

The United States, Iraq, and Iran: Proliferating Risks, Dwindling Opportunities

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May 15, 2001

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Brief Analysis

American policymakers face a number of decision points concerning U.S. policy toward Iraq and Iran in the coming weeks. The UN Security Council has to act by June 4 to renew the oil-for-food program, providing the United States with an opportunity to secure approval for the "re-energized" sanctions regime that Secretary of State Colin Powell floated in March. Iran's policy direction will become clearer after its June 8 presidential elections, and that could influence the U.S. decision whether to renew the Iran-Libya Sanctions Act that expires August 5. Meanwhile, U.S. officials are reportedly considering whether to indict senior Iranians for the 1996 Khobar Towers bombing.

Background In the last few years, U.S. policymakers have enjoyed a relative "time out" from the harsh realities of Persian Gulf power politics, but that is now over. In Iraq, the period of relative quiet following Operation Desert Fox in December 1998 has come to an end. Desert Fox shook the foundations of the regime. In its aftermath, Saddam Husayn turned inward to tend to his power base, which suffered heavy losses when Republican Guard barracks were hit during the operation. Since summer 2000, however, Baghdad has scored notable successes in its efforts to undermine sanctions, while the Palestinian intifada has created new opportunities for Iraqi trouble-making. Saddam perceives momentum moving in his direction, and is increasingly self-confident and assertive. In Iran, President Khatami's resounding May 1997 electoral victory raised hopes for domestic political reform, improved ties with the United States, and greater foreign policy moderation. These hopes have been dashed. Khatami's reform agenda has been thwarted by his conservative rivals, and Tehran still refuses to talk to Washington. And while pursuing a policy of "dtente" toward the states of the Gulf Cooperation Council (GCC), Iran has ratcheted up support for extremist groups opposed to Arab-Israeli peace. These anti-peace efforts enjoy the support of both conservatives and reformers.

Iraq Policy Challenges As part of its review of policy toward Baghdad, the United States is trying to drum up international support for efforts to "re-energize" sanctions on Iraq by lifting restrictions on civilian trade, while retaining UN control over Iraq's oil income and a ban on importing many dual-use items and all weapons. Moreover, Washington is reportedly considering reducing the number of sorties flown by aircraft patrolling the no-fly zones (NFZs) over northern and southern Iraq, in order to reduce the risk to coalition pilots.

A major challenge Washington faces in implementing a new sanctions regime and novel procedures for policing the NFZs, is avoiding the appearance of going "soft" on Iraq. The perception that its policy moves were motivated by flagging resolve could cause American friends and allies such as Jordan, Turkey, or the Iraqi Kurds to adjust their position toward Baghdad in a way that could harm U.S. interests, and encourage Baghdad to test the limits of the new foreign policy team in Washington. Already, Deputy Prime Minister Tariq Aziz is claiming that "the strong capability of [Iraq's air defenses] has forced the Americans and their allies to think of reviewing their policies."

A reduction in overflights of the NFZs would presumably enable Baghdad to repair its battered air defenses in the north and south of the country. One possible response would be to conduct periodic strikes to disrupt Iraqi efforts to rebuild its air defenses, to ensure that coalition aircraft can operate in the NFZs, if need be, at minimum risk. Thus, to counter possible perceptions of a softening of the U.S. position, it might be necessary for the United States to adopt a more active approach to the enforcement of various "red lines" vis--vis Iraq, including reconstruction of its air defenses.

The United States must also be prepared for new challenges by Iraq. In light of Baghdad's growing self-confidence and assertiveness (manifested, in part, by the growing number of challenges to the NFZs), the United States must plan for the possibility of an Iraqi move that could require a military response. American policymakers must decide beforehand what they hope to accomplish by a resort to force: to degrade Baghdad's military capabilities, restore deterrence, and thus bolster containment, or to create conditions in which a coup or uprising could occur? Failure to adequately consider how the use of force may advance U.S. policy objectives will ensure that the next Iraqi challenge will become yet another squandered opportunity to advance American interests in the Middle East.

Iran Policy Challenges Reports that outgoing FBI director Louis Freeh has recommended the indictment of senior Iranian officials (including Supreme Leader 'Ali Khamene'i) for the 1996 Khobar Towers bomb blast in Saudi Arabia, have raised the possibility of a further deterioration in U.S.-Iran relations. Should Washington indict, it can expect a harsh, possibly violent response from Tehran. It should be recalled that in 1997, after a German court named several key Iranian officials as un-indicted co-conspirators in the 1992 murder of Iranian dissidents in Berlin, the German embassy in Tehran was besieged for days by angry "protestors." Later that year, German businessman Helmut Hofer was arrested and effectively held hostage, presumably to gain the release of the jailed Iranian intelligence agent who had organized the murders. (Hofer was sentenced to death on the pretext of having allegedly had premarital relations with his Iranian girlfriend, but was eventually released.) Tensions between the United States and Iran could also lead to tensions between the United States and GCC partners fearful of being caught in the middle of a U.S.-Iran confrontation.

Domestic instability in Iran also poses risks for the United States. Should radical reformers and hardline conservatives come to blows following presidential elections next month, resulting in widespread unrest in Iran (as occurred in July 1999), the United States could be targeted by hardliners who believe (or at least claim) that America is behind the reform movement. Chaos in Iran might create an opportunity for hardliners in the intelligence services or armed forces to strike at U.S. interests in the region or elsewhere in "retaliation" for perceived U.S. efforts to destabilize Iran. While this scenario may not be likely, it cannot be ruled out.

Finally, relatively high oil prices have allowed Tehran to accumulate \$12 billion in foreign exchange reserves, some of which is likely to be used to buy arms and technology from Russia. Thus, Washington can expect to see a resumption of Iran's conventional rearmament efforts, which stalled in the mid-1990s due to Iran's financial problems. The possible transfer of advanced naval mines, torpedoes, and anti-ship missiles (which could threaten U.S. naval assets in the region) and advanced surface-to-air missiles and combat aircraft are of greatest concern here. Washington may also see an acceleration of Russian ballistic missile and civilian nuclear technology transfers to Iran. President George W. Bush's meeting next month with Russian President Vladimir Putin will thus provide an

opportunity to test Moscow's intentions, and to determine whether it is willing to eschew the transfer of arms and technologies that undermine international non-proliferation norms and threaten stability in the sensitive Persian Gulf region.

Conclusion The coming months are likely to be crucial in shaping the Bush Administration's approach toward Iraq and Iran. It will encounter few opportunities and many challenges, including likely tests of American resolve by Iraq, and--should it indict senior Iranian officials for Khobar Towers--possible acts of anti-American terror. The way in which the United States handles the roll-out of its new policy toward Iraq, the Khobar Towers investigation, and renewed Russian arms and technology transfers to Iran will thus have a profound impact on U.S. policy toward this region for some time to come.

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