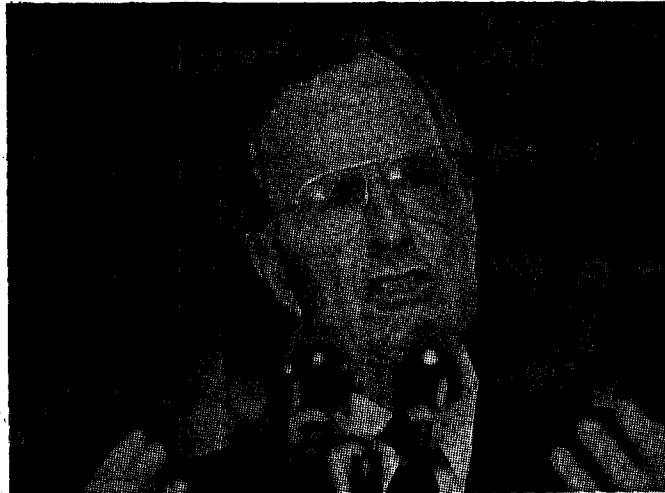


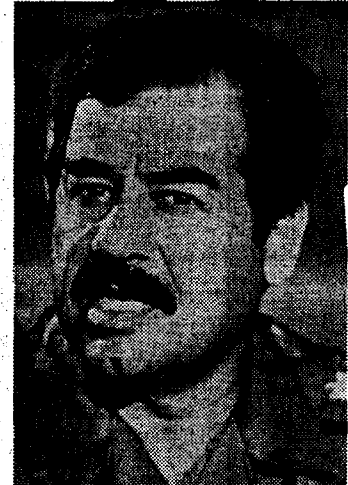
Ill-Fated Iraq Policy Originated Shortly

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After Bush Took Office



Iraq's invasion of Kuwait came like a slap in the face to Bush and aides.



SADDAM HUSSEIN
... warning signs cropped up early

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When President Bush soon after taking office ordered a fresh appraisal of U.S. relations with Iraq and Iran, his aides responded in June 1989 with the draft of a now-famous directive that became the basis of what critics today say has been the greatest foreign policy failure of his presidency.

The directive, conceived in a spirit of unusual optimism about Iraqi President Saddam Hussein among Mideast specialists at the State Department and National Security Council, urged a "normalization" of U.S.-Iraqi relations and a major expansion of U.S. trade to moderate Iraq's behavior in the aftermath of the bloody Iran-Iraq war.

But reflecting Iraq's relatively low importance at the time to Bush and his appointees, the directive languished at the White House for more than three months. Bush finally signed it a few days before an Oct. 6 visit to Washington by Iraqi Foreign Minister Tariq Aziz.

The events surrounding the drafting and implementation of the directive have recently provoked much soul-searching in the administration and contro-

versy on Capitol Hill, where Democrats have accused Bush of sending the U.S. military to fight a war that might not have been necessary if Washington earlier had pursued a tougher line toward Iraq.

While only Saddam knows if he would have acted differently in response to a different U.S. policy, internal government documents surrendered to congressional investigators in recent weeks have provided a more detailed picture of what the administration did before the war and why.

The documents make clear that many officials believed so strongly that U.S.-Iraqi ties should be strengthened that it literally took Iraq's lightning invasion of Kuwait in August 1990 to dash all hope of fulfilling the mandate of Bush's National Security Decision Directive 26 (NSDD 26).

Although warning signs about Saddam's intentions began to crop up in 1989 and early 1990, Iraq's military strike was like a slap in the face to senior administration policymakers, who had used NSDD 26 as their rationale for approving \$1 billion worth of Iraqi trade credits from a scandal-ridden U.S. agricultural program and blocking some efforts to clamp down on high-tech exports that may have contributed to Iraq's war machine.

Only after the invasion did the administration do

what some legislators had been urging for months: halt billions of dollars in exports to Iraq, suspend the sharing of U.S. military intelligence with Iraq, press other nations to halt their robust sale of military equipment to Iraq, acknowledge that Iraq had supported terrorism through the 1980s and begin to scrutinize Baghdad's aggressive effort to accumulate weapons of mass destruction.

Both before and after NSDD 26 was signed, congressional critics and some administration officials now say, inattention by senior officials from Bush on down, plus a rosy view of the prospects for reform in Iraq's domestic and foreign policy, caused the government to ignore various warning signs that Saddam was growing more belligerent and his forces were becoming a regional menace.

Congressional critics point particularly to three aspects of Iraq's behavior before the war, which they say were paid little attention by the Reagan and Bush administrations: Iraq's virtually unvarying abuse of human rights, its support for terrorism and its pursuit of mass-destruction weapons—policies that seem in retrospect like early clues to Saddam's territorial ambitions, his brutality and his disregard for international norms that culminated in the Iraqi invasion of Kuwait.

While NSDD 26 alludes to the need for continued pressure on these issues, it emphasized the need for Washington to pursue what it called "economic and political incentives" that would draw Iraq closer. These included "opportunities for U.S. firms to participate in the reconstruction of the Iraqi economy, particularly in the energy area," and potential sales of "nonlethal forms of military assistance," such as training courses and medical exchanges.

This approach was born in a political climate marked by a waning, but still powerful, U.S. desire to maintain U.S. influence in the Middle East at the expense of the Soviet Union, and a separate desire to support Iraqi efforts to counter Iran, thereby blocking the spread of Iranian-backed Islamic fundamentalism.

As a result, what several internal memos depicted as Iraq's ferocious appetite for Western technology was regarded primarily as a potential lever for the United States to wean Iraq from its longtime arms suppliers in Moscow. Later, that appetite would be seen as an indicator of Baghdad's desire to build weapons of mass destruction, but at the time, it was regarded by many officials as a hunger to be enthusiastically sated by U.S. firms.

"Trade is the best key to political influence in Iraq, and we should begin a major effort to free up licensing requests, often blocked by [the Commerce and Defense departments], to enable our firms to participate in development projects," said a secret 1988 State Department document entitled "Guidelines for U.S.-Iraqi Policy."

"Such an incentive, more than anything else, can result in Iraqi efforts to improve ties. To Iraq, technology is our most important asset," the document said.

Other State Department documents in 1988 and 1989 described an internal administration debate over high-tech exports to Iraq as turning largely on the issue of whether the exports would be diverted to the Soviet Union, a prospect that did not greatly alarm U.S. intelligence agencies despite the large number of Soviet military advisers in Iraq.

NSDD 26 was derived from a draft document, prepared by an interagency working group under the direction of Paul Hare, acting assistant secretary of state for Near East and Asian affairs. The draft, according to another secret State Department memorandum that later referred to it, spoke of "the new political, military and economic importance of Iraq" and stressed "the need for a cautious step-by-step approach to broadening and deepening our bilateral relations."

Hare was one of three top State Department officials who had prepared a confidential 1988 memorandum for Secretary of State George P. Shultz arguing against congressional efforts to impose tough economic sanctions against Iraq following that government's use of poison gas against hundreds of Kurdish citizens.

"Iraq could [react by suspending] . . . repayment of the \$1.5 billion of principal" on an outstanding U.S. agricultural commodity credit, wrote Hare and two other senior officials. "The result would be the unraveling of the U.S.-Iraq economic relationship" to the benefit of European competitors.

This position was unsuccessfully opposed at the time by the State Department's Bureau of Human Rights and Humanitarian Affairs, which published grim, unvarying accounts throughout the 1980s recounting the Iraqi government's systematic torture and killings of those it disliked, as individuals or as members of ethnic and religious groups,

In 1988, for example, the department's annual, public human rights report told of "grave human rights violations that occurred when Iraqi armed forces moved to crush a longstanding Kurdish rebellion" with poison gases and other weapons. The department's 1989 human rights report, published in February 1990, concluded that Iraq's "human rights record remained abysmal."

But none of the documents released by the administration so far have indicated that official U.S. concerns about such behavior significantly constrained Washington's appetite for what the NSDD termed "normal" relations.

Several officials, who were involved in the second stage of drafting the 1989 national security directive and who declined to be named, said its final outlines were decided at a meeting of the administration's "deputies committee" on April 12. The committee was composed of senior officials from State, Defense and Commerce, under the chairmanship of then-deputy national security adviser and current CIA Director Robert M. Gates.

That same month, mid-level officials in the Energy Department drafted a classified warning to Secretary of Energy James D. Watkins that Iraqi agents were trying to buy components of nuclear weapons in the United States, using specifications that "indicate detailed knowledge of designs for weapons assembly" and for "uranium enrichment equipment."

The warning was based on the officials' knowledge of Iraq's attempted purchase of U.S.-made electrical capacitors capable of being used in the firing system of a nuclear bomb. But before it could reach Watkins, the warning was rebutted by the Energy Department's senior intelligence official, Robert J. Walsh, who said in a classified memo that it did not jibe with other estimates placing Iraq at least 10 years away from developing a bomb.

"A nuclear weapons program [in Iraq] has not been identified," Walsh said, causing the warning to be squelched. U.N. inspectors learned after last year's Persian Gulf War that Iraq by early 1989 was pursuing four separate paths to a bomb.

Bush met with the National Security Council to approve completion of NSDD 26 on June 26, 1989, and then devoted his summer to other foreign policy endeavors, such as steering Congress away from a tougher policy on China following the Tiananmen Square massacre, propping up Poland's fledgling democracy, trying to engineer the ouster of Panamanian strongman Manuel Antonio Noriega and attempting to build support for Middle East peace talks and the release of U.S. hostages in Lebanon.

Four days after Bush eventually signed the directive in October 1989, Secretary of State James A. Baker III met with Aziz in Washington. According to a subsequent secret memorandum summarizing the meeting, which was ignored by the Western press, "the two sides committed themselves to work for an improved long-term relationship" and expressed their mutual belief that "there was reason to continue and where possible expand cooperation."

Staff researcher Lucy Shackelford contributed to this report.