
according to Cohen. Its distinguishing premise is that the United States should be prepared to fight two major regional wars almost simultaneously—for example, a Korean war and a conflict with a rearmed Iraq. But a replay of the Persian Gulf War is unlikely. In fact, Cohen observes, if Saddam Hussein's defeat "taught America's foes anything, it was that they should *not* replicate the Iraqi strategy. Massed tank armies are not the way to take over small countries that happen to be American allies—far better to launch ambiguous takeovers behind the smoke screen of liberation movements or uncontrolled dissident groups or native putsch-makers."

Even more fatal to the review's blueprint, Cohen says, the U.S. military, for at least five to 10 years, will be incapable of carrying out the plan. "American airlift and sealift simply could not move the bottom-up review force to two simultaneous wars, nor could the United States shuttle forces from a war in one corner of the globe to a war in another without pause for re-fitting, retraining, or rest." In addition, Cohen argues, the blueprint force—about the minimum size necessary to sustain, even in theory, the two-war strategy, and little smaller than the force planned by the Bush administration—"is just plain unaffordable." With 10 active army and three marine divisions, 12 aircraft carriers, and 13 active air force wings, the force looks formidable. But its size will come at the cost of deferring replacement of helicopters, tanks, and other equipment; after 10 to 15 years, "a massive junking of obsolescent gear" would be necessary.

As if all this were not enough, Cohen discerns "a deeper malady" in American strategy: It fails to face up to the fact that sooner or later the United States will confront "upheavals overseas that cannot be accommodated or negotiated away," such as a takeover of Egypt by Islamic fundamentalists. It also fails to look beyond the next five or 10 years, to "a world in which China becomes an assertive Asian power, perhaps provoking a Japanese nuclear response, or a world in which nuclear weapons are not merely developed but occasionally used."

The Pentagon planners, wedded to Cold War thinking, assumed that the United States would always fight defensive wars. But it is just as likely, Cohen says, "as in the Gulf or now in

Bosnia," that it "will find itself weighing an intervention to reverse a *fait accompli*, to prevent a disaster, or to excise a menace." That would require a very different force structure. And there are more subtle military matters to ponder, Cohen argues. Between the world wars, the U.S. military, operating at a relaxed pace that encouraged reflection, managed to produce "a generation of leaders who had thought deeply and imaginatively about their profession." They proved invaluable when war came again. Now that the Cold War is over, America needs to figure out how to breed a similar generation of military leaders.

Iraqgate Unraveled

"The Myth of Iraqgate" by Kenneth I. Juster, in *Foreign Policy* (Spring 1994), 2400 N St. N.W., Washington, D.C. 20037-1153.

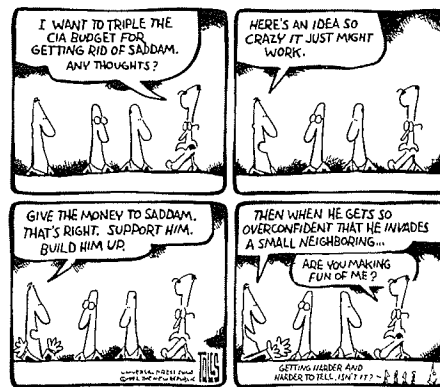
New York Times columnist William Safire and other members of the press have written extensively about what they call "Iraqgate." The gist of their attack is that prior to the Persian Gulf War, the Bush administration perverted U.S. agricultural-assistance programs to provide loans to Iraq's Saddam Hussein, who then used the money to buy weapons. Various charges of wrongdoing, criminal or otherwise, have been made by the news media, among them that the CIA helped get money to Iraqi arms agents, that the U.S. government itself shipped arms to Iraq, and that the Bush administration tried to cover up alleged misconduct.

After more than four years of hearings and investigations by various executive branch, congressional, and judicial bodies, the charges of wrongdoing remain unproven, notes Juster, a lawyer who served in the State Department during the Bush administration (and says he had no involvement in U.S. policy toward Iraq before the invasion of Kuwait). What is more, he contends, the press, which is largely responsible for creating the widespread impression that something deserving the name "Iraqgate" happened, has repeatedly misrepresented crucial facts regarding the workings of the agricultural-assistance program and what Iraq did under the program.

U.S. News & World Report (Oct. 26, 1992), in a typical media account, declared that the Bush administration “continued to provide billions of dollars in loans to Saddam Hussein after [Iraq’s] war with Iran ended in 1988. Despite evidence that Iraqi agents were stealing some of the American loan money and using it to buy and build biological, chemical, and nuclear weapons, the Bush administration *increased* the amount of the loans.” Then, in August 1990, Iraq invaded Kuwait.

One problem with this account is that the U.S. government never loaned Iraq any money. What really happened, according to Juster, is that in 1989, in the belief “that the evolution of normal relations with Iraq was in America’s interest,” the Bush administration decided to keep making Commodity Credit Corporation (CCC) credit guarantees available for export sales of farm products to Iraq (as the United States had done during the 1980–88 Iran-Iraq war). The CCC credit guarantees were not loans but a form of insurance that greased the wheels of commerce. They were issued to U.S. exporters selling wheat, rice, or other farm products to Iraq. In essence, the guarantees allowed U.S. banks to pay the exporters for the farm products and then extend credit to Iraq for the purchases, with Washington agreeing to pay the banks if Iraq defaulted.

The decision to make the credit guarantees available may have been unwise, Juster observes, but a lack of wisdom is not the same as criminal wrongdoing. The guarantees, he acknowledges, did free Iraqi funds that could have been used for arms purchases. However, because of the three-year payment schedule, that



Pre-Gulf War efforts to improve relations with Iraq later seemed incredible—even criminal—to some.

happened only in the early years, during the Iran-Iraq war. Then Iraq had to begin repaying American banks. In fact, during fiscal 1990 (up until the invasion of Kuwait), Iraq paid out \$455 million *more* in hard currency under the CCC program than it received in new credit. Iraq met all its scheduled payments until sanctions were imposed after the invasion of Kuwait. Iraq then owed about \$1.9 billion under the CCC program—and it still owes that amount to the U.S. government or U.S. banks. All but \$392 million of the total represents loans piled up before George Bush assumed the presidency.

The pre-Gulf War policy toward Iraq could have been the subject of a serious debate, Juster notes. Unfortunately, he says, the effort by the news media and others “to criminalize foreign policy differences” prevented such a debate from taking place.

ECONOMICS, LABOR & BUSINESS

The Blessings Of Bankruptcy

“The Freedom to Fail” by Jonathan Foreman, in *Audacity* (Winter 1994), 60 Fifth Ave., New York, N.Y. 10011.

Since colonial days, the clash of creditors and debtors has left many marks on American history, particularly in hard times. Until this cen-

tury, periodic battles over bankruptcy legislation were waged with great passion. They pitted Jeffersonians against Federalists, farmers against merchants, and southern and western interests against the Northeast. But out of the conflicts has come something distinctly American, argues Foreman, a New York lawyer. Bankruptcy laws in other nations usually have been designed only to protect creditors, he says, but in the United States