

IRAN, TERRORISM, AND AMERICA'S PORTFOLIO OF
SQUANDERED OPPORTUNITIES

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Kronos Advisory, LLC
USA
kronos@kronosadvisory.com

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Excerpts of a July 2012 discussion with Robert C. "Bud" McFarlane, National Security Advisor to President Ronald Reagan (1983-1985), about Iran, U.S. national security policy, and ways decisions made in Washington in the late 1970s may have facilitated Iran's use of terrorism as an instrument of foreign policy.

Prepared by Kronos Principal Michael S. Smith II

SMITH: You mentioned to me before that, for Iran, the use of surrogates (ie terrorist proxies) amounts to a cost-effective means of advancing the regime's agenda in the face of its enemies' technological superiority. For Iran, is terrorism used as an instrument of foreign policy because it also offers the regime some form of "plausible deniability" when striking its enemies?

McFARLANE: Iran is overt in its sponsorship of Hizballah and Hamas, both with weapons and training. It is simply a means of growing in-country assets in distant places to undermine host governments in these countries, and use these surrogates to outflank high-priority targets such as Israel, and also to undermine the local citizenry's confidence in their governments such as in Bahrain and Saudi Arabia. So they're not denying anything. They are simply being efficient in how they spread their subversive campaign to bring down governments they view as antithetical to their own ideology and purposes, including Muslim governments.

Among irregular warfare-related issues monitored by Kronos Principal Michael S. Smith II is the government of Iran's relations with radical Sunni movements. His reports on terror-related issues for USG officials include an April 2011 report for the Congressional Anti-Terrorism Caucus focused on Iran's ties to al-Qa'ida titled "The al-Qa'ida-Qods Force Nexus: Scratching the surface of a known unknown," which was among the source documents leveraged in the authorship of the Countering Iran in the Western Hemisphere Act of 2012 (H.R. 3783). This material contains excerpts of an interview Smith conducted with former National Security Advisor Robert C. "Bud" McFarlane while preparing a forthcoming report on the history of Iran's support for the jihads being waged against the United States and its allies by terrorists who target our interests globally (coauthored with Kronos Chief Global Jihad Analyst Ronald Sandee). It has been published with written consent from the interviewee.

SMITH: Early on, was it clear that the Shiite regime in Iran would work with Sunni groups like al-Qa'ida?

McFARLANE: It was not as evident in the early days of the 1980s as it has become. In recent years they've acknowledged the history of their support which involved hosting training for al-Qa'ida in Iran. But it goes back more than 10 years with al-Qa'ida, and has included training, equipping, and providing critical communications support. But also the support for Sunnis, of course, extends to Hamas, where the support has been importantly financial so that Hamas can carry on its own paramilitary activities and rocket attacks, but also carry on what Hamas would call their social programs in Gaza, to maintain Iran's position of influence by strengthening Hamas's position vis-à-vis the Palestinian Authority. So there are many dimensions to Iran's support for Sunni militant groups abroad.

SMITH: During the early 1980s, was the Iranian presence in Beirut notable?

McFARLANE: Iran certainly had a nontrivial presence in Lebanon during the early 1980s, primarily in training and equipping Shiite elements in the south of Lebanon. They had training facilities in the Bekaa Valley in eastern Lebanon. Iranians in the Chouf district up above and to the east of Beirut were also training and equipping Druze paramilitary elements. And, in short, they would support anyone willing to attack and seek to weaken the American presence there, and undermine the government. (The President-elect, Amin Gemayel, was a Maronite Christian.) They were heavily involved in encouraging the shelling of the Marine forces that were stationed there at the time, and in providing critical training support in the early days when Hizballah was being nurtured and was growing through the training facilities established primarily in the Bekaa Valley.

SMITH: Why did the U.S. elect not to pursue action against those behind the 1983 Iran-backed attack on the Marine barracks in Beirut that killed 241 American servicemen?

McFARLANE: The Secretary of Defense did not want to respond to the attack on the embassy and the Marine barracks because, in his judgment, for the United States to be killing Arabs in Lebanon would damage our relationship with what he viewed as allied Muslim countries, notably Saudi Arabia (and thereby possibly engender a Saudi reprisal through raising the price of oil). And I thought it was profoundly misguided. For in failing to respond when Americans were attacked — whether at the embassy or the Marines at the airport — you were sending a very clear signal: Terrorists could attack Americans, and there was no cost imposed, and that you could do it with impunity. And it was brought to a head when the Director of Central Intelligence had very, very clear, unambiguous evidence that those who attacked the Marines on October 23, 1983 had been trained in the Bekaa Valley. Director Casey had overhead collection that made clear where the training facility was, and how the training was conducted.

After one meeting of the NSC, in which the Secretary of Defense said there could be collateral damage to civilians in the Bekaa Valley area, Director Casey came back and pointed out that

the overhead picture of the site where training occurred indicated there was minimal probability of collateral damage to innocents, and, again, that there was no question that this was where the group had trained and remained present after having attacked the Marine barracks. The Secretary of Defense simply believed that the larger issue — larger in his mind — was the reaction in Muslim countries of Americans killing Muslims, which would far outweigh any gains we might make in responding against those who carried out the attack, or planned and trained for the attack. The President listened, and the Secretary of State said he believed strongly we should respond as the evidence was clear as to the source of the problem in the Bekaa Valley. I was quite emphatic in saying this was unambiguous, and that to fail to respond would lead to a recurrence of attacks like this and we simply had to do it. The President approved the strike to occur the next morning.

After the decision was made but before the attack was to be launched, the Secretary of Defense contacted the President (not through the White House Switchboard which would have required that the Chief of Staff and I were notified, but through the Military Office in the East Wing). In the call the Secretary persuaded the President to reverse his earlier decision.

At about 1:00 a.m. Washington time, I got a call from the Situation Room saying the Secretary of Defense had aborted the mission, which we had coordinated to be jointly carried out by the French and the U.S.; the French had the aircraft carrier *Foch* in the Mediterranean and we coordinated with them after President Reagan approved the attack. To be told during the night that the Secretary of Defense had aborted the attack was just astonishing. I went to the office, and when the President awoke and I told him about it he appeared surprised and upset about it. Of course, the French were outraged. Their planes had already launched and were painted by Syrian radar, and this damaged relations for a long, long time.

This episode marks an anomalous element in the President's personality. He didn't like to deal with disagreements between his Cabinet officers. In his cabinet there were frequent disagreement between his Secretary of State, George Shultz, and Secretary of Defense Weinberger. He just didn't want to intervene when those disagreements occurred, and to go against either of these men who had been friends of his for 30 years. On this occasion it was a lapse that has had a legacy of recurrent attacks through the years, from the '80s to '93, to Khobar, to East Africa, to the *Cole*, and all the other well-known terrorist attacks. But we could have, I think, sent a very, very powerful signal. At the time, we had the intelligence, we had the means to do it, and our failure to do it — to respond to the 1983 attack on the Marine barracks in Beirut — has had a very tragic, bitter, recurrent result.

SMITH: In a nutshell, what drove this decision?

McFARLANE: The Secretary of Defense believed that our killing Muslims anywhere would have a very damaging effect on our relationships with Muslims everywhere.

SMITH: By failing to respond to the 1983 attack in Beirut, did we set in motion a scenario in which it became very attractive for Iran to support al-Qa'ida? Could we

have deterred Iran's interest in working with a group like al-Qa'ida by being more forceful in our response to such events early on?

McFARLANE: I think that is clearly the case. Certainly, to have done nothing could only have encouraged them to believe they could carry on with such a strategy with impunity. And certainly that's the case to this day.

SMITH: In the past, you have credited the lapse in our human collection (HUMINT) in the Middle East as a reason for America's inaction regarding the Iranian regime's use of terrorism as an instrument of foreign policy. What were some of the other contributing factors during the Reagan presidency?

McFARLANE: Due to a decision made under Carter's watch to so dramatically scale down our human collection work in the Middle East, we were at a loss for good information about what was going on across much of the region, and notably in Iran where our overt presence was no longer welcomed. But let me offer some context as relates to the Reagan years:

On the first day in office after President Reagan's inauguration (I had been nominated to serve as counselor to the State Department) Secretary of State Haig asked me what ought to be the important threats that we focus upon for the development of policy in the Reagan Administration. At the top of my list was Iran due to its geostrategic location, the emergence of this theocratic regime, the potential for that regime to undermine our influence, and, indeed, its early vulnerability to Soviet intervention that is, the early vulnerability of the Khomeini cabal to being literally invaded by the Soviet Union was plausible. There were already 100,000 troops in Afghanistan to the East of Iran. The Soviet Union had a historic wish to have a presence in and a warm-water port in Southwest Asia or the Mediterranean, or both. That was clear in 1958 when they sought to subvert the government of Lebanon, and President Eisenhower landed Marines. I was deployed on the aircraft carrier *Essex* at that time.

For all of those reasons it seemed to me important that we focus on Iran, both its vulnerability (to Soviet intervention) and its capabilities in years to come for moving beyond its borders to undermine U.S. interests and Sunni governments in the area. I thought we should not only focus on Iran's vulnerability to Russia, but also examine what we could do to weaken the theocratic regime.

Secretary of State Haig disagreed with me. He felt the threat was too far away, and in order to benefit from the period in which any president is first elected when he has a certain latitude for action we ought to do something we could do reasonably easily, and in his mind it was that we should go after Fidel Castro in Cuba to bring down that regime.

Well, I didn't think that was a particularly good use of American power. It's not that Castro was a paragon of virtue. But I didn't think he was a particular concern to the American people, and the President himself wouldn't want to use U.S. resources in that way. He would probably see the Soviet Union as a higher priority threat — particularly after four years under Jimmy

Carter, in which we had allowed our own strategic deterrent to decline substantially. And, in any event, I thought that faced with our needs to rebuild our triad of forces, and our conventional forces, and address other higher, more plausible threats to our strategic interests in critical parts of the world, notably where most of the oil of the world is pumped, going after Cuba was not a good choice.

But the Secretary of State took his proposal to the White House. Ultimately, it did not prevail. But neither did what I thought was a more important focus for our analysis: Iran. And that, the first year was spent largely on the Soviet Union, and on opening arms control talks. By the end of the year, I was asked to go back to the White House as deputy National Security Advisor, and we had to focus then on first establishing a functional decision-making system in the Reagan White House for national security affairs. Next, we had to focus on how we could use the rebuilding of our military foundation to restore confidence among allies, and to begin to strengthen our nuclear deterrent especially in Europe. We had lost a lot of credibility in Europe, especially during the Carter years. These strategic priorities took priority during the early years.

It wasn't until we had succeeded in rebuilding our forces and were in a position to engage seriously with the Soviet Union toward reducing their strategic power that we could turn back to the Middle East.

SMITH: Perceptions regarding Iran's capabilities — not the regime's stated interest in harming the United States — defined our interests when it came to the question of whether Iran would be a focal point for policymaking during the early years of the Reagan presidency. Is that correct?

McFARLANE: Yes.

SMITH: Could we have set a new tenor in our foreign policy by focusing broadly on all threats to our interests versus assuming a tunnel-vision like stance on a concern like the Soviet Union?

McFARLANE: Well, it's a fair point. I tend to think any administration, if it is sensible, and if it understands all that it takes to move the country in a profoundly different direction, will limit itself to one or two significant gains in national security affairs in a four-year period. It is unlikely that any administration can devote the time, the resources, the presidential effort in terms of travel, speeches, lobbying, meeting with members of Congress to get through the wherewithal of shaping public opinion and the opinion of Congress and the opinion of allies in order to do more than one or two such things in a four year period. It seems like it ought not be true, but it is true. It simply requires too much in time and effort to convince the three key constituencies that every president must nurture — the American people, to get the public support; Congress, to get the money; and allies, to get the political support needed for a unified Western alliance — to pursue much more than one or two big national security goals in a four-year period.

This doesn't necessarily mean you should close shop on everything but your top-two issues. But coming in the wake of the Carter years, and with all of the measures of decline evident not only in defense, but in our economy and turning that around could have consumed all political capital of most presidents. We had a lot on our plate. We also literally had to rebuild the foundation of our military, which took a huge amount of time and effort. So when it comes to the smaller issues you can, as we did in the Middle East, put your fingers in the dike, and we paid a price for it.

I don't think any sensible politician could have looked at the family of threats we were facing at the time and concluded anything other than the Soviet Union posed a strategic threat to the United States. In 1981, we simply never could have rallied Americans to believe that, however unworthy the Ayatollah and his cabal were, Iran was anywhere near the Soviet Union in terms of posing a threat to the United States. Yes, they needed watching, and we ought to have begun to take steps to contain, counter, and roll back what had occurred there. But if anything, the focus was on how Iran's weakness and vulnerability to a Soviet invasion would impact our interests. The Soviet Union had been conducting exercises on the Iranian border that looked to be oriented toward movement toward the Persian Gulf. These were not well-known activities at the time. Meanwhile, they had 100,000 troops in Afghanistan, they had 21 Soviet divisions on the Iranian border, and at the time we looked at the problem by asking what the Soviet Union could do, not what Iran could do.

SMITH: Did we look at the Soviet advance and drop the ball by not emphasizing human intelligence work inside Iran?

McFARLANE: Absolutely. That's one of the important things we could have done: Rebuild our human collection capability in the Middle East. In the Carter years there had been a conscious decision made to rely less on human collection, and to rely more on technical, largely overhead collection. And it was a very, very misguided policy under [CIA Director] Admiral Turner that led to the cashiering of as many as 600 agents/assets. These were not American, but these were assets on the ground, local nationals who had been working for us in the Middle East. So, yes, it was a priority for the CIA during the first four years of the Reagan presidency. And indeed to this very day we are trying to rebuild from the losses that occurred in the late-1970s to human collection, which is, of course, the most critical form of collection when you're dealing with the kind of threats we're facing today, and especially radical Islam.

SMITH: If we had done more to monitor Iran's relationships with nonstate militant enterprises, or to disrupt them, could we have possibly blocked the rise of al-Qa'ida?

McFARLANE: Well, possibly. Certainly, we would have been more conscious of its activities and ideology. And we really ought to have been paying attention through better intelligence in the Middle East to the grand bargain struck between the Wahabbi mosque and the royal family in Saudi Arabia, in which the royal family agreed to fund the Wahabbi proselytizing and evangelical work, along with its subversive work, as long as they kept it overseas and didn't criticize the royal family in exchange for its financing of those Wahabbi efforts.

How was that going to play out? Well, we've seen the answer during the past 25 years in the growth of the number of madrassas in Pakistan. Even conservatively speaking, if each one graduates only 15 kids per year kids, who are not bin Ladens, but kids who are willing to blow themselves up, there's more than a half-million graduates in Pakistan who are under the influence of radical Islamist groups, and truly in a position to bring down governments in Pakistan for as far as the eye can see. Well, all that started back in the early 1980s. And if we had better intelligence back then, we could have seen how profound a threat these early Islamist movements were.

Yes, we were able to exploit radical elements in Afghanistan. And, ultimately, on the backs of freedom fighters and others who were not freedom fighters, but instead the nascent elements of al-Qa'ida, we dealt a major blow to the Soviets. But through that effort, we missed the point: This was more than a fanatical bunch of would-be al-Qa'ida elements; this was a movement that could grow and develop to be a strategic threat.

Unfortunately, the first Bush Administration pulled the plug in Afghanistan after victory was achieved against the Soviets, and essentially betrayed the people of Afghanistan, who had done much of the heavy lifting in beating the Soviets. We pulled out with three million refugees — many in Pakistan — and a million lives lost in Afghanistan, leaving the country to warlords. And the warlords brought the country to ruin, and created a climate in which the Taliban could emerge. The rest is unfortunately a very sad history.

But it has been a process of an evolution beginning in the early 1980s where bad intelligence, and a lack of intelligence, led us to indifference after a Soviet defeat in Afghanistan, indifference toward Afghanistan, and a failure to recognize the importance of this emergent radical Islamist Sunni movement. And by not paying sufficient attention to it during the 1990s, as it grew and as its strategic purpose and financial means became more evident, we allowed elements within this movement to succeed.

All of these things contributed: Dismissing the importance of human intelligence, failing to devote sufficient time and effort to it, and becoming too preoccupied with the Soviet threat to the exclusion of all else. ... Unfortunately, that's the nature of democracy.

Several factors contributed to the threat posed by Iran. One of them was our very victory in the Cold War.

I say that because, if you are in the Middle East, and you live there, and you watch television, each day you watch television what you're seeing on television that depicts the United States is MTV and Madonna, conditions of high crime and poverty; in short, all of the worst dimensions of our country that become a very distorted image presented of America in the Middle East. And the really impressive parts — going to the moon, other important discoveries and achievements — don't show up on television in the Middle East.

Why do I mention that?

At the end of the Cold War, a war which really had kept the lid on regional disagreements, tribal, cross-border, ethnic, racial turmoil, the constraints and power blocks that came with that war were no longer dominant in influencing, or in limiting the political behavior of countries throughout the world, but especially in the Middle East. And people at the grassroots and at the top began to reflect on things and think: We have seen that the socialist model has been disproven, but look at the democratic model, not all that impressive, from their point of view. They did not live in the U.S. They lived over there, and what they saw was not all that great.

So it was a fertile ground for an evangelist like Khomeini and other radicals like bin Laden to prosper, to say that if you don't believe socialism works, if you don't believe democracy works, maybe we ought to fall back on God. Well, that's an easy sell. That is, until you begin to peel back the onion about what they are describing as God's will.

Of course, this was just one factor, and there were others. But it's not in the nature of the State Department to want to take on religious issues. It's not in the nature of our government, if you don't have good intelligence on the ground, to go looking for nontraditional kinds of threats like the ones associated with radical Islam. Yet none of that's an excuse. All of this ought to be always on our minds. How are our interests threatened? That body of opposition spans a very wide spectrum: From nuclear weapons that could be catastrophic, other weapons of mass destructions, but then others down to the individual terrorist, who, with or without weapons of mass destruction can do serious damage to our interests.

SMITH: Did the Kingdom of Saudi Arabia fail to manage the relationship with the Wahabbi mosque in a way that would have made it more difficult for Iran to coopt an organization like al-Qa'ida?

McFARLANE: They failed utterly. The gravity of this grand bargain between the royal family and the mosque is just unconscionable. It was an expedient measure that served the interest of the royal family. You can defend it as some kind of religiously-inspired, do-gooder effort, but it was a way to buy an insurance policy the royal family believed relatively cheaply. Ultimately, the people who paid the price for it were in Afghanistan, Pakistan, and the rest of the world. It will eventually come back to haunt them, as it has somewhat since. But, yes, they were deliberately remiss.