IMPACT OF THE WAR ON TERROR ON CERTAIN ASPECTS OF US POLICY IN THE MIDDLE EAST

A Medium-Term Assessment
December 27, 2001

Prepared for The National Intelligence Council by

Paul Jabber

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The purpose of this analysis is to assess the likely impact that the US campaign against global terrorism launched in the wake of the attacks of September 11th, 2001, will have on key American interests in the Middle East over the medium term (next 12 months). The main focus will be on the expected perceptions and reaction to US policy of selected important Middle East actors, regime stability and changing regional alignments.

To render the analysis relevant to policy-making and policy assessment, the approach here will be parsimonious, not comprehensive. The United States presently maintains an extensive and continually growing presence in the Middle East, with diplomatic, military, commercial and cultural dimensions. The region contains long-identified vital US national interests, and security commitments toward several key states, all well known to the reader. My intent in what follows is not to parse or review all the important sets of bilateral relationships that constitute our Middle East policy, but to structure the analysis tightly around two core questions:

1) How will the region absorb and react to the USG's war on terrorism in its regional manifestations, given that by necessity the Middle East will turn out to be the main theater of operations?

2) Which US policy choices are more likely to be effective in limiting the threat of terrorist strikes against the homeland in particular and other countries generally?

I. General Policy Context

As repeatedly enunciated by the President and senior Cabinet officials in the wake of September 11th, confronting and ultimately stamping out "terrorism with a global reach" has become the single most important objective of US national policy for the foreseeable future. Because of the magnitude of the September attacks, the nature of the targets, and the possibility that future strikes may use weapons of mass destruction (WMD) on national territory, the USG is now engaged in a campaign of indefinite duration, of global scope, utilizing all instruments of power, against states, organizations and individuals engaged in, hosting, or otherwise supporting, terrorism. Since the perpetrators of the September attacks acted at the behest of and with the active training and support of Osama bin Laden's Al-Qa'eda organization, the Al-Qa'eda and its network of associated groups as well as the fundamentalist Taliban regime in Afghanistan which provided it with sanctuary and support became the targets of the first phase of the War.

Al-Qa'eda's explicitly stated objectives, as repeatedly articulated by its leader and founder, include the expulsion of US and other Western military forces from Arab lands, most particularly Saudi Arabia, and forcing the retreat of the Western political influence and commercial presence from major Islamic countries, as a prelude to the overthrow of existing regimes in favor of the creation of virtuous Islamic systems ruled under Shari'a law. To fulfill these goals, the stated strategy of Al-Qa'eda is to launch repeated and escalatory acts of violence against the West and its regional allies, and, in recent years, explicitly and principally against US targets, both military and civilian.   These blows are intended to (a) sap the will of the USG and the support of the American public for current US Middle East policy; (b) provide an example and a goad to similarly minded groups throughout the Islamic world to join the struggle; and, (c) provoke Western countermeasures that would further strain and ultimately rupture relations with Islamic nations.   The attacks in New York and Washington

came in the wake of earlier strikes against US diplomatic and military targets abroad, and represented in terms of expected number of casualties and importance of the value targets a major step up the escalation ladder, with higher rungs to follow. Bin Laden's declarations after the deed clearly articulated a vanguard role for Al-Qa'eda as the spark for an epochal conflagration between Islam and the West.

As it assembled a broad international coalition and mobilized its military assets for the War against Al-Qa'eda and the Taliban regime, the USG has strenuously sought to draw a clear-cut distinction between odious global terrorism on the one hand, and Islam as a benevolent major world religion with millions of US adherents on the other. Key US allies, including British and other European leaders, have articulated this strongly and often as well. The eventual coalition became very broad-based, and eventually included most relevant Islamic countries worldwide.

In the Middle East, most governments have long recognized the threat to their own stability and the economic cost to their societies represented by militant Islam. They were quick to denounce the 9/11 perpetrators, dissociate themselves from any support for terror tactics or strategy and provide intelligence cooperation. They have also cooperated in some degree with the US-led effort to drain the financial resources of international terrorism. They generally have refrained from vocal support for US policy in Afghanistan, however, and, perhaps more importantly, they have done little to discourage the expression of strong anti-Western, anti-US and pro-militant Islamic views in the media, the educational system or the mosques. Even in Egypt, highly influential organs of the print media, including the most important daily newspapers--have been stridently anti-American in their editorial coverage. This is despite the fact that Egypt is a top recipient of US aid, a "close friend and ally" in the region, and one of two Islamic countries (the other being Algeria) that has been the most heavily affected by Islamic terrorism over the past quarter century,

The disconnect between the privately stated support of most Arab governments for US policy against terror and the lending of intelligence and other assistance out of the public eye, on one hand, and the half-hearted, clear reluctance to openly promote such support or act to shore up its public foundations, on the other, does not come as a surprise, and has

antecedents in pre-9/11 behavior. It is important, however, that familiarity not breed an under-estimation of the dynamics that fuel this syndrome, and of the severe limitations such dynamics could impose on the will and ability of these governments to provide the level of cooperation and support we may wish to see as the main focus of our counterterrorism operations shifts to the Arab heartland.

Negative Factors

The tepid Arab support for US policy, likely to slide in coming months into passive resistance, flows from five main sources:

1. **Absence of demonstrable progress toward achieving a resolution of the Palestinian-Israeli conflict that redeems the Palestinians' national rights in a manner minimally acceptable to them.** This point requires no belaboring here, except to emphasize that, in the eyes of 99.9% of all Arabs-- including their heads of state and senior officials--it is an article of faith that the USG has ultimate power of decision over Israeli policy, not in every nuance or detail, and not in all immediate circumstances, but certainly in terms of drawing clear red lines, and structuring critical outcomes with long-term regional consequences. In other words, it is an immutable reality of our Middle East policy context that the USG is held responsible for Israel's behavior and policies. While we may strenuously deny this reality in our declarative posture and other public fora, to overlook it when designing policy is simply self-defeating.

2. **A stalemated Western policy toward Iraq that appears to be of indefinite duration, has not proved effective in weakening Saddam Hussein's hold on power, and offers no reprieve to the awful suffering of the Iraqi population, now in its tenth year.** The attitude of Arab officials and other influentials toward Iraq is rife with inner contradictions and crosscurrents. Absent the very visible, well-documented and continuing hardships visited on the Iraqi people by the seemingly interminable present impasse, the US policy of

"keeping Saddam in his box" might well be acceptable to them. Caught between the Scylla of Western armies bombing Baghdad into oblivion and then occupying the country's heartland to uproot a despot burrowed deep in his nuclear-proof bunkers, and the Charybdis of an unfettered Saddam able to coerce his neighbors and give vent to his regional leadership ambitions, Arab leaders find the middle ground of a neutered Iraq under tight international supervision to be considerably attractive. But the prevailing combination of frequent air strikes, civilian deprivation and indefinite stalemate has generated widespread revulsion at all levels of Arab society, particularly as undoctored independent public media such as satellite television and the Internet bring coverage of Iraqi suffering to public consciousness in frequent and vivid detail. Our current policy on Iraq is casting a pall on US ties with all friendly Arab governments (with the exception of Kuwait), and has done very serious damage to the American image in the eyes of the public, for it is taken as prima facie evidence of blatant disregard for the value of Arab life.

3. **Weak and continuously deteriorating macro-economic conditions in the region are limiting the regimes in their ability to muster support from important constituencies.** The early and mid-1990's marked a period of economic promise. Several trends and events combined to offer hope that a much-needed regional economic takeoff was finally under way. They included the end of the Lebanese civil war; the onset of the Oslo peace process with its promise of eventual peace and Arab-Israeli joint venturing in trade and investment; relatively stable oil prices; significant progress on the part of important Arab economies such as Egypt's in debt-restructuring and budgetary rationalization; and the emergence of several viable local stock markets that encouraged private sector capital formation and inflows of foreign investment on the back of a promised wave of privatization of public enterprises

Grim realities have reasserted themselves in recent years. Not only have peace prospects been dealt a serious setback; continued military confrontations and

terrorist activities throughout the Levant and in Egypt have seriously constricted key revenues from tourism and frightened foreign capital away; GDP growth rates have not kept pace with population increases; educational systems and other infrastructural components have deteriorated (with the partial exception of telecommunications); and, not least, the global economic slowdown has seriously diminished oil revenues.

The looming possibility of a major influx of Russian and Central Asian oil and gas supplies into world markets in the years ahead is exacerbating anxieties in the Arab Gulf over future revenue prospects. Although in the past it was easy to draw a clear distinction between Arab haves and have-nots in terms of oil revenues, per-capita income, economic growth rates and other indicia of development, the picture has become significantly more muddled. Saudi Arabia provides the prime example of the deteriorating trend in regime stability. This is not because the overthrow of the House of Saud is in any way imminent. In relative terms, however, of all pivotal Arab governments, in one short decade the Kingdom has traveled the furthest down the road from unassailable stability and unquestioned legitimacy into a social and economic landscape fraught with shadows and potential pitfalls.

4. **Fairly rapid and continuing deligitimization of the current Arab political order, an order that is generally perceived as abetted and sustained in large measure by US military presence and economic might.**   An easy bet to make at low odds: were a sorcerer's magic wand to enable genuinely free elections in the Arab Middle East today, the overwhelming majority of Arab regimes, and their sustaining institutions, would be swept from office. This was not always the case. For several decades in the wake of decolonization, even rulers who grabbed power by military coup were accorded broad support as harbingers of economic modernization and champions of independence from foreign influence. In countries with traditional dynastic rulers, a social compact based on ancient tribal practices and norms, whereby allegiance was traded for

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pious, just governance and fair resource distribution, undergirded the legitimacy of the rulers. This landscape has been convulsed in the last quarter century.

Beginning with the disastrous performance of the leading Arab nationalist regimes in the 1967 Six-Day War, and ending with the sorry record tallied up by regional governance over the past thirty years in the provision of material comforts, satisfying jobs and improving standards of living for the average citizen, the march of events has turned the excitement, hope and support of early times into sullen, resentful resignation. The litany of bitter disappointments that is frequently rehearsed among politically relevant elites includes the cynical use by a multitude of Middle Eastern parties of the fratricidal and blood-soaked fifteen-year civil war in Lebanon as an arena for their regional power games; the squandering of much oil wealth accruing to the region during the petrodollar era of the 1970's in corruption and mismanagement; the ruinous Iraq-Iran war, soon to be followed by the invasion and despoiling of Kuwait, and in the re-establishment of foreign military bases on Arab soil; and the growing intolerance of political opposition or the mere expression of dissent by intellectuals and the media, enforced by increasingly efficient and pervasive internal security organs.

The malaise has been further accelerated and magnified in the 1990's and into the new millennium by the synergistic impact of globalization and the information revolution on perceptions and expectations. The average citizen of the Middle East knows that much of the rest of the world is gliding down the path of economic development and political participation at a faster rate than he is, and is increasingly pointing the finger of blame at his own government.

5. **The undiminished specter of Jihadist Fundamentalism**. Finally, despite the major setback that Jihadist fundamentalism is suffering in Afghanistan with the demise of the Taliban regime and of a significant portion of the Al-Qa'eda infrastructure and leadership, the political challenge that it poses to the legitimacy and hold on power of current Arab officialdom is not significantly weakened, and in fact may be growing more robust. The complex of issues and grievances

that have provided the motivation for Al-Qa'eda's activities is likely to persist for some time to come, and socioeconomic conditions prevailing in much of the Islamic world continue to deteriorate. Equally critical is the fact that Al-Qa'eda is not the fount of Jihadist activism, but only its most effective and successful current manifestation.

This needs to be stressed, as there is an inclination among many (within the USG but also elsewhere) to believe that Al-Qa'eda and similar radical fundamentalist groups are a major engine--if not the key engine--fueling anti-US sentiment. In fact, Osama bin Laden's version of reality is derived from, and fully mirrors, the Salafi/Wahhabi interpretation of Islamic scripture, history, global mission and current state of relations between Islam and the world. To the increasing dismay of many moderate Muslim scholars and community leaders, this version of reality is fervently accepted by a growing segment of Muslim opinion.

Al-Qa'eda's only distinguishing characteristic at this point--admittedly an important one--is the willingness to resort to mass violence against civilians, but this may prove to be a function of opportunity and tactical choice, not ideological differentiation. It follows that, bin Laden's likely personal demise notwithstanding and despite the end of the Taliban regime and the sanctuary it represented, the threat is not significantly diminished. Arguably, the threat is *enhanced* by the success itself of the 9/11 attacks, and this "triumph" (even perhaps embellished in the future by the legend of bin Laden's and Ayman al-Zawahiri's martyrdom) may serve as a paragon and motivational tool for individual recruitment and popular proselytizing for the cause.

Positive Factors

Despite the difficulties inherent in this policy context, they are somewhat balanced by a variety of positive elements in the picture, of which three are of primary importance:

1. **Existence of a broad international coalition--inclusive of many Middle East countries--committed to the campaign against terror, and visibly active in it.** For obvious historical reasons, a US effort that may require significant covert or overt operations carried out by conventional military assets or special forces within the territory of several Middle Eastern states in all probability will meet stiff resistance even from our closest allies in the region if it is attempted unilaterally, or if it is backed only by a handful of Western countries. The broad coalition formed prior to the Afghanistan operations, which includes strong Russian support, China's backing and the endorsement of many Islamic countries, will make it far easier for the Yemeni, Somali, Sudanese, Algerian or even Syrian governments to acquiesce in foreign operations on their soil or, in the case of Syria--however reluctantly--on the territory of its Lebanese client-state. This will be particularly the case if anti-terrorism operations are also seen to be carried out by the coalition against some non-Islamic targets.

Inevitably, some coalition partners will peel off as targets become more complex and controversial. The Afghan case was perhaps the easiest around which a global coalition could coalesce: the Taliban regime was widely despised and had minimal international recognition; the enormity of the 9/11 attacks and the pervasiveness of the Al-Qa'eda network's presence in dozens of countries created a clear and present danger for many governments worldwide; and the determined posture of the USG provided no wiggle room for potential fence-sitters. In subsequent phases, coalition management is likely to require strenuous ongoing diplomatic efforts and the exercise of political and economic leverage. Despite strong rhetoric to the contrary, most regional governments will be supportive of US military action provided the case is carefully prepared and substantively persuasive, collateral damage is minimal, and the host government is cooperative.

In the longer run, international agreement on a set of fairly precise definitions of what constitutes "terrorist" behavior may become a potentially critical requirement for successful coalition maintenance. The emergence of such

broadly accepted international norms, most likely through the United Nations, would subject any non-complying state actor--either as perpetrator or as supporter--to pariah status. More importantly, it might limit the need to mount strenuous efforts every time to build a different international coalition among parties that may agree on branding a particular event as an act of terror but not another.

2. **The rapid, decisive and unconditional US victory in Afghanistan as a demonstration of US resolve and overwhelming military supremacy.** Successful conclusion of the war against the Taliban and Al-Qa'eda's Afghan presence will reap many subsidiary benefits for US policy in the Middle East. Most importantly, it will erase a record of hesitation, tepid response and rapid retreat if faced with loss of life when confronting difficult Middle Eastern challenges that began with the Marines' withdrawal from Lebanon in the mid-1980's. This perceived "loss of nerve" by an indulgent civilization seemingly devoted to the exclusive pursuit of materialistic creature comforts persuaded Jihadist fundamentalists that the West could be pushed around with impunity, and eventually pushed out of Islamic lands (just as that other erstwhile superpower, the USSR, had been expelled from Afghanistan). Perhaps more critically, regional governments came to share a similar perception of US unwillingness to pursue tough policies to their requisite conclusion. This was a principal reason for the vanishing support by Arab regimes for US military activities against Iraq that "neither fish nor cut bait." Despite public protestations to the contrary, a US-led military effort to end Saddam's reign will face far less resistance in the Arab world following the Afghan victory, provided it is carefully prepared and carried out with minimal civilian casualties.

Second, the deterrent effect of our Afghan action will be felt for a long time in Middle East capitals that have in the past directly sponsored or lent varied levels of assistance to terrorist organizations. It is extremely unlikely that Syria, Libya, or the Sudan will engage in any terrorist-related activities that may be remotely traceable to their government services in the foreseeable future.

Third, the very positive response of the Afghan population to their liberation from the Taliban yoke, and the generous and rapid commitment by the international community to rise to the challenge of rebuilding Afghan infrastructure and economic institutions, if sustained, will be instrumental in repairing to some degree the battered US/Western image in the region and in countering the appeal of those who maintain that "Islam is the [only] solution."

3. **The abhorrent nature of the 9/11 outrage and the catastrophic loss of innocent life as a potential turning point in the internal battle for hearts and minds within the Islamic world community.** Even a tragic event of the magnitude of 9/11 may have its silver lining. Within the Islamic world, it may catalyze a long-overdue reaction on the part of modernizing; reformist forces against the fundamentalist trend on the ascendant since the Khomeini-led revolution in Iran a quarter-century ago.

As already observed, the fundamentalist trend, although representative of a minority of Muslims, remains in an expansionary mode. In recent years, it has been abetted by strong financial and political support by the Saudi establishment, in a misguided efflorescence of Wahhabi religious zeal and nouveaux riche hubris, combined with the ruling family's imperative to guard against the Shiite challenge for Islamic leadership represented by Khomeini's Iran, and the need to mollify crucial domestic religious constituencies opposed to the continued presence of foreign military forces and uncomfortable with the incipient cosmopolitanism of Saudi society. This Wahhabi push reinforced and complemented a renewed assertiveness by the Muslim Brotherhood and similar movements long active in Egypt, Jordan, Syria, the Sudan, Lebanon and North Africa, as well as like-minded organizations in Turkey, Pakistan, Indonesia and the newly independent states of central Asia. Against this rising tide of austere Sunni religiosity that asked for Jihad and offered up the hope of a return to the glory days of earliest Islam when the "Salaf" (the Predecessors) quickly forged the most powerful and advanced empire of the age, the mild, accommodationist,

state-controlled (and therefore compromised) religious establishments could offer little challenge.

Jihadist fundamentalism bred Osama bin Laden and his Al-Qa'eda coalition, however, and their extreme interpretation of Jihadi tactics and strategy led to the Pyrrhic victory of 9/11, followed in short order by the threatened use of weapons of mass destruction against the "non-believers." As Arab opinion gradually came to terms with the reality that Muslims indeed were the perpetrators of the 9/11 outrage, and began to tally up the costs and consequences, a noticeable recoiling from the fundamentalist message is taking place, even within many conservative Arab circles. Furthermore, the Taliban regime has offered the Islamic world a sobering vision of what an uncompromisingly pure Sunni Islamic state true to the most literal reading of scripture could end up like. Combined with the increasingly vocal repudiation of clerical rule in Shiite Iran by the younger generations and a growing spectrum of disenchanted intellectual and economic elites, sufficient elements are falling into place for the emergence of an Islamic reformation movement bent on salvaging the Muslim community from a chain of events that could perhaps trigger an epochal confrontation carrying untold social and economic risks, not just with secularizing and modernizing forces within Islamic lands, but with the rest of the world as well.

Certainly, the probability that such a reformation movement will emerge is much higher after 9/11 than would have been the case in its absence. At the World Trade Center in New York bin Laden succeeded far beyond his expectations, but in so doing he overreached, perhaps fatally. What he planned as the potential spark of the ultimate Jihad by Muslims against the infidel West may turn out to be the pivotal catalyst of a historic struggle within the House of Islam itself for the right to chart its future.

On balance, the outlook for US policy on counterterrorism is constructive. In reaching this important conclusion, a critical distinction must be drawn between words and

deeds. <u>At the declaratory level,</u> evolving conditions in the region are currently exacerbating the resistance that an active US anti-terror campaign will elicit in the Arab Middle East. This resistance is likely to manifest itself not just among the vast majority of the intellectual and religious elite that is critical in shaping mass political opinion throughout the region, and on the part of political parties, professional associations, trade groups and similar mobilizational institutions, and even segments of the officer corps. It will also affect the statements of political leaders and senior government officials, whose hold on power is becoming, in their own eyes, progressively less secure in the current environment. <u>At the action level,</u> however, our efforts are unlikely to meet such severe opposition as to dissuade us from pursuing vigorously the war against terror, or jeopardize other vital US interests in the region. In the presence of a common stance by the United States, the Europeans and other important international players, and at a time of generalized economic weakness and increased dependence on foreign financial inputs, fear of the threat that the Islamists pose to the legitimacy of the ruling elites will trump their concern over public unrest or the criticism of some opinion-makers.

II. Major Issues/Relationships Likely to Affect US Policy in the Medium Term

1. Israel/Palestine Conflict

It has become a truism that the regional environment for our anti-terror operations, and US policy generally, will become significantly more benign (defined in terms of level of cooperation by governments and acceptance by their populace) if a resumption of the peace process can be achieved. An older truism that is part of the historical lore of the Arab-Israeli confrontation, and has proven repeatedly true, is that there is no standing still.   If we are not moving forward we are moving back, and possibly stepping right into the void. Events since the outbreak of the second Intifada in late 1999, the interruption of the Oslo process, and the subsequent election of Israel's current Prime Minister Ariel Sharon had by mid-December 2001 certainly reached the edge of the abyss.

The factual background is well known and need not be detailed here. No better or more pithy diagnosis of the current impasse can be found than the Report issued on 21 May 2001 by the international Sharm El-Sheikh Fact-Finding Committee headed by former US Senator George Mitchell.   Based on the current state of play, the following may be postulated:

- **Palestinian Authority/Arafat**: Both the USG and Israel believe Chairman Yasser Arafat and his PA have at their command sufficient coercive capacity to subdue all actors within the Palestinian arena engaged in acts of violence against Israeli targets. Such actors include Islamist organizations such as Hamas and Islamic Jihad, and secular organizations such as the PFLP (Popular Front for the Liberation of Palestine) and rogue elements within the PLO. Arafat's failure heretofore to control these organizations is a conscious act of choice. Equally volitional was Arafat's decision in the fall of 2000 to tolerate first the outbreak and then the continuation of the Intifada, despite ongoing efforts to forge ahead with the peace process, culminating in the Taba negotiations of January 2001. Tolerating "armed struggle" spared Arafat the domestic dangers and uncertainties of a crackdown on increasingly popular forces that could potentially escalate into a full-fledged Palestinian civil war, and simultaneously applied wearying pressures on the Israeli body politic that--as in South Lebanon--might produce tradeoffs and concessions.

  Should a stable cease-fire be achieved in the medium term and the peace process resume, terms minimally acceptable to any viable Palestinian interlocutor (meaning one able to negotiate a peace agreement to its conclusion and implement it) include a Palestinian state with control over the entire West Bank and Gaza (with border adjustments and some territorial exchanges that preserve large Israeli settlements near the 1967 Green Line); no Israeli military presence in the Jordan River valley and other strategically valuable points or IDF protection for Israeli settlements that may remain on Palestinian territory; a capital seat in a

Jerusalem with divided (or shared) sovereignty; and a definitive resolution to the refugee problem implementing right-of-return provisions. On this last, most difficult of all issues, PA negotiators have stated that they do not seek to endanger the demographic viability of Israel as a Jewish state, and have described ideas for implementation that would result in a minimal repatriation of Palestinians to Israel proper.   In essence, the terms mutually agreed to by PA and Israeli negotiators at Taba in January 2001--the culmination of an excruciating eight-year long Oslo process--are, though incomplete, a high-watermark that the PA will consider as an irreducible starting point for any renewed peace talks.

- **Israel**: Labor-led Israeli governments have often proven willing to forge ahead with the peace process despite periodic Palestinian terrorist attacks on Israeli civilians. Likud governments have not and will not. No meaningful progress was achieved during the Netanyahu period despite the heroics at the Wye Plantation, and Sharon's election in February 2001 brought the process to a complete halt. Israeli governments controlled by the Right have no intrinsic interest in the success of a process that will eventuate in the large-scale dismantling of existing settlements and the surrender of most of the West Bank.   A significant portion (possibly a majority) of the Likud constituency, representing not less than 15-20% of the total Jewish Israeli population, is opposed to such a solution on strongly held ideological and religious grounds. An even larger proportion of the population feels great ambivalence because of deep-seated security concerns. Despite the Begin/Sinai precedent, no Likud-led government will negotiate terms minimally acceptable to any Palestinian interlocutor under any currently foreseeable circumstances.

  After repeatedly voicing serious concerns about the course of US Middle East policy post-9/11, warning that appeasement of the Muslim world at Israel's expense would not be acceptable, Prime Minister Sharon has responded to the escalated Hamas campaign of violence with harsh

military counterattacks that have targeted not only terrorist suspects but also the PA's security infrastructure, important Palestinian assets such as the Gaza Airport, and Arafat's own private air transportation. This strategy is aimed at pressuring Arafat into effectively curtailing terrorist operations, and is highly popular among the traumatized Israeli public. It does have the added benefit from the perspective of the Israeli Right of decreasing chances for an early resumption of substantive peace negotiations beyond the narrowly defined security arena.

- **US Policy:** Following a period of non-engagement after the failure of Camp David and the change of US administrations, the USG in the wake of 9/11 is seeking to re-start the Palestinian-Israeli peace process. This is viewed correctly as important for long-term regional stability and, more immediately, as critical for maintaining broad Arab support in the war on terror in its post-Afghan phases. In a departure that has been well received in the Arab World, the President has explicitly described a "State of Palestine" as an ultimate component of a peaceful solution, and signaled sustained future engagement in the process with the appointment of the Zinni mission. Secretary of State Powell has even intimated that American proposals may be forthcoming. But the PA must first assert its effective control over Palestinian terror, to be followed by implementation of the Mitchell Report.

  Confounding expectations, however, reinvigorated US engagement has produced a paroxysm of violence. General Zinni's mission has been engulfed in a sea of Palestinian suicide bombings of Israeli civilians and sundry acts of violence against settlers and Israeli military positions, countered by heavy use of Israeli armor and air power in incursions within Area A territories controlled by the PA with equally heavy loss of Palestinian civilian lives and continued assassination of Hamas and other operatives. The survival itself of the PA as a viable structure of governance on the West Bank and Gaza is in jeopardy. Why?

- **Hamas:** The clear reason is that a strategic decision has been reached by Hamas to challenge the political primacy of the PA, even if this leads to the unraveling of the gains of Oslo and a restoration of direct Israeli control over portions of the West Bank and Gaza. Hamas is capitalizing on a surge in popularity that has drawn it even with support for Arafat (at approximately 30%), and is determined to preempt a US/Israeli/PA effort to defang it, or worse.

In the past, Hamas and Islamic Jihad, both spawned by the Muslim Brotherhood and animated by Islamist Jihadist ideology, have made it abundantly clear that they are committed to opposing any final peace with Israel. They have only gone along with the PA's role in the peace process as an interim step, pending the emergence of a more favorable balance of forces between the Arab world and Israel down the road. With the escalation of hostilities during the Intifada and the hard-line position taken by the Sharon government, the defiant stance of the Islamist groups has earned them much popular support, even among the uncommitted. Hamas has determined that the time has come for a fateful challenge of the PLO's mandate to lead the Palestinian people.

USG steps to tighten the noose on Hamas and other similar groups in the wake of 9/11 render any further delay unwise. The arrival of General Zinni heralded the beginning of a determined US effort to bring about enforcement of the Mitchell Report security provisions, to be followed by serious peace efforts. With frustration within the occupied territories at a peak and Israeli countermeasures at full throttle (short of outright invasion, which is unwanted for it could cripple Hamas activities *within* the PA), conditions may never be riper for an effective challenge. Hence the escalation of suicide bombings and other attacks, in the expectation that a PA clampdown will eventually spark a broad revolutionary uprising. Part of Hamas' calculus is that loyalty to Arafat within the PA

security establishment generally and even within Fatah itself has been eroded significantly in the past two years.

Against this background, how is the US anti-terrorism campaign likely to affect prospects for peace negotiations over the medium term? The likely impact is mixed. On the positive side, the need to maintain Arab support for the campaign practically dictates a strong push by the USG and the international community to get talks going again, if and when the Mitchell Report recommendations are implemented. Also, the new zero tolerance for terror will make it impossible for Arafat to continue his two-pronged strategy. Henceforth, he will have to drop the gun and seize the olive branch with both hands. If he is able to prevail in taming the Hamas opposition, the pressure on Israel to re-engage with the PA will become intense. This, in turn, will force the Sharon government into significant concessions on the settlements issue (as part of the Mitchell process), or bring about the fall of the current coalition government.

On the negative side, the hardening of the US attitude toward any terrorist acts is forcing the pace of the confrontation between the PA and Hamas and other Islamist forces, to whom anti-Arafat secular and nationalist elements also may be tactically allied. What the outcome may be is highly uncertain. Reliable polls indicate that fully one-third of Palestinian opinion in the territories is presently uncommitted, and could lean in either direction. Nor is it possible to forecast when the situation will stabilize. In addition to the uncertainties surrounding the actual strength of either camp in a showdown, events such as the assassination of Arafat (whose mantle cannot be assumed by any one of his lieutenants) or of the founder and spiritual leader of Hamas, Sheikh Ahmad Yassin, could have incalculable ripple effects. Should circumstances dictate that we become heavily engaged on several Middle East fronts at once in the counterterrorism effort, this may trigger counter-punches by targeted parties such as Iraq, Iran, or Syria through aid to surrogates in the Palestinian theater. In the current environment, it would be foolhardy to believe that the situation in the West Bank and Gaza can be carefully controlled or calibrated by any party, foreign or domestic.

On balance, the highest probability (60%) medium-term projection is as follows: under unrelenting US/European/Israeli pressure, the PA clamps down hard on Hamas, Islamic Jihad, rogue Fatah elements and other parties engaged in violence against Israel. While terror operations against civilians in Israel proper are significantly reduced, the internal confrontation gathers strength, verging on civil war. Acts of violence against Jewish settlers and Israeli military units beyond the Green Line occur periodically, but the PA is held to have curbed violence enough that implementation of Israel's share of the Mitchell recommendations is now required. In this volatile environment, and under strong pressure from Arab governments and European allies, the USG finds itself compelled to lean on the Sharon government for a complete freeze on settlement expansion, lifting of restrictions on movement within the territories, transfer of PA tax revenues, and a commitment to resumption of the peace talks. A political crisis in Israel over the fate of the governing coalition and settlements policy delays the onset of peace talks. In any case, deep mutual mistrust on the part of all Palestinians and Israelis makes progress on substantive issues extremely difficult in a crisis environment within both societies. To keep the lid on bubbling destabilizing forces and provide some momentum, the USG becomes more forthcoming with American proposals designed to put the moral and political weight of the United States behind final status compromises both sides need to make but are unable domestically to produce on their own.

Under this scenario, the primary impact of the counterterrorism campaign on Israeli-Palestinian affairs is: (a) to force an extended and defining showdown between the PA and Hamas within the Palestinian camp, and (b) thrust the USG into a leading role in the peace process for the first time as a "definer" of final status compromise solutions.

A less likely projection (30%) finds Hamas gradually emerging with the upper hand in the political arena that forces the PLO into a power/sharing arrangement with Islamist forces. This development postpones the onset of peace negotiations beyond the medium term, even if optimally the Mitchell plan is unfolding as Hamas temporarily refrains from violence against Israel proper. Intense US and Israeli opposition to the further entrenchment of Hamas in the power structure is expressed in a variety of ways, including diplomatic, financial and possibly (Israeli) military measures. Such opposition does not

prove decisive, however, as the US in particular is hampered and distracted by the needs of higher priority theaters in the war against terror in other parts of the Middle East and in South Asia (e.g., the year 2002 could be dominated by a highly dangerous Indian-Pakistani confrontation over Pakistan-supported Mujahedeen groups that will deeply engage the USG). In the longer run, this is clearly not a stable equilibrium in the Israeli/Palestinian arena, but assuming a cease-fire that holds and continuity in the current Israeli governing coalition, an uneasy stalemate could evolve that lasts several years. Paradoxically, from Sharon's perspective, this may turn out to be the preferred outcome.

Finally, a low but not negligible probability (10%) must be assigned to a worst-case scenario, in which a combination of virtual civil war within the PA that becomes prolonged and inconclusive, and one or more acts of terror against Israeli civilians resulting in a very high number of casualties prompt Israel to cut the Gordian knot and reoccupy PA-controlled territories, dismantle the PA and return the situation basically to the status-quo ante 1994. Although such a drastic step would likely prompt Egypt and Jordan to suspend diplomatic relations and might unleash a wave of random attacks on US property and citizens in a number of Islamic countries, military retaliation by any Arab state would not occur. Nor is it at all likely that the "oil weapon" would be resorted to in any systematic fashion, in view of the current state of oil markets and the very heavy dependence of the oil-producing states on already reduced export revenues. US relations with friendly Arab governments would be severely damaged, however, as Washington will be perceived to have given a green light for any such far-reaching Israeli move. Egyptian, Saudi or Jordanian participation in any joint campaign with the US against Iraq or support for our efforts in other countries within or outside the region would not be forthcoming, nor would we be able to use US military facilities in the Gulf for counterterrorism purposes. Whether the USG would be willing to condone or condemn Israel's behavior might depend on the nature of the terrorist action that triggered the Israeli invasion. In light of our current global mission and stated policy priorities, and the state of mind of the US public and Congress, a terrorist strike that took, say, 200-300 Israeli civilian lives in the context of a chaotic situation within the PA, regardless of the identity of the perpetrator, would make it very difficult for the USG not to back the Israeli action.

2. Relations with Key Friendly States

Broadly speaking, our counter-terror campaign is unlikely to destabilize our ties with Egypt, Saudi Arabia or Jordan. All three governments share a strong purpose with the US in containing Islamist extremism, and their substantial dependence on US financial and/or security inputs, coupled with the convincing demonstration of American resolve in seeing this struggle through as a vital national interest, make any breach highly unlikely. The only contingency that might produce serious discord would be developments along the lowest-probability scenario (described above) in the Palestinian/Israeli arena (particularly for Jordan, where the spillover impact of events within the PA could be far-reaching). For reasons both of Arab solidarity and religious identity, the "Palestinian Cause" historically has exerted an influence on the behavior of all Arab governments that transcends narrowly defined state interests. This characteristic may become even more pronounced in the period ahead. The religious significance of any events impinging on the current status or future of the Muslim holy places in Jerusalem takes on particular resonance at times of stress in relations between Islam and the rest of the world.

Strong rhetoric notwithstanding, a US-led move against Iraq will not be seriously opposed by Arab allies. A persuasive case must be made, but not for Saddam Hussein's culpability in sponsoring terrorism. Sufficient grounds exist on the WMD front alone to fit the bill, and no one in the Middle East, even at the street level, harbors any illusions about the tender mercies of Saddam toward his own people. What Arab capitals will require is a persuasive case that the drive against Baghdad will be carried through to successful conclusion.

Such a case can be made much more easily in the wake of Afghanistan, but it must be made explicitly and in detail. Particularly critical will be the military strategy to be pursued in any anti-Iraq campaign, and the political formula to be proposed for a post-Saddam Iraq, since the principal fear of Saudi Arabia and Turkey in particular is of the emergence of autonomous Shiite and Kurdish entities in a post-Saddam environment that cannot be kept in check by a strong central government.

On the military level, the success of the Afghan model may favor a gradual-buildup approach based on strengthening the opposition forces within a protected northern Iraq sanctuary in the Kurdish areas that would then be used as a launch pad for a mixed air/ground onslaught. Any ground offensive that relies heavily on indigenous components would still face a formidable opponent in the Iraqi army. Inevitably, if Saddam is to be dislodged by military force (rather than by palace coup or revolution), a massive air campaign will need to be mounted that will bear the major burden of destroying Iraq's military assets, internal security apparatus, and installations that are known or suspected of having WMD potential. Clearly, such a campaign runs the risk of inflicting serious collateral damage on the civilian population and the country's economic infrastructure. Perhaps more ominously, it may unleash lethal biological, chemical or nuclear agents locally and regionally in the course of destroying them. Not to target such agents, at least partially, may prove unacceptably risky since they may be put to use by the Iraqis. In such circumstances, to gain the cooperation of neighboring states, particularly if bases and military assets stationed on their territory will be involved, will require close prior consultation with them and even some degree of participation in operational planning. This may be demanded by other actively participating non-Middle East members of the coalition as well, such as NATO countries.

As for the political end-game, it is highly probable that prior agreement will need to be marshaled around a mutually agreed structure for Iraq's governance that allays regional fears of a partitioned or highly decentralized regime resulting from the war that would allow much room for dangerous gamesmanship by a variety of interested parties, especially Iran. Such prior agreement may not be realistically achievable beyond the level of some general principles and commitments, but a significant amount of pre-campaign diplomacy will be required.

The difficulties inherent in all this preparatory work, on both the military and political levels, underscores the challenge for the USG that confronting Iraq represents. Nonetheless, a major upside is that the process itself will serve the critical purpose of demonstrating incontestably to the regional governments concerned our determination to put an end to Saddam Hussein's rule. Such "educational" effect will be sufficient both to

ensure that opposition to our policy will be limited and confined to traditional critics of the US, and that our regional allies do provide a measure of active support to the campaign. Such support is likely to be forthcoming from both Saudi Arabia and Egypt, while Jordan may choose to keep the lowest profile possible in light of its vulnerability to destabilizing pressures from its mixed demographics.

Iraq aside, the only other theater of the anti-terror war that may elicit a measure of coordinated opposition by our regional friends is Lebanon. Unquestionably, the absence of a strong authority in Beirut and the legacy of the long civil war have allowed a variety of armed factions and political movements to act independently of government control. The Syrian presence has provided shelter to some of these groups, even though they have not been particularly active in recent years. The most important of them, however, Hizballah, has emerged lately as perhaps the most potent and certainly the most disciplined and effective political force in the country. Among all the organizations that appear on the State Department's list of terror groups, it is the only one that has substantial political representation in its home country's parliament and maintains an infrastructure of social, educational, medical and charitable institutions that are fully recognized by the state and integrated into the structural fabric of the country. As the only group that fought Israeli control of southernmost Lebanon throughout the 1990's and is credited with having succeeded in forcing Israel's withdrawal, Hizballah has acquired a stature domestically that transcends its Shiite base. Its role as liberator of South Lebanon has legitimized its almost total transformation from a small, armed faction created by a foreign entity (Iran) and using hijackings, kidnappings and other forms of armed violence as its main modus operandi in 1982 into a respected and full-fledged participant in the Lebanese political system.

Hizballah thus exhibits several unique characteristics among the designated targets of our anti-terror campaign. This poses some differentiated challenges in case of a decision to move against this organization, absent a major terrorist act attributable to it on non-Lebanese territory. For one, strong opposition could be expected on the part of Lebanon's government and most of the public at large, including the leadership of non-Shiite communities. Syria and Iran would naturally object vehemently, but there would be considerable opposition as well among most of our Arab allies. Their objections would be

based on justifiable concerns that the still fragile and complex Lebanese social and political construct could be seriously destabilized, and on the inescapable link that would be made with US support for Israel. There would be considerable sympathy for these arguments among our European allies as well. Europeans have recently sought to draw a distinction between Hizballah's political and military arms, and have engaged in dialogue with it at official levels in an effort to persuade the group to lay down its weapons and become a purely political movement. Such an evolution is unlikely in the medium term, and for as long as Syria remains deadlocked with Israel over the disposition of the Golan Heights and is able to dictate events in Lebanon.

On targets other than Iraq and the Lebanese Hizballah, our regional allies should be expected to provide meaningful support in intelligence-sharing, tracking of financial assets, and even military assistance where needed, the latter particularly on the part of Egypt in areas like the Sudan and Somalia. In Cairo and in Amman, whatever reluctance we may encounter will be motivated not by substantive disagreement with our policies but by concern over how the "street" may react, a calculus that may vary depending on the general regional political temperature at the time, but which should not prove an impediment to the limited and largely covert types of assistance we may require of these two governments. Although socioeconomic conditions in Egypt may deteriorate further over the medium term, President Mubarak will keep any challenges from the Islamist forces well in hand within this time frame.

Our relationship with Saudi Arabia could face some rough patches, however, and merits more detailed treatment. Three principal arenas of discord can be identified, in rough ascending order of combined sensitivity (from the Saudi perspective) and probability of occurrence. First is oil pricing issues. The margin of flexibility on the pricing of crude for the Kingdom has been rapidly disappearing. Historically, a fairly safe assumption could be made that, in situations where an irreducible conflict existed between higher prices for OPEC crude and vital economic interests of the United States and its major industrial allies, Saudi Arabia would eventually opt for an accommodative stance on production levels that would ease price pressures. There were periods when the Saudis would take a on a "swing

producer" role to maintain price stability, and periods when they would produce at much higher levels than their income needs required in order to keep prices from escalating.

The era of bountiful revenue surpluses and large financial reserves has now been over for quite some time. During the second half of the 1990's, high average economic growth rates, particularly in the industrial countries ex-Japan, served to camouflage the Kingdom's increasingly tenuous financial condition. Should the current economic weakness in the United States and Europe prove longer-lived than currently anticipated, and a relatively mild winter compound the depressed demand for crude, the Saudis are likely to opt for a hawkish stance on pricing that will mark a sharp departure from conventional policies.

A second arena for medium-term frictions may be created by the USG's aggressive campaign to curtail financial support for international terrorist networks. Riyadh should be expected both to facilitate intelligence assistance and to cooperate in opening up to inspection the records of financial institutions on specific suspect names provided by the USG. Of course, the Saudis profess--and clearly believe--that this is in their own self-interest, as their regime is indeed a primary intended target of Al Qa'eda and similarly minded groups. Stiff resistance is likely to be offered, however, to any demands for a more comprehensive, blanket surveillance of and accountability for the sources and ultimate uses of charitable contributions and other donations by the Saudi private sector. Cultural dissonance may leads us to expect and demand of the Saudi system more than it can bear to provide, and we should guard against ultimately counterproductive efforts on this front.

Western models of accountability and transparency in financial transactions will find limited acceptability in the context of Saudi Arabia (or other Gulf states), even in a diluted form and despite a foundation of good will on all sides. The root of such ultimate intractability lies in the fact that charitable giving, or Zakat, in Islam is one of the five fundamental fara'ed (plural of faridah) or religious duties that must be performed by all faithful believers, and is second in importance only to prayer. In Saudi Arabia and other countries governed solely by the Shari'a, where no taxation system in the Western sense of the term exists, Zakat is the functional equivalent of the income tax. The amount of Zakat

owed is determined by specific and variable percentages of income and revenue provenance, and is levied by the individual on himself/herself as a matter of honor and religious duty.

Consequently, for all Saudis of means, the amounts to be given away to charitable institutions annually are very substantial, and in the aggregate represent billions of dollars. These large sums are donated to and distributed through a dense network of mosques, religious societies, cultural and educational associations and institutions, down to the level of multitudinous individual recipients (both domestic and foreign, since distinctions based on national citizenship are irrelevant within an Islamic religious context) that lies at the heart of the country's social fabric. To bring all such activities under some form of centralized accounting system that would make more than a token dent in the flow of that minimal fraction of total charitable giving that ends up in terrorist hands would be practically infeasible and politically intolerable.

The third and potentially most contentious set of issues is also the most sensitive. It relates to the jarring disparity between the official stance of the Saudi ruling family and government toward the United States and the West, on one hand, and the cultural values and norms that govern Saudi Arabia's place in and relationship to the non-Islamic world--i.e. the weltanschauung that guides and inspires Saudi society--on the other. The official stance, and most of its policy manifestations, has been, with very few exceptions, one of friendship and cooperation, sometimes bordering on outright alliance. It culminated in the course of the 1990-91 Gulf War with the return of a long-term US military presence to the Kingdom as part of an operation that cemented the American role as ultimate guarantor of the security of the Saudi State. This close relationship is further cemented in the commercial sphere by the presence of upwards of 20,000 US citizens who live and work in the Kingdom within the energy industry, as advisors to governmental bodies and financial institutions, and as middle and senior ranking management throughout the private sector. The recent opening of the Saudi gas sector to participation by US and other Western energy companies, and negotiations under way for the Kingdom's accession to the World Trade Organization, are evidence of a growing tolerance for openness to the outside world on pivotal economic issues.

In sharp contrast to the political/diplomatic and commercial facets of the relationship stand the social and cultural facets. In the latter, the controlling descriptive terms would be: distancing, antagonistic, dismissive, segregative. From the almost total social separateness of foreigners residing in the Kingdom from Saudi nationals (residentially, educationally, and at practically all levels of interaction beyond the workplace and retail shopping), to the inculcation of Wahhabi values into Saudis at home, at school and in daily life that discourage openness to anything not strictly Islamic, warn against fraternization with "unbelievers," and demand shunning of, if not active opposition to, practices and institutions deemed incongruent with the one true path, the Saudi system is designed to cognitively and experientially isolate the good Muslim as much as possible and protect him/her from the corrupting influence of the alien Other. This strong ethos of Wahhabi exceptionalism was nurtured for two centuries in a tribal environment largely isolated from the outside world by the vastness of the Arabian desert, and became enshrined in the practice and institutions of the new state after the unification of the Saudi kingdom by a ruling dynasty dependent for its legitimacy on the support of venerated religious scholars. It can become lethal when mated to politically inspired causes that justify extreme violent action by reference to Qoranic texts and other religious injunctions.

Propelled by oil-generated state wealth and the charitable contributions of the private sector, the Wahhabi worldview has been propagated throughout the Sunni Islamic world, and continues to gain adherents. Over the past several decades it has breathed new life into the Muslim Brotherhood in many Arab countries, and co-opted the Deobandi movement in South Asia. It is what motivates the Saudi Osama bin Laden, the Egyptian Ayman Al-Zawahiri, the Pakistani Moulana Mazhoor Azhar, and the Philippine Salamat Hashim. Defanging Al Qa'eda in its Afghanistan home base is a significant step forward. But the long march against Islamic fundamentalist violence is unlikely to make the wide strides required to reach the goal of neutralizing this threat on a permanent basis unless a theological battle is waged within Islam itself that shrinks the universe of potential recruits to a very small number that can be effectively contained through military preemption, highly vigilant intelligence work, and technological defenses.

In this theological battle, the Saudi religious establishment (along with key leading Islamic religious centers such as Al-Azhar in Egypt), must be engaged in the front ranks for the effort to have a reasonable chance of success. It will be a painful and extended process of engagement. It will require by necessity tortured theological skirmishes among senior religious scholars on important matters of faith. It will force fundamental soul-searching on the part of Wahhabi 'ulama about the role of long-held doctrinal beliefs and their impact on how Muslims will accommodate to increasingly invasive global forces in a shrinking and fast-changing world. In a religion where no clerical hierarchy exists that can impose an authoritative and mandatory version of interpretive dogma on all believers, a laborious process of argumentation, re-education and outright "deprogramming" will be required if fundamentalist Islam is to succeed in casting off the strains of violent Jihad against the infidel Other that have been woven into its fabric

If the presumption that such a "detoxification" of Wahhabism and its variants is a prerequisite for effective containment of international terrorism by Islamic Jihadists is correct, at some point it will have to be incorporated into the USG's strategy for waging the current struggle.   This means that we must see to it that the curricula of religious schools (Madrassas) in certain Islamic countries are vetted for content, that incitement to Jihad is expunged from the Friday sermons of preachers recruited and employed by government agencies who are sent abroad to minister in mosques built with government or ruling family funds, and that Fatwas issued by militant scholars are not left unchallenged. If and when counterterrorism measures adopted by the US-led coalition come to include such tactics, the impact on relations between the Saudi government and the West could be highly corrosive, since the Al-Saud may be forced to risk a confrontation on religious grounds with the Wahhabi establishment that has bestowed on them the mantle of political legitimacy. This would be a dangerous exercise even under ideal conditions, and the ruling family will shy away from it unless confronted with overwhelming pressures.

3. Effect of the Counterterrorism Campaign on Regional Alignments

The Arab world today is more divided politically and its component states are more likely to act and react to events in a more differentiated and individualized fashion according to narrowly defined state interests than at any time in the past half-century. Despite the warning issued at the recent Arab League meeting of Arab foreign ministers in Damascus that the US would lose all support should it expand its counterterrorism efforts to any member states, a coordinated pan-Arab response in highly improbable. The only likely exception would be in reaction to an Israeli reoccupation of the West Bank and Gaza that eliminates the Palestinian Authority.

In fact, beyond the Palestine question, no one issue has served as a rallying point for united action by all pivotal regional powers since the heyday of Arab nationalism in the 1950's. Other patterns of alignment that held sway for certain periods of time in later years, such as Revolutionary Radicals vs. Conservative Monarchies, or Egypt-led bloc vs. Iraq-led bloc, or Soviet client states vs. Western client states, are no longer relevant. As the regional state system has matured with the passage of time, and economic pressures and demands have come to the fore, and particularly in the aftermath of the Soviet Union's demise, stable regional alignments have practically disappeared. Iraq's invasion of Kuwait in 1990 dealt the coup de grace to any remaining notions that a supra-state national solidarity or commonality of interest overrode narrow state or regime considerations. The integrationist pan-Arab ideal had already been dealt a body blow by the emergence of the Islamic republic of Iran on the ruins of the Pahlavi throne and the impetus the Khomeini victory gave to the forces of political Islam. For the committed fundamentalist in particular, but also for the vast majority of Middle Easterners who continue to find in religion their core identity, the only Ummah that commands allegiance is the Islamic one.

Sub-regional blocs, such as the Gulf Cooperation Council, do provide a forum for a limited amount of coordination. But even within a homogeneous grouping such as the GCC, important divisions characterize foreign and security policy. The prime example is the split between Kuwait and Saudi Arabia on Iraq policy. In another instance of the intense disunity that reigns in the area today, despite continuous efforts by Egypt to reassert its

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leadership role in regional affairs, it is remarkable indeed, in light of the size, location and historic role of this country, that it cannot count on the secure allegiance or support of any other state in the region at this time, except perhaps as a temporary alignment over a specific issue.

Highly propitious from an American perspective is the fact that the most important matter on which a large majority of key Arab countries have acted with synchronicity in the past decade is the repression of domestic Islamic fundamentalism. A tacit alliance on this matter has existed among Egypt, Syria, Saudi Arabia, Jordan, Algeria, and Tunisia. The violent domestic terror campaigns directed at state institutions and civilians by fundamentalist groups in Egypt first and later in Algeria represented a challenge that could not be tolerated. Even in "fundamentalist" Saudi Arabia, the three-week takeover of the holiest of holies in Mecca in 1979 by religious zealots rang an alarm in Riyadh that continues to reverberate today. The mere presentation of a letter of protest to King Fahd in 1994 by a group of respected religious scholars and community leaders resulted in their prompt incarceration and a severe tightening of internal security and surveillance of religious activists. It is a safe conclusion that this alignment will hold in support of USG-led counterterrorism efforts in the region in the medium term, and will be expanded by the inclusion of countries such as Yemen and the Sudan where the Jihadists have a substantial presence. Despite much grinding of teeth by intellectuals in the media, government support for our efforts will be accepted with general passivity by the public at large, for reasons explained earlier in this paper.

Most problematic from a forecasting perspective is the question of what regional alignments may emerge in response to a coalition move against Iraq. As indicated above, despite repeated rhetorical warnings against military action, it is highly probable that most regional states will back a carefully planned and persuasively determined campaign to remove the Hussein regime. Turkish, Saudi and Kuwaiti support will be essential from a military standpoint, and we are unlikely to go forward without the participation of these countries.

The main questions revolve around the degree of backing to be expected from Iran, Syria, Egypt and Jordan. To a substantial degree, the positions they take will depend on the

specific circumstances they face domestically and internationally at that point in time, which clearly lies at the far end of our time frame, if not beyond it. Will Iran be consumed domestically by the reformist-conservative struggle for power? Will Syria's relations with the coalition have been reshaped in the interim by counterterrorism measures in Lebanon's Beqaa valley, and what will be the status of peace talks/confrontation between Syria, Israel and the PA? Will Egyptian and Jordanian anxieties over domestic unrest prompt Mubarak and King Abdallah to opt for a neutral stance? Will the overall international context prove to be an overriding factor in the wake of another large-scale terrorist attack that causes thousands of casualties, perhaps through the use of a weapon of mass destruction?

In the absence of clarity on any of these potentially critical variables, any prediction on the ultimate regional makeup of an anti-Iraq coalition would be fatuous. A more important question perhaps is: would it matter? In the current state of regional affairs in the Middle East, and in the wake of the successful conclusion of the Afghan military campaign, no regional alignment of forces can be identified that would be expected to successfully resist the prosecution of our counterterrorism campaign in the region or of a military effort to remove the Iraqi regime from power.

4. **The Gathering Crisis in Iran**

The evolving situation within Iran merits priority attention by the USG. Perhaps no single event in the medium-term could deal a more severe blow to the forces of Islamist fundamentalism in the Middle East and beyond than the fall of the conservative Mullahs from power in Tehran. Clerical rule has failed resoundingly in promoting economic development, and continues to fall further behind the curve of Iranian population growth. Young Iranians, now accounting for two-thirds of the total population, increasingly chafe under a system that offers a mediocre education and meager chances for economic advancement, while imposing severe restrictions on personal behavior and freedom of expression. Well into his second term, the reformist Prime Minister Khatami and his non-confrontational strategy are losing support as conservative repression intensifies. It is only a matter of time before Khatami is forced into a more aggressive stance. The only

development that could abort the eventual showdown between the Khatami camp and the conservative forces led by Ayatollah Khamene'i is a drastic upturn in the country's economic fortunes, an unlikely eventuality which the USG should do nothing to encourage.

As the looming crisis in Iran deepens, the most worrisome aspect from Washington's perspective may be the fall-out effect on our interests of attempts by the conservative camp to goad the USG into actions that might bring discredit upon the reformist camp or cause it to fissure. The litmus issue of relations with the US could turn out to be a critical vector in the showdown. Timing may play an important role, as events within Iran interact with the regional reverberations of our anti-terror activities.

Two tentative, and partly contradictory, projections suggest themselves: (a) the more intense and widespread our counter-terror campaign within the Middle East, the more ammunition will the conservatives have to stoke anti-US sentiment within Iran and siphon support away from the reformist camp; (b) if Iraq becomes the target of a concerted US effort to end Saddam Hussein's rule, and on the assumption that such an effort will necessarily require coalition-building among anti-Ba'th forces, including strong representation by the Shi'as of southern Iraq, Tehran's desire to play a role in influencing events in post-Saddam Iraq will enhance chances for improvement in US-Iran relations and thereby strengthen the Khatami reformist faction. It may be counterintuitive but worthy of some consideration that US interests in Iran may be set back by an activist campaign against terrorism on a region-wide basis, but may be significantly assisted by a campaign to take down the Hussein regime in Baghdad.

III. Summary Conclusion

As the US-led campaign against terror shifts from central Asia to the Middle East, we should expect to find at official levels a political environment characterized by <u>high anxiety caused by growing insecurity</u>, and at the popular levels a pervasive sentiment of <u>resentment and urgent desire for change</u>, certainly of current domestic conditions, and

failing that, of the reigning political order. Anti-American sentiment beyond the ruling circles and the small entrepreneurially oriented business sectors is near an all-time high, among both traditional groups with strong Islamic religious leanings and the more secularly oriented, urban sectors of society. Regional socioeconomic conditions continue to deteriorate, and are not being adequately addressed by the current regimes, while repression is on the ascendant.

Nonetheless, chances for viability of the anti-terror campaign are moderately good. They have been enhanced by the decisive victory in Afghanistan, both as a demonstration of US resolve and for its deterrent effects; by the emerging sense--based on the reaction of the Afghan population and on the assumption that the peaceful normalization and reconstruction of the country will proceed generally well--that the US action was one of "liberation," not "aggression against Muslims"; and by the potential role of 9/11 (and perhaps future major acts of terrorism exacting large-scale civilian casualties) as a trigger for a broad-based reformist movement within mainstream Islam.

As for the interaction between the campaign against terror and the Palestinian/Israeli conflict, a Damoclean sword hangs over the Palestinian/Israeli arena. In the absence of an active peace process, one well struck terrorist blow within Israel that compels the Sharon government to retake the West Bank and Gaza, or the essentially uncontrollable ripple effects of the civil war within the Palestinian Authority could potentially cripple cooperative efforts under wayagainst a variety of terrorist targets and could undermine our relastions with countries throughout the Middle East. Curbing terrorism directed at Israel proper is an essential first step toward stabilization. An equally important second step is an active peace process.

Despite strong cautionary statements by Arab governments, a US-led effort to eliminate the Saddam Hussein regime will not be seriously opposed by Arab allies, provided it is carefully prepared, US resolve is credibly demonstrated, and collateral damage to civilians is minimized. Close consultation with pivotal countries such as Turkey and Saudi Arabia, and clear prior agreement on a post-Saddam governing structure that strongly discourages any fissiparous tendencies by Kurds and southern Shi'as will be essential for the emergence of a reluctant but permissive regional environment.

At the bilateral level, paradoxically, relations with our historically closest Arab ally, Saudi Arabia, could be the most negatively affected by the aggressive pursuit of a counterterrorism campaign, and deserve the most delicate handling by US diplomacy. Demands on Riyadh for broad accountability of private Saudi financial flows domestically and abroad that may provide a "money trail" to Islamic groups and fund some of their activities are simply impractical except in limited, well-defined cases, and ultimately counterproductive. Military cooperation and improved exchange of intelligence information are obtainable if kept at the lowest profile compatible with effectiveness. On the other hand, and in a clear-cut departure from traditional US policy, the Saudi rulers will need to be pressed with vigor for proactive leadership in the religious doctrinal battle between radical Jihadism and mainstream non-violent Islam that must be waged if the war against this particular variant of international terrorism is to be won. In this effort, the USG would be well advised to recruit the help of its own domestic Islamic community and international partners, including both public and private. Certainly, direct USG interventions with the Kingdom on these matters should be kept completely out of the public realm, but should be persistent and involve the highest US levels, if they are to prove effective. To have to delve into the realm of the religious is utterly discomforting for any secular society, but vital national interests are at stake, and the Al-Saud represent the main gate on which we must knock if we are to see the House of Islam reform itself.