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Ultimate Insiders

By BOB HERBERT

Let's go back some 20 years. Ronald Reagan was president. George Shultz was secretary of state. Lebanon was in turmoil. And Iraq and Iran were locked in a vicious war that had sharply curtailed the flow of oil out of Iraq.

In December 1983 Donald Rumsfeld was sent to the Middle East as a special envoy in an effort to jump-start the peace process in Lebanon and advance a presidential initiative for peace between Arabs and Israelis.

One of his stops was Baghdad, where he met with Saddam Hussein. That was unusual. Mr. Rumsfeld was the highest-ranking U.S. official to visit Iraq since 1967, when Iraq and other Arab nations severed relations with the U.S., which they blamed for Israel's victory in the Six-Day War.

The primary goal of Mr. Rumsfeld's visit to Baghdad was to improve relations with Iraq. But another matter was also quietly discussed. The powerful Bechtel Group in San Francisco, of which Secretary Shultz had been president before joining the Reagan administration, wanted to build an oil pipeline from Iraq to the Jordanian port of Aqaba, near the Red Sea. It was a billion-dollar project and the U.S. government wanted Saddam to sign off on it.

This remains, two decades later, a touchy subject. When I brought the matter up last week with James Placke, who in 1983 was a deputy assistant secretary of state for Near Eastern affairs, he said, "My memory on that is kind of foggy."

But at the mention of Bechtel, he said: "Ahh, now you've said the magic word. Now I remember. Bechtel was promoting it."

Bechtel was promoting it and the Middle East peace envoy, Donald Rumsfeld, was pushing it with top Iraqi officials. A previously classified State Department memo that is contained in a report on the pipeline by the Institute for Policy Studies in Washington described how Mr. Rumsfeld broached the subject during a private meeting with Iraq's foreign minister, Tariq Aziz.

The memo, from Mr. Rumsfeld, said: "I raised the question of a pipeline through Jordan. He said he was familiar with the proposal. It apparently was a U.S. company's proposal. However, he was concerned about the proximity to Israel as the pipeline would enter the Gulf of Aqaba."

The Iraqis were afraid the Israelis might destroy the pipeline. "I said I could understand that there would need to be some sort of arrangement that would give those involved confidence that it would not be easily vulnerable," Mr. Rumsfeld wrote in the memo. He added, parenthetically: "This may be an issue to raise with Israel at the appropriate time."

It was known by the fall of 1983 that Iraq had used chemical weapons against Iran. That did not prevent the U.S. from pursuing improved relations with Saddam, or curb the enthusiasm for the Aqaba pipeline — a project promoted by a company that had given the Reagan administration not just its secretary of state, but also its secretary of defense, Caspar Weinberger, who had been Bechtel's general counsel.

No one seemed concerned about weaving these obvious conflicts of interest into the peace process in the most volatile region of the world.

Mr. Shultz said he recused himself from anything having to do with the pipeline. But it was his State Department that had joined with Bechtel to push the project, and everyone knew that Mr. Shultz had run Bechtel.

Saddam ultimately gave a thumbs down to the pipeline proposal. "It didn't seem to make very good commercial sense," said Mr. Placke, "and ultimately I think it failed on those grounds."

The efforts to promote peace in the Middle East also failed. Now, 20 years later, Mr. Shultz (who is currently on the board of Bechtel) and Mr. Rumsfeld are among the fiercest of the war hawks. They wanted war with Iraq and they got it.

Their philosophical flights in favor of the war would seem more graceful, and much less unsavory, if they weren't flying with the baggage of Bechtel and other large commercial interests that have so much to gain from the war.

This unilateral war and the ouster of Saddam have given the hawks and their commercial allies carte blanche in Iraq. And the company with perhaps the sleekest and most effective of all the inside tracks, a company that is fairly panting with anticipation over oil and reconstruction contracts worth scores of billions of dollars, is of course the Bechtel Group of San Francisco.