

Appendix #1 – Sidney Institute - August 1990

THE SIDNEY INSTITUTE GAMBLE IN THE GULF

To the West, Saddam Hussein seems little more than a brutal thug, driven by blind ambition and reckless impulse. But in the context of his own dark conspiratorial world, he is a somewhat predictable and pragmatic creature, a man of charm, cunning and cruelty surrounded by party loyalists who are held in check by fear.

Though the West may have been surprised by the adulation that the Arab masses have heaped upon him in the aftermath of Iraq's attack upon Kuwait, this was virtually inevitable. Saddam, who has long posed as a champion of militant Arab nationalism, responds to a deep-seated need that his supporters have for a warrior father figure who can rectify the wrongs done by the Ottoman Turks, The European colonizers, The Zionists and the secular non-believing Americans.

Whereas it is fashionable in some circles to view Saddam's firing of the Gulf's guns of August as an impetuous, reckless and irrational act, all indications are that it was a carefully calculated move that made eminent sense.

From his standpoint, Iraq had sustained considerable losses and incurred enormous debt fighting an eight-year war with Iran to protect the sovereignty of the wealthy, but ungrateful Gulf States. By moving against his helpless neighbor, Saddam believed he could accomplish six major objectives:

1. Expunge his largest debts which consisted of \$22 billion owed Kuwait and \$28 billion owed to Saudi Arabia.
2. Seize control of the K10, which manages the \$100 billion in Kuwait overseas investments. Last year alone \$8.8 billion was earned from these funds, which far exceeded the \$7.7 billion that the government derived from its old exports.

3. Take possession of the \$3 to \$5 billion in gold bullion that was stored in the Kuwait Central Bank
4. Obtain better access to the Persian Gulf
5. Raise the worldwide price of oil, which had dropped below \$20 a barrel. Since 85% of Iraq's exports are oil the pricing of this commodity is a sensitive issue.
6. Gain recognition as the leader of the Pan Arab movement. He would be the new Nasser and perhaps eventually the heir of Nebuchadnezzar, the ruler of ancient Mesopotamia.

Based upon the American Administration's "kinder and gentler" handling of Saddam in the months prior to his August 2nd blitzkrieg, these objectives seemed obtainable. After all, we had overlooked his use of chemical weapons against the Kurds, recently extended \$300 million in credits to enable him to purchase our wheat and rice, apologized for a Voice of America broadcast that he had found offensive and Assistant Secretary of State had publicly testified before Congress that we had no intention of getting involved in any intra-Arab dispute between Iraq and Kuwait. In short, the Bush administration made the invasion of Kuwait look like a free lunch. Unfortunately for all concerned, Saddam Hussein misjudged the international mood and the reaction of King Faud who, to his surprise, called for assistance. Doubtlessly, he was shocked by the quick response of the United States and Britain, to the point that he remarked, "What's the matter with George Bush and Mrs. Thatcher, have they gone mad!"