its power to reduce pressure on the regime. This essentially removes the central rallying cause of the Islamic extremists. Nevertheless, to ease up the pressure for reform would be a mistake, even though it has the potential to increase instability.

If the United States has learned anything from the difficulties it has faced in sustaining an effective security policy for the Gulf

region over the last three decades, it is that unquestioned backing for authoritarian regimes that fail to meet the basic needs of their people is a surefire recipe for generating the very instability such support is supposed to avoid. The US does not want to be faced again with what has become known as "the Shah's dilemma"—Washington supported him for fear of the alternative and ended up with the alternative anyway. When the US suddenly realized the extent to which the Shah had alienated his people, it pressed him to respond to their demands and urged him not to suppress their dissent, thus only helping to ensure his demise. Moreover, in the process, such hostility was generated toward the United States among the Iranian people that it took almost three decades to dissipate. The United States ended up with the worst of both worlds.

The desire not to repeat that mistake has been reinforced by the concern that Osama bin Laden and 15 of the terrorists that attacked the United States so viciously on September 11, 2001 (9/11), all came from Saudi Arabia. Therefore, securing American interests in the Gulf and fighting the war on terror both require a policy that would address the problems in Saudi Arabia in particular and the Muslim world more generally that continue to generate alienation, radical indoctrination, terrorist recruitment and the financing of Islamic extremist organizations.

As a consequence, pressing a reform agenda on Saudi Arabia and the other sheikhdoms of the Gulf has become a priority for America's national security agenda as well as its energy security policy. As President Bush noted in a speech marking the twentieth anniversary of the National Endowment for Democracy,

> "Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make us safe. Because in the long run, stability cannot be purchased at the expense of liberty."[6]

In other words, in the wake of 9/11, the United States had begun to redefine a basic tenet of its security strategy in the Gulf. If pursuing stability through support for autocratic regimes had helped produce the terrorist attacks on the United States, the President argued, we need to change the way the regimes do business, even if that were to produce some short-term instability.

Promoting Reform

Accordingly, the United States has decided on another revolutionary change in its security policy. While encouraging a crackdown on Islamic extremists, it is pushing for greater efforts by governments in the Gulf to meet the needs of their people. This reform agenda includes promotion of equal rights for women, productive jobs for all who seek them, a secular education that teaches young people to think for themselves and prepares them for entering the modern world and the opening of political space so that moderate and self-critical voices can contribute to the building of a civil society.

Clearly, such a policy will be difficult to promote and even more difficult to sustain. It can only succeed if it is part of a broader, differentiated strategy for promoting political change based on a partnership with the people and leaders of the Arab world that is coordinated with other Western powers and Japan. This broader strategy first of all requires an effort at the highest level to engage Crown Prince Abdullah in a dialogue about how to implement the reform agenda he has already publicly espoused.[7] The Saudi leadership needs to understand that we do not seek to destabilize it, but rather to help it pursue enlightened policies that will better serve the aspirations of its people. Crown Prince Abdullah needs to know that we understand the risk of introducing change and will support him as he pursues it. However, his brothers need to know that we

will insist on it because our security depends upon it—and ultimately their security depends on us.

The United States will also need to focus on the smaller states in the Gulf, and elsewhere in the Arab world, where younger leaders have already embarked on reform programs. In Qatar, Oman, Bahrain, Jordan and Morocco, the leaders are already opening their political space and promoting women's rights. The challenge for the United States and its Western partners is to develop training and educational programs that help to strengthen the nascent institutions of civil society in these countries. Because these states have younger leaders, smaller populations and more flexible government structures, they can more easily adapt to change than the bigger Arab states like Saudi Arabia and Egypt. Of course this means that change in these smaller states will have less influence, but they can also serve as models and test cases. Moreover, because they inhabit the same neighborhoods as the larger Arab states, their example does influence the demands of Saudis and Egyptians. Thus, equal rights for women in Qatar does lead women in neighboring Saudi Arabia to ask their government why they should continue to be denied such rights.

This effort will require a high degree of commitment by the United States over a prolonged period of time. It will require the willingness on the one hand to develop partnerships with Arab leaders on the basis of their willingness to move forward on a reform agenda. At the same time it will require an American willingness to develop a reliable partnership with the people of the region who will be encouraged by political openings and greater economic opportunities to demand more changes than their leaders may be willing to make. There will be many critical moments when our words and efforts will succeed in encouraging people to stand up for their rights. At that moment, when the regime will be sorely tempted to crack down, we will have to be prepared to take a stand

on the side of those who have dared to speak out. If the Administration in Washington is not prepared to do so, then the United States should not embark on this endeavor in the first place.

The Bush Administration has already sent a bad signal to every reformer in the region in its failure to denounce publicly the blatant hijacking of the Iranian elections by hardliners in Tehran in February 2004. The arrest in Saudi Arabia in March 2004 of leading reformers on the eve of Secretary of State Powell's visit to the kingdom provided another test of American seriousness. At least in this case, the State Department issued a protest and most of the reformers were released. However, not before American protests had been publicly rebuffed by Saudi spokesmen and the reformers had been forced to promise to restrict their activities. Having declared the objective of political reform in Saudi Arabia in particular, the United States is going to have to be willing to stand up more forcefully and effectively against the tactics of intimidation of the Saudi Interior Minister, Prince Nayef bin Abdul Aziz.[8]

A continued unwillingness to address the Palestinian issue will also add an unnecessary burden to the reform efforts of the United States. Like it or not, the Palestinian issue has become a matter of dignity for the people of the Arab world. If American efforts are to succeed in giving back the Arab people their dignity by promoting their basic rights in their own countries, the United States will have to do a better job of addressing their identification with Palestinian humiliation. Moreover, the regimes that Washington wants to reform are altogether too practiced at using the failure to solve the Palestinian issue as an excuse for avoiding their own responsibilities and as a vehicle for diverting the attention of their people from focusing on the failings of their own governments. The Bush Administration has now adopted the approach that before there can be Israeli–Palestinian peace there needs to be democracy in the Arab world. Yet, to be consistent, as a part of its overall reform

strategy, why not develop a project for bringing democracy to the Palestinian part of the Arab world?

The steps needed to reform the Palestinian Authority (PA) are specified in considerable detail in the Road Map that was adopted by the Bush Administration in December 2002, accepted by the Palestinian Authority and the Government of Israel and enshrined in a UN Security Council resolution. However, the Bush Administration, after a hopeful start in Aqaba in the spring of 2003, simply dropped the ball and did nothing to prevent Yasser Arafat from undermining the authority and effectiveness of the Abu Mazen government. It also did nothing to convince the Sharon government to deal more generously with its new Palestinian partner. This was despite the fact that Israelis for the first time had a Palestinian leader to deal with who was prepared to denounce publicly Palestinian terrorism as wrong on moral and religious grounds and as a disaster for the Palestinian cause.

Taking up the reform effort, as laid out in the Road Map, is now a priority made more urgent by the confluence of three simultaneous developments. First is the launching in inauspicious circumstances of the Bush Administration's Greater Middle East Strategy with its notable lack of any mention of an effort to deal with the Palestinian issue. Second is the collapse of the Palestinian Authority which is no longer functioning in the northern half of the West Bank and the southern half of Gaza. Unable and unwilling to enforce its authority, the PA may be one salary payment away from rendering itself irrelevant. Its ability to meet the payroll of Palestinian teachers, health workers, and civil servants is keeping the Palestinian economy sputtering along and enabling the PA to claim a role in the lives of Palestinian citizens. However, the money is running out as Arab and European governments that have been providing the budgetary support become increasingly impatient with the PA's corruption under Yasser Arafat.

The urgency of this situation is compounded by the announcement of Israeli Prime Minister Ariel Sharon in January 2004 that he intends to undertake a unilateral Israeli withdrawal from all of Gaza and parts of the West Bank, including the evacuation of Israeli settlements. In the prevailing circumstances, the vacuum Israel leaves behind in Gaza will likely be filled by Hamas and other extremist organizations who will want to show that they are the ones who achieved this "victory." A failed terrorist state in the making in Gaza is hardly what the Bush Administration had in mind in June 2002, when President Bush laid out his vision of a democratic Palestine living in peace alongside a secure Israel. Yet, if the United States does not take the lead in helping a reformed Palestinian Authority fill the vacuum, the terrorists and extremists surely will.

In other words, as part of its strategy for the Greater Middle East, the United States needs to add a Palestinian component, not just for the credibility of its initiative in Arab eyes, but also because the situation in Gaza and the West Bank demands it. What this means in essence is a US-led international effort to proceed with the reforms outlined in the Road Map—the empowering of an elected Prime Minister and Cabinet responsible to an elected legislature; the restructuring and retraining of the Palestinian security services under the command of the Prime Minister and his Interior Minister; the relinquishing of authority by Yasser Arafat whose presidential office would become a ceremonial one; the reform of Palestinian economic institutions to render them transparent, efficient and accountable to the Palestinian Legislative Council; and the establishment of an independent judiciary.

This effort should not await Israel's evacuation from Gaza and parts of the West Bank, which will likely not occur until the spring of 2005. Indeed, to the extent it precedes the Israeli withdrawal, it can help to ensure a smooth hand-over to a more responsible and

capable Palestinian leadership. However, the effort may well require an international presence in Gaza to take control of Israeli settlements and military positions and oversee the reestablishment of the authority of the PA and the holding of elections.

This effort to lay the foundations for a democratic Palestine may seem a long way from the requirements of an effective security policy for the United States in the Gulf. However, the route from stabilizing Iraq and reforming Saudi Arabia and the smaller Gulf Arab states, leads logically to the effort to resolve the Palestinian issue. Instead of resisting this logic, it would be wiser for the United States to incorporate it into its wider strategy for the Middle East in ways that would redound to the benefit of its narrower strategy for securing its interests in the Gulf.

A NATO-Style Gulf Defense Pact?

Promoting stability in a post-Saddam environment in the Gulf is only one part of a new US security policy. A broader reform strategy will need to be pursued in parallel with the development of a more narrowly focused security strategy for the Gulf that takes advantage of US dominance and presence in the region to help build over time a durable regional security framework for all the states in the Gulf region.

Development of such a security framework begins with the recognition that the United States will likely retain the same vital interests in the Gulf that have fuelled its engagement for more than four decades. It will therefore need to maintain a military presence in and commitment to the security of the Gulf region for the foreseeable future.

Designing a new security framework also needs to take account of the structural imbalance of power between the smaller and larger states of the Gulf. This imbalance has generated much of the

instability that has disrupted this region for decades. By eliminating Iraq's military capabilities, the US has exacerbated this imbalance since now no local power is capable of balancing Iran's capabilities, particularly as it expands its missile and WMD capabilities. To redress this structural fault, the United States could in theory rebuild Iraq's military capabilities to counter Iran's. However, the experience of the last three decades has led Washington to conclude that that would only sow the seeds of future conflict and instability.

Instead, it makes more sense for the United States to design a regional security framework that begins with the bilateral defense pacts it has negotiated with each of the Gulf Arab states. In this way, the United States can repair that structural imbalance by lending its own capabilities to offset their lack of power. The Iraq War put the durability of these defense pacts to a severe test—the United States depended on them to invade Iraq and change the regime in one of the most important capitals in the Arab world. This military intervention did not enjoy UN Security Council endorsement, was criticized by much of the international community, and was deeply unpopular in the Arab world. Yet, the Gulf regimes had little trouble justifying their cooperation with the effort. There were no popular demonstrations in any of their capitals.

Whether these defense arrangements can endure however, will depend on at least two factors: the degree of perceived threat and the degree of acceptability of America's presence. On the face of it, the threat environment for the Gulf Arab states should have improved with the evaporation of the Iraqi army and the removal of Saddam's predatory regime. Yet, that has only made Iran more of a potential threat since Iraq's ability to provide a regional counter-balance has disappeared. This is especially the case because Iraq's loss of power has coincided with the IAEA's discovery of an uranium enrichment program in Iran that is far more advanced than had previously been assumed even in Israeli estimates; and the fact

that the government of Iran had lied about its nuclear program to the IAEA for the past 18 years only increased concerns about its true extent.[9]

A nuclear Iran would be deeply threatening to its Arab neighbors across the Gulf because they do not have the ability on their own to deter such weapons and there is no possibility of reliance on a nuclear Iraq to try to establish some balance of deterrence. Moreover, under the cover of a nuclear capability, Iran may feel freer to return to its earlier efforts to subvert the Gulf Arab regimes. The first signs of a return to such a policy may already have appeared in the terrorist attack on a civilian compound in Riyadh in May 2003, which appears to have been linked to the al-Qaeda leadership now "under arrest" in Iran.[10]

In these circumstances, it seems reasonable to assume that the Gulf Arab states will prefer to depend on the United States for their defense than on any other arrangement. Will that be acceptable to their publics, especially if it requires the United States to retain a large scale military presence on their territories for the foreseeable future? That would have been a problem if the United States were dependent on force deployments in Saudi Arabia, where Islamists have roused opposition on the grounds that it is unacceptable to have "infidels" occupying Muslim holy land. However, now that the United States has practically eliminated its military presence in Saudi Arabia, there seems little likelihood of large-scale opposition growing in the smaller Gulf Arab states, which have tiny populations who recognize that their well-being depends on American protection.

Ironically, after trying the alternatives of relying on one or other regional power to maintain its security interests in the Gulf, the United States may now have discovered in its dependence on the smaller, more vulnerable Gulf Arab states, a more reliable foundation for a regional security structure.

Over time, then, the United States could begin to incorporate these bilateral defense arrangements into a more durable structure that would represent a NATO-like defense pact.[11] This defense alliance with GCC states would provide ironclad US defense commitments to its allies in return for durable basing arrangements for the United States. A broader defense alliance would have the advantage of integrating more directly the bilateral security arrangements with individual GCC states. It would give greater impetus to the task of GCC military integration which has proven to be a painfully slow process over the last two decades. With US prompting, some progress has been made on shared early warning of missile launchings. However, much more could be done to promote the inter-operability of indigenous ground and air forces. NATO itself could play a useful role in this regard by extending its Partnership for Peace Initiative to the GCC states as part of the arrangements for the new defense pact.

A NATO-like regional defense pact could also integrate Iraq, providing a benign framework for rebuilding its defense capabilities but removing its need to acquire offensive capabilities to counter Iran or threaten its smaller Arab neighbors.

A regional defense alliance also prepares the groundwork for a more stable response to the growing likelihood of an Iranian nuclear weapons capability. The Gulf Arab states, especially Saudi Arabia, could try to purchase nuclear weapons and delivery systems on the black market. However, that is an increasingly doubtful proposition now that Pakistan's nuclear exports have been shut down and North Korea is under such intense scrutiny. Alternatively, should the need arise the regional defense pact with the United States could be extended to include a nuclear umbrella. This would have the advantage of avoiding a highly destabilizing nuclear arms race in the Gulf which could rapidly spread to the wider Middle East as Turkey and Egypt pursued crash nuclear programs to counter Iran.

From the US perspective, it obviously makes sense to do everything possible to prevent Iran from acquiring nuclear weapons through more intensive IAEA inspections and the threat of UN sanctions. However, the United States also needs to prepare for the potential failure of such efforts. In this context, extending a nuclear umbrella to the Gulf states would have the distinct advantage of removing their urge and justification to acquire their own nuclear capability. If such a nuclear umbrella were extended to Iraq as well, it would have the added advantage of removing its incentive to acquire WMD to counter Iran's capabilities.

Would such a defense alliance be acceptable to GCC states who all seem content for the time being with their current bilateral security deals? To some extent the answer depends on whether a sense of common threat continues to grow or whether the stabilization of Iraq and the constraining of Iran's nuclear ambitions decreases their sense of threat and leads them to want the US to reduce its presence and profile. Given the nature of the region it seems more likely that the basic structure of insecurity will remain. The GCC states will continue to be small, rich states unable to defend themselves by themselves, surrounded by larger, more powerful neighbors with a history of bitter enmity and coveting of neighbors' assets.

Nevertheless, a defense pact could conjure up popular images of a new "Baghdad Pact" that was discredited by Arab nationalists in the 1950s as an attempt by an imperialist America to consolidate its influence in the Gulf. In becoming a target in this way, the defense alliance could add to the instability of the regimes which identified with it. It might give Iran, which would understand that it was the unnamed object of this defense alliance, an excuse to meddle in troubled waters across the Gulf and it could delegitimize an Iraqi regime still trying to find its feet.

A Helsinki-Like Regional Security Framework?

To make it more acceptable it would therefore be sensible to put the building of such a defense pact into a broader regional security framework that would include all states in the region. The ultimate objective would be to create a Helsinki-style regional forum for the promotion of arms control initiatives, the development of conflict resolution mechanisms and the reduction of regional tensions.[12] The model for such an arrangement could be the Association of South-East Asian Nations (ASEAN) Regional Forum (ARF). The ARF consists of the 10 ASEAN member states as well as the 10 ASEAN dialogue partners and has emerged as the principle forum for security dialogue in Asia. The forum is based on a common objective of regional stability achieved through dialogue and consultation on security and political issues as well as confidence building measures and preventive diplomacy.

The process of building such a Gulf Forum could begin in an informal way with the creation of a network of dialogues, multilateral groupings that would include the six GCC states, plus Iraq, Yemen and Iran. Discussion of common concerns could then generate cooperation in a number of security-related areas, such as search and rescue exercises in the Gulf and cooperation on smuggling and drug trafficking prevention. As habits of security cooperation are developed it might be possible over time to introduce traditional forms of Confidence Building Measures such as exercise notifications, observer status at military exercises, and cooperation on navigation in the Gulf. The ultimate objective would be to use the Forum to address arms control issues, such as a ban on the introduction of destabilizing weapons systems, an agreement on balanced force reductions, including the reduction of the US military presence, and the development of a nuclear-free Gulf as an

essential component in the design of a WMD-free zone in the wider Middle East.

A critical objective of such a process would be to attempt to engage Iran constructively in this dialogue even as the US is working with the GCC to build a defense pact designed to deter it. The two approaches can complement each other just as NATO expanded to include east European states while continuing its arms control dialogue with Moscow. Would Iran be willing to participate? There could be several advantages to doing so. It would represent recognition by Washington of Iran's legitimate security concerns, provide it with an alternative to pursuit of WMD for the promotion of its security, and give it an opportunity to reduce American military presence on its borders over time.

Whether it becomes possible to develop such a Helsinki-style process will depend in part on the willingness of GCC states to take the lead in sponsoring the discussion of these ideas. If they are seen as imposed on the region by the United States, they are unlikely to strike roots or be acceptable to Iran. The current interval, while Iraqi military capabilities remain significantly diminished and Iranian nuclear ambitions remain as yet unfulfilled, could provide an auspicious time for introducing such an initiative.

What is certainly clear is that the United States and the GCC share a common interest in finding better alternatives to the discredited game of relying on a favorable regional balance of power to protect their security concerns. Having exhausted all the other possibilities, a NATO-like defense alliance, combined with the promotion of a Helsinki-like arms control process, could prove to be the most effective way forward.

This paper constitutes Chapter 4 in the book entitled "International Interests in the Gulf Region," ISBN: 9948-00-659-3 (hardback) and 9948-00-658-5 (paperback) published in 2004 by the Emirates Center for Strategic Studies and Research (ECSSR), P.O. Box 4567, Abu Dhabi, UAE. It has been published with special permission from ECSSR.