Terms of Engagement: Alternatives to Punitive Policies

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The United States and its principal allies in both Europe and Asia have long differed over the best strategies for dealing with recalcitrant regimes. European countries and Japan, to differing degrees, have argued that the preservation of commercial and diplomatic contacts is critical in maintaining leverage over countries with which they have foreign-policy and national-security disputes. In contrast, until very recently, the US has tenaciously clung to the position that policies of economic and political isolation are both morally and practically the right course to follow when dealing with so-called 'rogue' states. Although there has been occasional convergence, the friction that these two perspectives have caused has been far more notable than any points of accord. This dissonance is one of several important factors which have spurred the current debate occurring in the United States, and to a lesser extent among America's allies, over the relative merits of containment strategies versus engagement policies. Because of the prominence of punitive policies – such as sanctions and military force – in the foreign-policy repertoire of the US, this debate draws upon many of the lessons extracted from past cases in which policies of punishment were employed. However, strategies of engagement have thus far been subject to much less stringent evaluation, highlighting the need to identify the most favourable circumstances and strategies for employing incentives or rewards to shape the conduct of problem regimes.[1]

The term 'engagement' was popularised in the early 1980s amid controversy about the Reagan administration's policy of 'constructive engagement' towards South Africa. However, the term itself remains a source of confusion. Except in the few instances where the US has sought to isolate a regime or country, America arguably 'engages' states and actors all the time simply by interacting with them. To be a meaningful subject of analysis, the term 'engagement' must

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refer to something more specific than a policy of 'non-isolation'. As used in this article, 'engagement' refers to a foreign-policy strategy which depends to a significant degree on positive incentives to achieve its objectives. Certainly, it does not preclude the simultaneous use of other foreign-policy instruments such as sanctions or military force: in practice, there is often considerable overlap of strategies, particularly when the termination or lifting of sanctions is used as a positive inducement. Yet the distinguishing feature of American engagement strategies is their reliance on the extension or provision of incentives to shape the behaviour of countries with which the US has important disagreements.

Today's rapidly globalising world, no longer beset by Cold War competitions, creates new possibilities for engagement as a foreign-policy option. In particular, the growing recognition of the drawbacks of punitive policies in this new environment has spurred a search for alternative strategies. There are increasing doubts about the wisdom of using sanctions, particularly when exerted unilaterally in a globalised world economy, to dissuade problem regimes from their agendas. Not only has the record of sanctions in forcing change been poor, but the costs of such policies to civilian populations and American commercial interests has often been substantial. Just as faith in sanctions has been shaken, the limits of military force have been exposed: despite relentless bombings, Saddam Hussein remains in power, and events in Kosovo demonstrate how even the most carefully orchestrated military campaign can result in serious collateral damages.

Moreover, the dissolution of Cold War alignments has both opened new opportunities for engagement strategies and created new rationales for them. Due to the heightened economic vulnerability and strategic insecurity of former Soviet allies, the incentives that the US can offer have new potency. At the same time, because America's allies are freer to shape their foreign-policy agendas subject to their own desires, the US needs to seek out policies with appeal which extends beyond rigid American preferences. During the 1990s, many of America's closest allies in Europe revealed a preference for using incentives rather than punitive actions to achieve foreign-policy goals.[2]

Many different types of engagement strategies exist, depending on who is engaged, the kind of incentives employed and the sorts of objectives pursued. Engagement may be *conditional* when it entails a negotiated series of exchanges, such as where the US extends positive inducements for changes undertaken by the target country. Or engagement may be *unconditional* if it offers modifications in US policy towards a country without the explicit expectation that a reciprocal act will follow. Generally, conditional engagement is geared towards a government; unconditional engagement works with a country's civil society or private sector in the hopes of promoting forces that will eventually facilitate cooperation.

Architects of engagement strategies can choose from a wide variety of incentives. Economic engagement might offer tangible incentives such as export credits, investment insurance or promotion, access to technology, loans and economic aid.[3] Other equally useful economic incentives involve the removal of

penalties such as trade embargoes, investment bans or high tariffs, which have impeded economic relations between the United States and the target country. Facilitated entry into the economic global arena and the institutions that govern it rank among the most potent incentives in today's global market. Similarly, political engagement can involve the lure of diplomatic recognition, access to regional or international institutions, the scheduling of summits between leaders – or the termination of these benefits. Military engagement could involve the extension of international military educational training in order both to strengthen respect for civilian authority and human rights among a country's armed forces and, more feasibly, to establish relationships between Americans and young foreign military officers. While these areas of engagement are likely to involve working with state institutions, cultural or civil-society engagement entails building people-to-people contacts. Funding non-governmental organisations, facilitating the flow of remittances and promoting the exchange of students, tourists and other non-governmental people between countries are just some of the possible incentives used in the form of engagement.

While policy-makers should give greater *consideration* to the idea of engagement, incentives will be applicable only in a limited set of circumstances. In addition, unlike other foreign-policy tools, engagement is open to charges of appeasement from its critics. Sceptics have also argued that engagement strategies can invite problems of moral hazard, where a cash-strapped regime watching America 'buy out' North Korea's nuclear programme may be inspired to embark on its own endeavour in the hopes of later 'selling' it to the US. Moreover, as a strategy which often depends on reciprocal actions between the US and the target country, engagement is likely to involve even higher risks and uncertainties than other foreign-policy strategies. But both the promises and the risks suggest the urgent need for a considered analysis of the strategy of engagement. Guidelines need to be formulated, drawing on instances where the US and Europe have previously used incentives rather than employed penalties alone in dealing with recalcitrant regimes. Two critical questions must be asked: when should policy makers consider engagement; and how should engagement strategies be managed in order to maximise the chances of success? Once these guidelines are formulated, they can be used to assess recent US policy towards many problem states. American relations with China, Cuba, Iran, Libya and North Korea are of particular interest, either for the promises that alternative strategies of engagement may hold or as examples of on-going attempts at engagement. Rather than examining the possibility of engaging allies, or even 'friendly tyrants', these cases represent some of the greatest challenges confronting American foreign policy-makers today.[4] Although prospects for further engagement with Iraq are not considered in detail here, we make no pretensions that Iraq should not be included among the most problematic of America's state-to-state relations. Indeed, engagement is explicit in United Nations Security Council resolutions, which offer Iraq specific rewards in exchange for compliance. However, Saddam Hussein – in spurring the UN

resolutions mapping the path to better relations with its neighbours and the West – has rejected the possibility of any mutually reciprocal engagement for the time being.

When should policy-makers consider engagement?

Perhaps most obviously, incentives should be used when they are the most sensible option considered alongside other policy choices. The situation with North Korea in 1994 clearly demonstrates how this can be the case. Washington had campaigned ardently to secure the backing of North Korea's neighbours for the imposition of multilateral sanctions, but had achieved only limited success. At the same time, the US military was sceptical that bombing could successfully eliminate the threat of continued North Korean nuclear development. Moreover, American civilian and military personnel leadership feared that the use of either punitive approach could trigger a military attack by North Korea across the thirty-eighth parallel. Against this background, the US turned to engagement and crafted an agreement which promised economic and political incentives in return for restraints on North Korean nuclear capability. This accord subsequently has been critical in minimising the threat posed by nuclear weapons on the Korean Peninsula.

Moreover, even when engagement appears to be a long shot, it often makes sense as a strategy that will open opportunities for employing other types of policies further down the road. Engagement strategies – if tried and unsuccessful – can build support for sanctions or military force among other countries. Given that multilateral action is almost always preferable to unilateral action, a failed engagement strategy can still be a success. This paradox is demonstrated most clearly in the case of Iraq. The Iraqi invasion of Kuwait in August 1990 revealed that previous US attempts to engage Saddam Hussein from 1988–90 had abjectly failed. The diversity and breadth of the international coalition that America forged in 1990, and the successful military campaign that followed from it, are well known. US efforts to mobilise this coalition were greatly facilitated by the fact that the United States had pursued a policy which sought cooperation with Iraq for the years preceding the invasion.[5] This earlier policy prevented Iraq's Arab neighbours – who had urged the US to engage Saddam Hussein in the late 1980s – from justifying the invasion of Kuwait on the grounds that it was an Iraqi response to American pressure. Instead, previous engagement efforts gave the Bush administration credibility which allowed it to garner support beyond its traditional allies for both sanctions and military force.

Even when external considerations or calculations do not prompt engagement efforts, engagement can be a promising strategy. For instance, countries with acute economic and strategic vulnerabilities can make good engagement partners. In the past, economic weaknesses or strategic insecurities were seen as indications that a country could be easily or quickly isolated; policies involving sanctions, diplomatic pressure or military force often followed. However, such vulnerabilities can also be interpreted as providing

important windows to engagement. Exploiting such circumstances requires a detailed and accurate understanding of the domestic realities within the target country. Not only must policy-makers be aware of economic and strategic details and events, they – or the intelligence community which advises them – also need a precise appreciation of what motivates people in positions of power.

Accurate assessments of economic and strategic vulnerabilities have enabled American policy-makers in the past to craft promising engagement strategies with former adversaries. For example, the Soviet collapse heightened Vietnamese economic and strategic insecurities and assisted American negotiators in charting a mutually acceptable course to normalisation of relations. During the Carter administration, Vietnam had resisted normalisation unless it would be done under Hanoi's own specified conditions; however, in the 1990s, judicious use of American aid and other incentives (including the lifting of economic sanctions) was sufficient to entice Hanoi to comply with most American concerns before normalisation occurred. Similarly, the case of *détente* with the Soviet Union reveals how an accurate appreciation of economic and strategic vulnerabilities is also critical to engagement between more equal powers. Henry Kissinger and Richard Nixon recognised that the political and economic incentives they were willing to offer Soviet leader Leonid Brezhnev in exchange for reductions in weapons and limitations on defence research would appeal to a Soviet Union anxious for Western technological assistance and political recognition internationally.

However, some cautionary words are in order. Almost any economic incentive enhances the foreign-exchange supply of unsavoury regimes which, even if not used directly for nefarious behaviour, can free up other reserves for such purposes. In addition, certain types of economic incentives – such as aid or the provision of material goods – have a limited ability to ensure compliance with agreements or ongoing moderated behaviour. To the extent that they involve one-off transfers, such incentives can fuel a cycle of demands as the engaged regime seeks to maximise the 'price' extracted for the desired changes. Therefore, policy-makers should seek to employ economic incentives, such as the adjustment of tariff rates or investment or trade credits, which are self-perpetuating in the sense that they provide enduring benefits to both sides as long as the relationship is viewed as mutually beneficial. Similarly, the provision of aid or other goods with economic value spaced out over an extended period of time – such as the regular delivery of fuel oil to North Korea throughout the late 1990s – can also provide motivation for on-going compliance.

The best potential candidates for conditional engagement are often those countries where decision making is the most concentrated. Promising partners in engagement must not only be willing to commit their governments to undertake a contractual relationship, but must be to do so as well. This distinction, while having little relevance for relations with US allies whose populations expect and generally support cooperation with the United States, is an important one when addressing engagement with 'rogues' or other problem

regimes. The fact that some regimes may be willing, but not able, to cooperate with the West implies that certain types of regimes do make better candidates for engagement than others.

For instance, the authoritarian nature of a regime can often facilitate engagement, rather than thwart it. The strong position of Brezhnev was a key factor in delivering the achievements of limited US–Soviet cooperation in the late 1960s and early 1970s. Having consolidated his power, Brezhnev was able to control internal criticism and challenges to *détente*. In short, the strong position of the Soviet leader eliminated many uncertainties inherent in negotiating with other types of regimes; if Nixon and Kissinger could develop an agreement appealing to Brezhnev, they could be confident that it would not fall prey to internal squabbling during its implementation – at least on the Soviet side.

By contrast, engagement can be frustrated by the nature of some democratic regimes. European efforts to engage Iran were hindered by the complex and volatile domestic politics of Iran's hybrid theocracy-democracy and the inability of the European Union to understand how these internal politics created constraints on Iranian actors. Although ostensibly geared to capitalise on moderating Iranian trends, by the time the EU's 'critical dialogue' policy was launched in December 1992, the Iranian political system had already become mired in political conflict. Not only were significant clashes occurring between individuals and factions, but fundamental ideological questions about the nature of the Iranian system were being debated. In such an environment, those more moderate elements that Europe sought to engage risked being discredited in Iran for undertaking a contractual relationship with the West. At the same time, few Iranian actors had sufficient domestic room to manoeuvre to make bargains with Europe about human rights, terrorism and weapons of mass destruction. These internal political dynamics – in conjunction with the failure of European policy-makers to appreciate them – dashed unrealistic European hopes of promoting political moderation through engagement.

For the United States, an engagement strategy makes the most sense when adequate domestic political support – or the potential for creating it – exists among key constituencies. As the policy of 'constructive engagement' with South Africa in the 1980s demonstrates vividly, the viability of an engagement strategy is limited if it is inconsistent with the sentiments and interests of politically important groups of Americans at home. Throughout the 1980s, the Reagan administration sought to continue its policy of engaging the government of President P.W. Botha. However, strident objections were voiced by the US Congress and influential civic groups who increasingly viewed this variety of engagement as morally abhorrent. It was ultimately this domestic repulsion – reflected in the US Congress' overwhelming bipartisan vote to override President Reagan's veto of the Comprehensive Anti-Apartheid Act in 1986 – that forced a new, more limited type of engagement strategy more consistent with American moral concerns.

From the policy-maker's perspective, it would be ideal if a well-prepared domestic base in favour of engagement existed even before an engagement strategy were considered. However, the architects of engagement can use political or economic means to craft such bases. In a bitter post-war atmosphere, the efforts of the Carter administration to normalise relations with Vietnam stumbled in part because there was no domestic constituency supporting Carter's endeavours. In contrast, years later, the Clinton administration was able to bring this process to fruition with the backing of carefully solicited, influential congressional leaders and the support of American businesses, even in the face of organised opposition from various veteran's lobbies. In 1988–90, economic incentives were combined with political penalties to try to induce Iraq to modify its behaviour. While perhaps not the specific intention of the architects of engagement with Saddam Hussein, the extension of US government agricultural credit guarantees to Iraq appealed to American industrial and agricultural interests which saw Iraq as a large, promising market, and thus created one American constituency in favour of continued engagement.[6]

As the underlying basis of most forms of engagement is cooperation between governments, it seems logical that engagement works best when pursuing modest goals and often falters when pursuing ambitious ones.[7] Modest goals are those which are not perceived by the regime to threaten its survival. Classifying objectives in this manner helps to explain engagement's uneven record of success in the pursuit of what appear to be similar goals. Positive inducements have been used not only to advance non-proliferation objectives with North Korea, but American encouragement and incentives also helped South Korea, Taiwan, Sweden, Brazil, Argentina, South Africa, Ukraine, Belarus and Kazakhstan to choose a path of de-nuclearisation.[8] Yet engagement strategies failed to curtail the development of weapons of mass destruction by Iran and Iraq. Presumably, unlike the majority of the countries foregoing nuclear-weapons programmes, Iran and Iraq believed that their development of unconventional weapons was essential to their survival. In these instances, larger issues of regional security must be addressed; any amount of incentives will be insufficient to coerce regimes to take action which, in their view, amount to suicide.

The difficulties of enticing a regime to make changes or concessions which it perceives as threatening to its survival are obvious. However, engagement strategies can claim some triumphs in achieving greater democratic expression or the promotion of human rights – achievements which often come at the direct expense of a regime's control. For instance, US engagement with China has contributed to the emergence of a political system which, while still repressive, is far more moderate than it would be in the absence of engagement. In comparison with the performance of sanctions in achieving these sorts of goals, even a qualified record of engagement is impressive.

Experience with South Africa suggests that the success of engagement in pursuing 'ambitious' goals is at least in part attributable to the flexibility of

engagement as a foreign-policy strategy. Unlike a sanctions-only policy, engagement strategies can target a number of actors in a society and provide them each with a different package of incentives, thereby creating the impetus for change from many directions. In its second, and most successful stage, engagement with South Africa involved economic penalties which sought to inflict harm on the economic interests of the élite and thereby push the leadership into negotiations with its political adversaries. At the same time, engagement placed a new emphasis on cultivating and supporting broader elements of South African society, especially within the opposition and civil society. Moreover, a widely followed investment code gave the private sector, both in South Africa and abroad, an active role in agitating for reform. It was the cumulative effect of these multiple-engagement strategies geared towards different tiers of society that finally contributed to altering white attitudes and changing the South African domestic political agenda.

How should engagement strategies be implemented?

Successful engagement demands a well-delineated road map, which can outline with great precision the conditions that must be fulfilled for success, and the benefits that can be reaped on both sides as the relationship advances. The utility of such agreements can be seen in the contrast between Carter's failed efforts to normalise relations with Vietnam and the later success of normalisation. During the Carter administration, the relationship between US humanitarian aid to Vietnam and Vietnam's full accounting for Americans missing in action and prisoners of war was left vague. Given that this trade-off was key to unlocking domestic support for the process of normalisation in each country, the respective leaderships were unwilling to move forward without receiving explicit guarantees from the other side. This Catch-22 closed a window of opportunity to normalise relations before Cold War political considerations all but obliterated the opportunity to do so. The centrepiece of the successful engagement strategy adopted by the Bush administration and continued by President Clinton was a meticulously crafted road map charting movement forward towards normalisation. This detailed plan enabled both sides to maintain a level of momentum which was sustainable and conducive to eventual success.

The argument in favour of detailed road maps is not just due to the positive outcome of the Vietnam case once such an agenda was employed; certainly, the use of a precise agenda was not the only factor that differed in each episode.[9] Relying on road maps also makes intellectual and psychological sense. Often, America has no record of interaction with the regimes it is trying to engage, or worse, its history with them has been hostile, suspicious, or belligerent. In such situations of little or no trust, engagement is a gamble for both sides. The creation of road maps not only diminishes uncertainty but, by laying out incremental steps, serves as a series of confidence-building measures to stabilise an uncertain relationship.

At the same time, agreements which lay out the groundwork for the gradual improvement of relations also facilitate the implementation of engagement by minimising the potential for misreading the actions of the other country. Particularly in countries where US intelligence capabilities are limited, such accords take on even greater importance by reducing the need to determine the ultimate intentions of the target country. By clearly delineating acceptable and unacceptable actions, policy-makers can better discern whether belligerent rhetoric or questionable behaviour indicates a departure from engagement or is merely intended for domestic political purposes. The case of Iraq makes this point most clearly. Given the vague confines of US engagement with Iraq and limited intelligence concerning Iraqi behaviour, American policy-makers struggled to interpret the behaviour of Saddam Hussein during 1988–90. Had a framework been agreed to, it is likely that Saddam Hussein would have violated obligations specified under it, highlighting Iraq's troubling behaviour and suggesting growing radicalism well before the Iraqi invasion Kuwait in August 1990. Instead, American policy-makers had few benchmarks against which to assess Hussein's actions, and tended to interpret them in a way that justified their policy rather than challenged it.[10]

While there are many clear benefits to road maps, their use also entails real responsibilities. First, careful and on-going evaluation of any engagement policy is crucial – the credibility of a calibrated agenda is only as good as its latest step. If the target country discovers that it is possible to move to the next stage without satisfying earlier conditions, or if the regime suspects that its compliance with commitments is not verified, much of the rationale behind such a framework will be undermined. In these circumstances, an explicit agreement regarding the steps necessary to achieve a better relationship becomes a ruse, not a tool. Second, the provision of a road map obligates the US or Europe to follow certain steps as much as it binds the target country. The consequences of the relationship breaking down as a result of American intransigence are grave. Not only are the potential gains of a detailed agenda forgone if US non-compliance forces an end to the agreement, but any hope for crafting an alternative policy which commands both adequate domestic and international support will be dashed by the failure of the United States to live up to its earlier responsibilities.[11]

Social Engagements

The use of incentives to engage a country's civil society is almost always a good idea. At times, opaque domestic politics in the target country may frustrate efforts to discern who is in a position of power and who can deliver on promises made in exchange for certain incentives. Or the overriding goal may be the change of a regime. These sorts of situations may preclude conditional engagement, when the US seeks to establish a contractual relationship with the government of a country. However, they may be ideal times for the initiation of 'unconditional' engagement – the offering of incentives without any expectation of reciprocal acts. While in theory, any type of incentive could be offered

unconditionally, cultural incentives or inducements to civil society are the most appropriate measures because they are the least likely to shore up dubious regimes.[12] Such incentives may also be the most suitable option when US or European governments are faced with domestic lobbies determined to isolate certain regimes. In these cases, even the most strident domestic groups are unlikely to protest measures geared towards easing physical hardship and cultural isolation of the population at large in the target country.

The provision of economic incentives to the private sector of a target country can be an effective mode of 'unconditional' engagement, particularly when the economy is not state dominated. In these more open economic climates, those nourished by the exchanges made possible under economic engagement will often be agents for change and natural allies in some Western causes. To the extent that economic engagement builds the private sector and other non-state actors, it is likely to widen the base of support for engagement with America specifically and the promotion of international norms more generally. Certainly, US engagement with China has nurtured sympathetic pockets, if not to American ideals *per se*, then at least to trade and open economic markets and the maintenance of good relations to secure them. The only constraint on the scope and development of 'unconditional' engagement is the range of available collaborators in civil society or the private sector. Fortunately, globalisation and the explosion of economic entities that has accompanied it – while making economic isolation more difficult to achieve – presents a multitude of possible partners for unconditional engagement with non-state actors.

Similarly, limited forms of military engagement are almost always helpful in achieving foreign-policy goals, whether these aims be 'modest' or 'ambitious'. In societies such as Pakistan, where the military is a key institution in political and daily life, maximising contact with the armed forces particularly makes sense. If the transfer of arms or dual-use technology would be counterproductive, programmes like America's International Military Educational Training amount to sound investments and should almost never be rescinded as a sanction. Not only do they enable the US to influence the conduct of the military today, they allow America to build connections with military leaders who may be important political figures later in their political careers.

Mixing honey and vinegar

To be most effective, incentives offered in engagement strategies almost always need to be accompanied by credible penalties. In some cases, the penalties will involve the imposition of new sanctions or military force if the target country continues with egregious behaviour. For instance, in the view of many, the threat of sanctions and military force were significant factors in Pyongyang's ultimate decision to accede to the 1994 Agreed Framework in which North Korea agreed to gradual denuclearisation in return for increased cooperation with the West.

Similarly, engagement is only effective when the alternative, disengaging, is a credible option. For example, the European 'critical dialogue' policy with Iran stumbled because it effectively involved no 'sticks'. Rather than bolstering the leverage that could be used in conjunction with incentives to alter Iranian behaviour, extensive economic ties between Europe and Iran undermined the 'critical dialogue' policy. As an important source of energy for European needs, as well as a market for its goods, Iran was confident that, regardless of its behaviour, Europe would not sever its mutual economic bonds. As a result, European desires to settle disputes such as that surrounding the *fatwa* on Salman Rushdie lacked urgency in Iranian eyes. Economic interdependence is not tantamount to leverage; as important as economic influence is the other party's belief that you are willing to jeopardise it in order to meet your wider objectives.

Coordinating with allies

There is growing consensus that sanctions, when employed unilaterally, are rarely effective. Not surprisingly, a corollary exists for the provision of incentives; engagement strategies which disregard the international environment in which they are crafted are also likely to fail. Just as a US embargo on a country's oil sales is ineffective in coercing changes when Europe will buy the barrels America forgoes, incentives are less powerful when their equivalents are being offered elsewhere unconditionally. For example, had China been willing to donate or to sell subsidised fuel oil to North Korea, or to assist Pyongyang in the construction of additional energy sources, the package offered under the Agreed Framework would have carried far less weight.

The differing policies of Western countries towards Iran demonstrate how a failure to coordinate policies can diminish the force of either a punitive approach or an engagement strategy. European efforts to influence Iran through substantial economic contacts have all but undermined American attempts to use economic coercion to pressure the Islamic regime into changing its behaviour. Rather than leaving it without export markets and foreign-exchange resources, European and Asian companies quickly filled the gap created by the American withdrawal from Iran. US secondary sanctions mandated under the 1996 Iran-Libya Sanctions Act requiring the imposition of penalties on foreign firms that invest in Iran's oil sector have also proven to be largely feckless; instead of making Iran desperate for investment, the law has stoked not only transatlantic tensions, but also frictions between the US congressional and executive branches.[13]

Constraints on linkage

Conceptually, the perfect engagement strategy would be much like that envisioned by Kissinger and Nixon in the formulation of *détente*. The target country would be persuaded to moderate its behaviour in a variety of realms, not only because each incentive offered was enticing but because the whole set of incentives was reinforcing. Ideally, by 'linking' progress on one front with

progress on the other fronts, America could maximise its leverage and move the entire relationship forward. However, this grand plan claimed only modest successes with the Soviet Union, while any attempts to create such a strategy with China have failed. Why?

Linkage is only effective when the US is willing to hold the entire bilateral relationship hostage to one overriding concern. The United States was able to secure a North Korean commitment to terminate its nuclear programme in 1994 precisely because America was able to identify nuclear proliferation as the area of principal importance to it. American willingness to jettison the prospect for improved relations in any other area in the absence of progress in the nuclear realm made a sort of linkage effective. In contrast, US efforts to link most-favoured nation (MFN) trading status for China to the improvement of human rights there resulted in bitter domestic battles and an embarrassing retreat by President Clinton from one of his original campaign promises. While certainly the threat to terminate special trading status for China was grave, Beijing correctly calculated that the United States was unwilling to jeopardise the entire US–Chinese relationship in the interest of human rights.

Both the Chinese and Soviet experiences suggest that linkage strategies are particularly ill-suited to managing complex relationships with important global powers. In these instances, where it is often impossible to identify one overwhelming concern, the maintenance of multiple, 'de-linked' agendas, can be a more appropriate way to manage multi-faceted relations. Such an approach is consistent with the realities of the post Cold War world, where American foreign policy is concerned with promoting a range of objectives across a wide variety of issue areas. Trade issues, democratisation, non-proliferation, human rights, the rule of law, intellectual property rights, and many other concerns can be pursued in tandem. Even more important, the use of multiple road maps allows progress to be made on some aspects of a complex relationship even while snags or serious rifts may hold back advancement on other fronts.

The creation and maintenance of multiple road maps inevitably narrows the range of incentives that can be used to spur progress in each area. Therefore, policy-makers should strive to offer incentives that are closely related to the area of concern. For instance, when possible, economic incentives should be employed to shape behaviour in economic matters, such as trade. Such 'germaneness' is of great importance in the construction and maintenance of multiple agendas. Not only is it warranted in order to spread the range of incentives across issue areas, but there are good reasons to believe that incentives which are directly connected to the area of interest are those most likely to form the basis of successful policy. First, germaneness facilitates negotiations that are an inherent part of engagement. When trying to influence a group of political actors to take specific actions, policy-makers are more apt to get the desired response when they employ levers that affect these individuals most directly. Second, adopting a strategy which meets the germane criterion is easier to defend at home as the relationship between the actions taken and the effects desired is more obvious. Finally, as germaneness facilitates efforts to

maintain multiple agendas, it is a critical part of limiting negative spillovers when setbacks occur in one realm of the overall relationship. Although adherence to germaneness results in a certain loss of leverage in each discrete circumstance overall, the benefits of doing so outweigh the costs.

Building support at home

Engagement strategies often fail not simply because of disagreements between the US and the country it is engaging, but because American domestic political considerations warp the strategy or make it untenable. *Détente* between the US and the Soviet Union is the best case in point. Kissinger and Nixon carefully crafted their 'linkage' strategy, where the Soviet Union would be offered political and economic incentives in return for restrained behaviour in the strategic arena. This trade-off did encourage Brezhnev to negotiate and sign significant arms-control agreements, and certainly, some of the agreements and the summits at which they were signed accorded the Soviet Union much desired increased political status. However, Kissinger's capacity to pursue *détente* was damaged by the inability of the Nixon administration to deliver the promised trade concessions. While Kissinger and Nixon had promised the Soviet Union MFN trading status in return for its cooperation in other global arenas, they failed to convince Congress of the importance of this deal. As a result, Congress passed the Jackson-Vanik amendment, which linked MFN status to the internal behaviour of the Soviet regime. This move tied the hands of Kissinger and helped undermine the strategy of *détente*.

Although the strong backing of domestic public opinion will always be valuable to those implementing an engagement strategy, the support of Congress and representatives of key constituencies and businesses is critical to success. Securing support for engagement among these key actors in democratic societies requires intense coordination between various branches of government. As the case of North Korea aptly illustrates, engagement strategies are too often hindered by executive efforts to evade congressional involvement and congressional attempts to thwart executive endeavours. From the perspective of the executive branch, a strength of the Agreed Framework was that it was *not* a treaty with North Korea. While this technicality spared the agreement from the necessity of Senate ratification, Congress later asserted itself through its reluctance to finance commitments made under the accord.

For several reasons, the executive branch should take the lead in implementing engagement strategies. Not only is the articulation of the rationale behind the chosen foreign-policy strategy best handled by the President and his principals, but clearly the executive branch is uniquely positioned to negotiate with foreign countries and their leaders. However, rather than regarding Congress as an impediment to the smooth implementation of engagement, the President and his advisers need to consider Congress as another partner in a multi-faceted consultation. Ideally, these efforts would go beyond simply briefing Congress about the state of relations with candidates for engagement, to include the appointment of joint executive/ congressional

delegations and fact-finding missions. In return for such efforts, Congress should recognise that the executive branch needs discretion in order to negotiate with target countries in the reasonable expectation that it can deliver the incentives it extends.

Future candidates for engagement

Given the disappointments that sanctions-dominated strategies have produced, both in terms of unsatisfactory results and unexpectedly high costs, the rationale for revisiting US foreign policies towards long-term problem countries is strong. Incentives-oriented engagement strategies present possible alternatives to the largely punitive policies the US has in place today towards difficult regimes, such as Cuba, Iran and Libya. In addition, although the United States is already pursuing policies of engagement with China and North Korea, these ongoing strategies demand re-evaluation. Quite possibly, the architects and implementers of engagement with these two North-east Asian countries can gain insight into the dilemmas they face by considering the lessons extracted above.

China

Considered in light of the lessons elucidated above, not only does the failure to manage relations with China according to a linkage strategy seem unsurprising, but the mere attempt appears almost foolish. Now, and for the foreseeable future, the relationship between the US and China will be multi-faceted, encompassing a range of serious concerns in many areas. Some of these will be 'modest', while others will relate to more 'ambitious' goals. None will take such precedence over the others that US policy-makers will be able or willing, with any credibility, to hold the entire US–Chinese relationship hostage to it. Moreover, China's growing importance will ensure that America cannot dictate the terms of its relationship with China.

At the same time, despite alarmist projections, China and the US are not equals in terms of strategic, military or economic power; America maintains significant advantages which it should use to shape the direction of Sino-American relations for decades to come. This will require discarding empty and misleading phrases such as 'strategic partnerships' and 'constructive engagement' in favour of a specific, well-crafted agenda – or rather, agendas. The complexity of the relationship will only be realistically managed by numerous and simultaneous road maps.

The rationale for individually handling the complexity of American concerns – whether over Taiwan, trade, Korea, human rights, non-proliferation, cooperation in international organisations, democratisation or intellectual property rights – is sound. Regardless of what happens in one realm, progress in another would be welcome; the successful co-optation of China into a comprehensive non-proliferation regime and the development of a sound Chinese dual-use export-control system would constitute significant achievements, even if they occurred against the backdrop of deteriorating

enforcement of intellectual property rights or rising friction over missile-defence issues. In constructing these multiple road maps, policy-makers should consider the germaneness of the incentives to the issues of interest. Economic incentives – by appealing to Chinese actors influential in the economic realm – are most likely to shape China's behaviour in economic matters.

Cuba

Although the peaceful transition of Cuba to a democratic, market-oriented country remains the ultimate goal of the US, the context in which this aim can be pursued has altered significantly. When stringent US sanctions were placed on Cuba in 1962, Cuba posed a threat to the US as an outpost of communism in the Western hemisphere and an ardent exporter of revolution to its neighbours. However, almost 40 years later and in the wake of the Cold War, Cuba's importance has dwindled and its ability to promote radical politics among its democratising neighbours has evaporated almost entirely. Not only has much of the rationale for isolating Cuba collapsed, but US policy towards the country – in particular the imposition of 'secondary sanctions' – has created tensions with America's European allies that outweigh Cuba's importance. Finally, America's sanctions-dominated policy towards Cuba demands re-evaluation because it is warping the message that the United States sends to potentially moderating 'rogue' regimes elsewhere. Cuba remains on the 'terrorism list' (a grouping of countries designated by the US as state sponsors of terrorism), even in the absence of a Cuban-sponsored terrorist act for many years. This discrepancy signals to others on the terrorism list that their renouncement of terrorism will not necessarily free them from the designation or from the many sanctions associated with it.

Despite the many good reasons to reassess US policy towards Cuba today, formidable obstacles have thus far prevented the sort of policy overhaul needed. Most importantly, sections of the Cuban-American community have vehemently opposed any policy changes which would confer legitimacy on Castro or possibly prolong his rule. Nevertheless, recent generational changes have opened possibilities for moderates to gain prominence in this community. In addition, the growing number of American farmers and businessmen expressing interest in doing business in Cuba indicates the existence of at least one influential domestic US constituency favouring engagement.

Rather than maintaining the status quo, the US should simultaneously pursue two forms of engagement with Cuba. First, it should actively seek out Castro's willingness to engage in a conditional relationship and to chart a course towards more satisfactory relations. It should attempt to strike a dialogue with Castro in which reasonable benefits are offered to him in return for reasonable changes. Rather than accentuating the desire for a regime change or immediate democratic elections, US policy-makers should make lesser goals the focus of their policy, as the more ambitious the demands, the less likely Castro is to enter into a process of engagement. For instance, the release of political prisoners and the legitimisation of political parties might be offered in exchange

for the selected lifting of elements of the embargo. Regardless of Castro's reaction to such an approach, benefits would accrue to the United States. If Castro accepted this dialogue, US policy would be seen as pushing forward real political liberalisation on the island; if Castro rejected these attempts, America would still ease tensions with its European allies by demonstrating it was willing to take a more flexible line towards Cuba.

Second, while pursuing what conditional engagement is possible under Castro, unconditional engagement can be undertaken and expanded. The recent easing of certain restrictions in the hopes of building ties between the United States and Cuba at the civic level is laudable. Additional air links and liberalised travel restrictions can help temper the negative image of America held by many younger Cubans, and to cultivate outward-looking segments of Cuban society. Both groups will be influential in determining future levels of cooperation between the United States and Cuba once Castro is gone.

The United States should also expand unconditional engagement of the economic variety; such a low-risk strategy can gradually promote internal changes as Cubans benefit from new economic opportunities. The Clinton administration has already authorised increased levels of allowable remittances and expanded trade with non-government entities. However, these changes do not go far enough. There should be no ceiling on the amount of remittances which Cuban families can receive from relatives living in the US. Moreover, even if Castro resists conditional engagement that could be linked to the gradual easing of the embargo, US policy-makers should consider ways in which investment codes could replace elements of the embargo. The possibility of employing investment codes that allow for American trade with, and investment in, Cuban entities meeting specific conditions concerning ownership structure and labour rights should be explored.[14] Given the paucity of privately owned businesses in Cuba today, the instant effects of such codes in boosting trade and investment would probably be minimal. However, the employment of investment codes – in place of more blanked restrictions – would offer immediate psychological support, as well as tangible incentives for growth, to Cuba's struggling private sector.

Iran

Before the February 2000 parliamentary elections in Iran, the notion of embarking on a conditional engagement strategy with that country seemed almost naïve and certainly implausible. Unquestionably, the severe economic difficulties faced by Iran due to its large debt and to fluctuating oil prices throughout much of the 1990s would make potential American economic incentives particularly powerful. However, while Iranian economic vulnerabilities might have suggested it was an opportune moment for conditional engagement, most other factors advised caution. In particular, the volatile domestic political situation – with internal power struggles exploding into violence on the streets of Iran in the summer of 1999 – underlined the difficulties architects of engagement would face in crafting a successful strategy.

However, the overwhelming success of relatively moderate candidates in the 2000 parliamentary election has changed the political landscape in Iran. Although the campaign and the electorate focused primarily on domestic issues, the comments of some leading politicians have suggested a willingness to consider improved ties with the US. Most importantly, the new face of the Iranian parliament has strengthened President Mohammed Khatemi's power base in his longstanding struggle with more conservative elements in Iranian society and the regime itself. Although these developments far from ensure a successful dialogue between Washington and Tehran, they do make the arguments for exploring the possibility of conditional engagement with Iran stronger than ever.

In this context, the steps taken by the Clinton administration in March 2000 to lessen hostility between Iran and the United States (including the easing of restrictions on non-oil imports from Iran) are most welcome.[15] However, these steps are not without their risks. Those Iranians desirous for a more amicable relationship with the west are far from triumphing over their more conservative and inward-looking counterparts; in fact, hard-liners continue to dominate the national security apparatus where the decisions made are of greatest concern to the US. Quite apart from Iranian politics, these gestures are likely to intensify the already heated debate in the United States about maintaining strict sanctions on Iran. Businesses and commercial interests anxious to become involved in Iran will be heartened by the easing of the import sanctions. A tacit – if unintended – recognition that unilateral efforts to deny foreign exchange to state supporters of terrorism are largely futile, the limited easing of imports from Iran will prompt US energy companies to argue that oil sanctions should be lifted under the same logic. Similarly, any resumption in lending to Iran by international financial institutions will further fuel global competition to bring technology, services, and private capital into Iran, thereby heightening the relative sense of deprivation felt by many US companies.[16] In contrast, if these conciliatory US actions do not meet with a favourable Iranian response, Americans wary of engagement with Iran will clamour for a return to a more uncompromising policy. These pressures from both sides are likely to circumscribe further the president's latitude to act.

Regardless of Iran's response to American initiatives, the United States should strive to maintain momentum that will be critical for improved US–Iranian relations, if not soon, then some time in the future. The US should go beyond speeches by Secretary Madeleine Albright and other State Department officials in which the United States offered to construct a road map with Iran, to actually propose the specifics of such a road map as the United States envisions it. Such a calibrated agenda would need to address issues of concern to both sides, including terrorism, Iran's weapons programme, and economic issues (particularly regarding sanctions and pipeline matters). Confidence-building measures and the offer of limited incentives (and implicit threat of continued penalties) should frame these discussions.[17] Formulating a road map would allow policy-makers to test Iranian willingness to thaw US–Iranian relations.

While it is possible that Khatami could surprise the United States by seizing such an initiative, merely the extension of a road map could help shift in the domestic political debate in Iran more in his favour. Often, an abstract offer of undefined benefits is easier to resist than a concrete extension of specific incentives. At the same time that the United States is pursuing these avenues, it should continue to expand its unconditional engagement with Iranian civil society. Not only is this type of engagement likely to have long-range benefits, but it will also allow America to stay more closely attuned to the intricate Iranian domestic politics that will shape any future form of engagement.

Finally, the Clinton administration, as well as future administrations, should strive to reformulate how both policy-makers and the average American think about Iran. For decades now, Iran has been demonised. While it is right for Americans to regard US relations with Iran as problematic, it is counterproductive to perceive them as hostile by definition. American policy-makers have already begun to retreat from vitriolic rhetoric, jettisoning the 'dual containment' policy, which suggested that Iran is as much of an outlaw as Iraq. This welcome trend should be supplemented by the clear articulation of realistic expectations for future US–Iranian relations: although perhaps not a friend, Iran need not be an enemy. American policy and public opinion has accepted this middle ground for many other countries since the end of the Cold War. It is time to do the same for Iran.

These developments – the proposal of a road map, unconditional engagement with civil society, and a reconceptualisation of relations with Iran – have the added advantage of enabling the United States to manage its relationship with Europe better. Particularly since the passage of the Iran-Libya Sanctions Act – legislation which mandated secondary sanctions on foreign companies investing in Iranian or Libyan petroleum industries – American policy towards Iran has lacked virtually all credibility in European eyes. Evidence of a new US willingness to tailor its policy more towards Iranian subtleties than domestic American constituencies would facilitate a European–American dialogue on Iran. US–EU consultations on Iran would help smooth an irritant in transatlantic relations while at the same time providing the United States a mechanism for ensuring that Europe does not maintain an unqualified relationship with Iran.

Libya

Libya has struggled under the full gamut of US unilateral sanctions since 1986. These sanctions were imposed in an effort to coerce the Gaddafi regime to change its behaviour in three specific areas: its attitude towards the state of Israel, its support for international terrorism and extremist movements, and its desire to obtain weapons of mass destruction. Recent developments suggest that some progress has been achieved on these fronts. American intelligence reveals that Libyan efforts to acquire nuclear or chemical weapons have stagnated (although these *efforts* remain distinct from *ambitions*). Similarly, the years when Libya actively promoted radical movements and engaged in expansionist

forays into Chad appear to be in the past. Perhaps most importantly, Libyan support for terrorism seems to have waned while – as indicated by the surrender of two suspects implicated in the Pan Am 103 bombing – Libya appears willing to bear at least some responsibility for past terrorist acts. These changes in behaviour, in conjunction with pressures from American commercial entities eager to do business with Libya now that UN sanctions have been suspended, provide both a rationale and an impetus for the reassessment of US policy.

However, barring further progress, these positive developments and US commercial pressures are far from sufficient to warrant a full American embrace of Gaddafi. Moreover, the strength of certain US domestic constituencies, particularly the families of the victims of Pan Am 103, prohibit any sort of *rapprochement*, at least until Libya's willingness to cooperate fully with the trial in the Netherlands is proven. Finally, a great deal of uncertainty continues to surround Libyan domestic politics. How strong is Gaddafi's position as the supreme, if unofficial, leader of Libya? To what extent does discontent in the military and Islamic opposition pose a threat to his leadership? Until these questions are answered, crafting engagement with Libya will remain a huge challenge.

The United States faces a dilemma posed by the desire to encourage positive developments in Libya and the inability to remove sanctions currently in place without further progress. Solving this conundrum will demand some creative thinking. A specific road map should be fashioned, detailing the conditions and circumstances under which US–Libya relations can improve. Ideally, such a map would have been articulated in the very legislation that placed sanctions on Libya; in general, any instrument – whether it be legislation or an executive order – which imposes sanctions should also delineate the specific actions that the country in question must undertake before it can be freed of economic penalties. However, a road map for Libya still remains to be crafted. It would include a series of Libyan steps desired by the US: cooperation during the trial of the Pan Am 103 suspects, renunciation of terrorism, and a reaffirmation of Libya's commitment to the Non-Proliferation Treaty and the Comprehensive Test Ban Treaty. In exchange for these actions, or as explicit enticements to compel them, Libya could look forward to the gradual easing of US economic sanctions, its eventual removal from the terrorism list, possible normalisation of diplomatic relations, entry into international associations, and economic cooperation.

North Korea

Engagement with North Korea continues to be both promising and frustrating. Despite occasional setbacks, the United States, its allies and North Korea have maintained their commitment to the Agreed Framework into the fifth year after its signing. However, throughout the summer of 1999, there were strong indicators that North Korea was preparing to test a long-range ballistic missile, the *Taepo-dong* II, which could have the capability of reaching Alaska as well as

North Korea's closer neighbours. The immediate crisis was allayed when September 1999 talks in Berlin led to an understanding: North Korea would place a moratorium on all missile testing as long as talks on the normalisation of relations between the US and North Korea continued. The US began this new phase in its relationship with North Korea by easing some of the sanctions that had been in place for decades. In his report on the findings and recommendations to emerge from his review of US policy towards North Korea, former Defense Secretary William Perry has specified a 'two-path strategy' for conducting relations. The first is the more preferable: a path of step-by-step engagement in which North Korea terminates any nuclear or missile activity (including the manufacture and export of missiles) in return for the eventual resumption of economic and political relations between the communist country, its neighbours and the United States. However, successful continuation along this path 'depends on the willingness of the DPRK to traverse it with us'.[18] In the absence of full cooperation by North Korea, America and its allies can opt for the second path, one that seeks to contain the threat that North Korea poses, using whatever means necessary.

These efforts deserve support. Perry's team laboured to bring about the high levels of coordination and consensus between the US and its allies in South Korea and Japan that a successful engagement strategy demands. Moreover, the recent review of policy, in recognising the multiplicity of concerns that the US holds in North Korea, is right not to link together all areas of concern in North Korea. Although the Perry Report clearly prioritises nuclear and missile issues above other concerns – such as family reunification and the implementation of the North–South Basic Agreement – it does not make progress on one front contingent on advancement on the others. In fact, the new policy even acknowledges that, barring progress on the missile talks, the United States and its allies should still endeavour to keep the Agreed Framework intact. Finally, if these tentative steps falter, the United States maintains its ability to employ other policy tools. If America finds itself in this position further down the road, as was the case with Iraq, this period of attempted cooperation with North Korea will undoubtedly facilitate attempts to organise a coalition for further action against the North.

While the United States should maintain multiple road maps to deal with the various issues of concern in North Korea, policy-makers should also be careful to consider the variety of incentives available to the United States and how they may be best distributed. If America hopes to address a range of issues with North Korea over the next year, or even decade, it should be reluctant to promise too much for each step without adequate forethought about what incentives or other instruments it maintains for pursuing future objectives or stemming future threats.

Despite cautious optimism about current US policy, the fate of engagement with North Korea is by no means certain, not simply because of the North's own volatility, but also due to significant US domestic opposition among important constituencies. The recent report by the House of Representatives' North Korea

Advisory Group – in which the group's members criticise US policy towards North Korea as one which does not address the principal threats the country poses to American interests – is just one of many indications that Congressional opinion is, at best, wary of engagement with North Korea.[19] The administration needs to involve the US Congress as an important partner in its endeavours to encourage moderation and non-proliferation in North Korea, and to cultivate the backing of other key constituencies to provide a counterweight to interests which clearly oppose current policy. A clearer public articulation of the rationale for pursuing engagement with North Korea would go a long way towards this end. The risks that the Clinton administration is taking with North Korea are real, but they are also justified and based on sound calculations. A better explanation of both sides of this reality is in the interest of all, and would be likely to increase support for current engagement efforts.

Conclusion

The briskly globalising post-Cold War world of today is arguably more complicated than the globe of a decade or so ago. Moreover, the countries that the US has uniformly labelled as 'rogues' have proven to be more varied than such a classification suggests. Given these complexities, and others that are likely to arise, it is no surprise that policies such as containment and tools such as sanctions have been insufficiently nuanced to deal with the multitude of challenges facing the US. This reality demands that policy-makers explore, and, where appropriate, utilise, a greater variety of foreign-policy tools and strategies. Engagement, although often overlooked in favour of punitive policies, has the potential to widen significantly the spectrum of serious policy options.

Engagement, however, is clearly not a panacea. Not only are such strategies often difficult to implement domestically, but even with perfectly crafted, managed and executed engagement strategies there are no guarantees of success. Because engagement relies so heavily on the politics and inclinations of the target country and its willingness to work with the US, the very nature of engagement is more precarious and volatile than other foreign-policy strategies. Nevertheless, a place for engagement strategies exists in the foreign-policy tool kit. In some cases, conditional engagement is an appropriate vehicle for change; in most others, unconditional engagement can be pursued.

Despite all the caveats, engagement offers a promising alternative to policies of punishment that have either not achieved their objectives, or have done so only at extremely high costs to the United States and the target country. The posture and policies currently taken by the United States in some of its most problematic relationships – such as Cuba, Iran and Libya – demand re-evaluation. Quite possibly, these relationships could be substantially improved if they incorporated varying degrees of engagement. Where the US is already involved in engaging difficult regimes, as with China and North Korea, policy-makers would benefit from a more systematic understanding of engagement strategies in order to ensure the smooth management of many of these still-uncertain partnerships. For all these reasons, engagement strategies should be accorded equal deliberation – if not necessarily adoption – alongside the options of military force, sanctions, covert action and diplomacy.

Notes

[1] See, for example, Alexander L. George, *Bridging the Gap: Theory and Practice in Foreign Policy* (Washington DC: United States Institute of Peace Press, 1993); David Cortright, *The Price of Peace: Incentives and International Conflict Prevention* (New York: Rowman & Littlefield Publishers, 1997); David Baldwin, *Economic Statecraft* (Princeton, NJ: Princeton University Press, 1985); David Baldwin, 'The Power of Positive Sanctions', *World Politics*, vol. 24, no. 1, October 1971. Also see William J. Long, *Economic Incentives and Bilateral Cooperation* (Ann Arbor, MI: University of Michigan Press, 1996); Eileen Crumm, 'The Value of Economic Incentives in International Politics', *Journal of Peace Research*, vol. 32, no. 3, 1995.

[2] See Richard N. Haass (ed.) *Transatlantic Tensions* (Washington DC: Brookings Institution Press, 1999).

[3] Of the various types of inducements possible, economic ones have received the most attention. See William Long, 'Economic Incentives and Bilateral Cooperation'; Eileen Crumm, 'The Value of Economic Incentives', and Klaus Knorr, 'International Economic Leverage and Its Uses', in Klaus Knorr and Frank Trage,r (eds) *Economic Issues and National Security* (Lawrence, KS: University Press of Kansas, 1977).

[4] See Daniel Pipes and Adam Garfinkle, *Friendly Tyrants: An American Dilemma* (New York: St. Martin's Press, 1991).

[5] In contrast, others argue that the engagement policy hampered efforts of the Bush administration to cobble together this coalition, as the former policy opened the administration to charges that it had appeased Saddam Hussein or contributed to his militarisation. See Zachary Karabell, 'Backfire: US Policy Toward Iraq, 1988-2 August 1990', *Middle East Journal*, vol. 49 (Winter 1995), pp. 28–47.

[6] However, these vested interests also created difficulties, as they pushed for the continuation of engagement even in the face of failure.

[7] Civil society engagement obviously circumvents the regime.

[8] See Mitchell Reiss, *Bridled Ambition: Why Countries Constrain Their Nuclear Capabilities* (Washington DC: Woodrow Wilson Center Press, 1995).

[9] The end of Cold War considerably changed the parameters for interaction with the US. At the same time, Carter's attempts were also complicated by timing, as the Vietnam War was still fresh in the minds of Americans.

[10] Alexander George, *Bridging the Gap*, discusses this phenomenon both in the Iraqi case and in general.

[11] See Richard N. Haass, Kyung Won Kim, and Nicholas Platt, *Success or Sellout? The US– North Korea Nuclear Accord.* (New York: Council on Foreign Relations, 1995).

[12] Some of these forms of engagement – for instance, programmes for democratisation and institution building – actually work against the rule of recalcitrant regimes.

[13] The first waiver of sanctions to be levied against foreign firms came in May 1998 to France's Total, Malaysia's Petronas, and Russia's Gazprom for developing Iran's South Pars gas field.

[14] The Arcos principles, formulated for investment in Cuba, could offer a starting template. See Rolando H. Castañeda and George Plinio Montalván, 'The Arcos Principles' in George Plinio Montalván (ed.) *Cuba in Transition*, vol. 4 (Miami, FL: Florida International University, 1994), pp. 360–67.

[15] Secretary of State Albright's comments to Iran are available at: http://secretary.state.gov/www/statements/2000/000317.html.

[16] As long as Iran continues to be designated by the US government as a

state sponsor of terrorism, Washington will be obligated to vote against IFI lending to Iran. However, in the absence of intense American lobbying, American opposition is insufficient to block loans to Iran. Although in the past, the United States threatened to cut back on its payments to the World Bank if it approved loans for Iran, it seems unlikely Washington will continue this hard-line approach.

[17] For greater discussion of road maps in the context of Iran, see Geoffrey Kemp, *America and Iran: Road Maps and Realism* (Washington, DC: The Nixon Center, 1998).

[18] William J. Perry, *Review of United States Policy Toward North Korea: Findings and Recommendations*, 12 October 1999; available at http://www.state.gov/www/regions/eap/991012_northkorea_rpt.html.

[19] A copy of the North Korea Advisory Group report can be found at http://www.house.gov/international_relations/nkag/report.htm.