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U.S. POLICY AND THE FUTURE OF IRAN

INTRODUCTION

The Iranian revolution has been smoldering for more than three years and is by no means over. Americans were first surprised by the sudden collapse of the Shah, then outraged by the seizure of the U.S. Embassy and the prolonged captivity of the fifty-two hostages, and since the release of the hostages, are now indifferent about Iranian affairs. This attitude is understandable given America's preoccupation with many pressing national problems and the confusing, chaotic course of revolutionary politics within Iran. However, such indifference is ill-advised in view of the continued importance of this strategic country.

The United States cannot afford to ignore Iran because Iran remains a critical geopolitical factor in both the global and regional balance of power. Although it has drifted from the western orbit, Iran remains the chief barrier between the Soviet Union and the center of gravity of world oil production -- the oilfields of the Persian Gulf. Given the relatively large size of its population and its industrial base, Iran looms large as the dominant power in the Gulf as long as it maintains its territorial integrity.

Nor can the United States afford to ignore the consequences and by-products of the Iranian revolution. The overthrow of the Shah and the subsequent revolutionary ferment has eliminated U.S. influence within Iran while boosting Moscow's. The revolutionary fervor of Iran's Shiite Moslems may spill over into neighboring states; indeed, the Iranian revolutionary regime has actively sought to export revolution. The vital umbilical cord of petroleum that stretches from the Persian Gulf to the industrialized West is thus vulnerable to Iranian subversion of the Gulf's oil-exporting states. It is similarly vulnerable to disruption from an expansion of the Iraq-Iran war to the other Arab Gulf

states. In short, Iran is now a volatile revolutionary state fomenting instability in a region of vital economic and strategic importance to the western world.

How should the United States handle such a hot geopolitical potato? Washington's policy should aim at four goals:

- 1) it should preserve Iran as a barrier capable of constraining and restraining the southern thrust of the Soviet empire, that is, it should not distract the Iranians from the threat to their north or push them into the Kremlin's arms;
- 2) it should preserve Western access to Persian Gulf oil in general and Saudi oil in particular;
- 3) it should promote the easing of interstate tensions as a means of fostering stability in the Gulf; as such, a negotiated end to the war between Iraq and Iran would be in America's interest for it would reduce the chances of additional oil supply disruptions and would weaken Soviet leverage over both belligerents.
- 4) it should deter future acts of terrorism by impressing on the Iranians and others the cost to Iran of the 444-day hostage crisis; the hardline Islamic fundamentalists currently controlling Iran are by and large the same group that obstructed efforts to resolve the crisis, intent on squeezing as much domestic political benefit from the confrontation as possible. The United States should seek to penalize the hardline fundamentalists and withhold any support that would strengthen their position, at least to the extent that it can do so without jeopardizing its first three policy goals.

Washington's pursuit of these goals is hampered by a critical lack of information on Iranian political developments. Therefore, the first priority is to bolster U.S. information-gathering capabilities from inside Iran. Iran's revolutionary regime is currently tilting toward Moscow, something that Washington can do little to prevent -- in the short run. However, once the eighty-two year old Ayatollah Ruhollah Khomeini passes from the scene, the revolutionary government will be increasingly challenged by opposition groups eager for outside support. Washington should be establishing quiet contact with these groups now, encouraging them to unify their efforts to form an alternative to the repressive regime that now dominates Iran.

IRAN'S REVOLUTIONARY POLITICS

The loose ad hoc coalition that forced the Shah into exile was broad but shallow, consisting of many diverse political and social groups from all parts of Iran's political spectrum.¹ The

¹ For a more detailed analysis of the Iranian revolution, see James Phillips, "The Iranian Revolution: Long Term Implications," Heritage Foundation Background No. 89, June 15, 1979.

revolutionary coalition was based on a negative consensus -- the desire to topple the Shah. Beyond this anti-Shah consensus, no agreement existed on the form that the post-revolutionary government would take, let alone the policies that it would implement. Once the initial flush of victory had worn off, the latent cleavages in the revolutionary movement surfaced, and the movement dissolved into three rival camps: the Islamic fundamentalists, the moderate secular nationalists, and the radical leftists.

The charismatic Ayatollah Ruhollah Khomeini, spiritual leader of the revolutionary forces, was the sole source of political legitimacy in the early days of the revolution. Khomeini appointed Mehdi Bazargan, a prominent liberal nationalist, as Prime Minister of the provisional government and retired to the holy city of Qom to distance himself from the fierce factional infighting that began immediately after the Shah's ouster. As the Faqih, the interpreter of divine law, Khomeini withdrew from the day-to-day affairs of government and became a canny practitioner of the art of "leading from behind" -- discerning and molding a consensus viewpoint on an issue, then pronouncing it to be official policy. Operating as the balance wheel of the revolution, Khomeini arbitrated between contending factions to forestall the splintering of the revolutionary coalition and preserve his own freedom to maneuver.

During 1979, Iran became polarized as the revolutionary consensus dissipated amid a series of disputes over the form of the new government, the nature of the new constitution, the question of federalism for Iran's restive minorities, women's rights, censorship, and the harsh revolutionary justice meted out by revolutionary tribunals. Bazargan's provisional government found itself increasingly circumvented, outmaneuvered, and overruled by the unrestrained excesses of revolutionary committees (komitehs) that invoked Khomeini's name while arbitrarily intervening in all aspects of Iranian life. The schism between the religious cum political komitehs accountable only to Ayatollah Khomeini and the more moderate secular provisional government grew increasingly wide and finally led to the fall of the Bazargan regime in November 1979 when it refused to sanction the illegal seizure of the U.S. Embassy in Tehran.

The collapse of Bazargan and the onset of the hostage crisis ushered in the second stage of the Iranian revolution. With the secular moderates discredited and derided for being "soft" on the United States, the Revolutionary Council seized the reins of government. The newly formed Islamic Republican Party (IRP), the political arm of the fundamentalist Islamic clerics, rapidly developed a hammerlock on Iranian political life. The American hostages became symbolic pawns in the revolutionary power struggle as they were incorporated into a traditional Iranian pastime: the manipulation of foreign powers or nations to influence Iranian

domestic politics.² The prolonged hostage crisis gave Islamic fundamentalists considerable domestic political benefits. The occupied embassy compound served as a lightning rod for protest that distracted Iranians from festering social and economic problems that the mullahs (Islamic clergy) were ill-prepared to resolve. It rekindled the fires of revolutionary zeal and provided a menacing external enemy that temporarily reunified the radical left and the Islamic right, each of which perceived the United States as a threat to hard-won revolutionary gains.

In January 1980, Abolhassan Bani-Sadr was elected president of Iran with 75 percent of the vote. He had been Khomeini's chief lieutenant during his exile in Paris and the leading revolutionary theoretician in the aftermath of the Shah's overthrow. But Bani-Sadr proved to be an ineffective leader who failed to establish a political party or an institutional power base to enhance his authority. Although a popular figure, he was unable to translate his personal popularity into real political power. Like Bazargan, Bani-Sadr constantly clashed with the militant fundamentalists over where to draw the line between Islam and the practical requirements of government. Throughout 1980, the IRP, with a majority of the seats in the Iranian parliament (Majlis), whittled down Bani-Sadr's powers until he was little more than a figurehead. They hamstrung his efforts to negotiate a deal to resolve the hostage crisis and sniped at him for his eagerness to reach a compromise with the "Great Satan" -- the United States. The outbreak of the war with Iraq in Fall 1980 gave the beleaguered president a political breathing spell. He made himself a focal point for Iranian patriotism by making high profile visits to the battlefield and castigating the fundamentalists for not trying harder to resolve the hostage impasse, which had provoked the arms embargo that hindered the Iranian war effort.

Pressure from the right continued. By Spring 1980, therefore, Bani-Sadr began seeking political allies on the left. His flirtation with the radical Islamic socialist Mujaheddin-e-Khalq (People's Strugglers) and his efforts to cultivate close relations with the armed forces alarmed Ayatollah Khomeini. When Bani-Sadr refused to terminate his association with the Mujaheddin, Khomeini set in motion the final "Bazarganization" of Bani-Sadr. On June 10, Bani-Sadr was stripped of his post as Commander-in-Chief of the Iranian armed forces. He went into hiding, was dismissed as president on June 22, and fled to France in July in the company of Massoud Rajavi, the leader of the Mujaheddin.

The fall of Bani-Sadr signalled the beginning (to) the third stage of the revolution -- the final purge of the secular modernists and a plunge into clerical fascism. The IRP had successfully

² For a more detailed analysis of the hostage crisis, see James Phillips, "Iran, the United States and the Hostages: After 300 Days," Heritage Foundation Background No. 126, August 29, 1980.

mobilized the ardently religious urban poor and lower middle classes to squeeze the professional middle class and the liberal intelligentsia completely out of the revolutionary power structure. Because there was no longer any middle ground between the radical left and the Islamic right, political violence between rival extremist groups became commonplace. A reign of terror began. The Mujaheddin fought a series of street battles with the Revolutionary Guards in an effort to spark a popular uprising among the growing number of people disenchanted with the harsh rule of the IRP.

However, the expected support was not forthcoming either because it was not there in the first place or because potential opponents of the regime were intimidated by the ruthless repression that the IRP brought to bear upon the opposition. The Mujaheddin were apparently more successful in staging individual acts of terrorism. On June 28, they bombed IRP headquarters killing IRP strongman Ayatollah Beheshti along with seventy other IRP leaders; in a bombing on August 30, they killed Bani-Sadr's successor, President Rajai along with his prime minister, Muhammad Javad Bahonar.

The IRP response to the terrorism of the Mujaheddin was a massive wave of arrests and summary executions. Over 2,700 suspected opponents of the regime are believed to have been shot since June 1981, some of them disdainfully wrapped in American flags as if they were American agents. Bodies often are not released until weeks after execution to disguise signs of torture, believed to be widespread. One revolutionary prosecutor ruled that Iranians down to the age of nine years old could be executed if found guilty of "crimes against God," a catchall phrase used to describe moral, criminal, and political offenses. Although the total number of executions is unknown because the present regime has stopped giving public notice of them, Amnesty International estimates that over 4,300 people have been executed since Khomeini came to power. This is many times more than the number executed for political reasons during the Shah's entire thirty-eight year reign.

Presiding over Iran's reign of terror is President Hojatolislam Ali Khamenei, elected to office in October 1981 without having made a single campaign speech. Both Khamenei, the first cleric to hold the presidency, and new Prime Minister Mir Hussein Moussavi, are IRP hardliners pledged to resolutely suppress dissident political and ethnic groups while relentlessly waging war against Iraq. Since both leaders enjoy only limited public support outside the fundamentalist camp and neither has demonstrated a willingness or ability to compromise with centrist groups, the polarization of Iran's body politic is likely to continue.

Former Foreign Minister Sadegh Ghotbzadeh was arrested in early April for his alleged participation in an assassination attempt against Ayatollah Khomeini. Ayatollah Shariatmadari, a moderate religious leader who is critical of the extensive involve-

ment of the clergy in politics, was accused of complicity in the assassination attempt. It is apparent that the IRP hardliners are seeking to discredit moderate clerical and secular leaders in order to attain undisputed control of post-Khomeini Iran.

IRAN'S FOREIGN POLICY

The revolution transformed Iran from a pro-Western bulwark against communism and an integral part of America's "twin pillar" strategy in the Gulf, into a virulently anti-Western nonaligned state. Although Tehran denounces both superpowers and trumpets Khomeini's slogan "Neither East nor West," the fundamentalists clearly consider Washington the greater threat to their revolution. Hence, the United States is the "Great Satan" while the Soviet Union is referred to as the "Lesser Satan." The cardinal tenet of Iranian foreign policy vis-a-vis the superpowers is the principle of "negative equilibrium" (movazen-e manfi) originally espoused by the anti-Shah nationalist leader, Mohammed Mossadegh in the early 1950s. The aim is to safeguard Iranian independence by preventing either superpower from establishing hegemony over Iran in the military, political, economic, or cultural sphere.

In the regional political arena, revolution transformed Iran from a secular status quo power into an aggressive promoter of radical change vying for the leadership of the Islamic world. Under Khomeini, Iran abandoned its tacit alliance with Israel, which Iran had used as a counterweight to the Arab world, broke relations with Israel and Egypt, and recognized the PLO.

Ayatollah Khomeini does not see himself as the leader of a nation but as an inspired spiritual leader of Shiite Islam, a faith that recognizes no national boundaries. As the self-appointed spiritual guide of Shiites everywhere, Khomeini has attempted to replace the loyalty of Shiites to their local regimes with a broader loyalty to the Shiite clergy in general and the victorious Shiite revolutionary forces in Iran in particular. Because the Shiites of the Gulf region generally belong to the lower economic strata and are treated as second-class citizens by the ruling Sunni regimes, there exists a wellspring of discontent for Khomeini to tap and exploit. He already is considered responsible for inciting violent civil disorders among Shiites in Iraq (55 percent of the Iraqi population) and among the 250,000 Shiites in Saudi Arabia's eastern province. Armed political action cells disguised as Shiite study groups have been uncovered in Kuwait and are believed to be part of a Gulf-wide arms-smuggling network.

Iran also backed an abortive coup in Bahrein in December 1981 during which seventy Shiite Arabs were arrested for conspiring to overthrow the ruling al-Khalifa family. Although the Shah withdrew Iran's claim to Bahrein in 1970 after a U.N.-supervised plebiscite indicated that the vast majority of the population favored independence, the revolutionary Islamic Republic has reasserted Iran's centuries old claim to Bahrein, the island-state

often referred to as Iran's "sixteenth province." In addition to Bahrein, the emirates of Dubai and Kuwait contain large Shiite minorities, which may be susceptible to Khomeini's brand of Islamic politics since many are of Iranian descent and still speak Farsi.

The Arab states of the Persian Gulf reacted in an extremely defensive manner when confronted with Iranian attempts to export its revolution. In early 1981, Saudi Arabia, Kuwait, Bahrein, Qatar, Oman, and the United Arab Emirates formed the Gulf Cooperation Council, a collective security arrangement designed to protect its members from Iranian military and subversive threats. Saudi Arabia requested AWACS planes from the United States to help protect its oilfields and worked to improve relations with Iraq to offset worsening relations with Iran. Iraq's Baathist regime decided that the best defense against Iran was a good offense. Iraqi President Saddam Hussein launched a military attack against Iran in September 1980 designed to: 1) humble the strident Shiite revolutionaries, if not topple them from power; 2) force Iran to suspend its destabilization campaign within Iraq as well as the other Gulf states; 3) redraw the Iraq-Iran border by giving Iraq full control over the disputed Shatt al-Arab waterway; and 4) demonstrate the power of the Iraqi military machine and establish Iraqi military supremacy in the Persian Gulf.

However, the Iraqis clearly underestimated the strength of Iranian resistance. Although successful in occupying a wide swath of Iranian territory in the early days of the war, Iraq lacked the willingness or the ability to deal the Iranians a crushing blow. The Iraqi generals were chosen on the basis of their political loyalty, not their military acumen. Iraqi strongman Saddam Hussein, moreover, was anxious to avoid heavy casualties for fear that his heavily Shiite army would become demoralized or that his countrymen would turn against his adventurous undertaking. On the other hand, militant Shiitism extols martyrdom above all else. The Iranians, particularly the fanatical Revolutionary Guards, thus were willing to sacrifice their lives to defend their revolution. During 1981, the Iranians stopped the Iraqis in their tracks and drove them back across the Karun River. In late March 1982, a major Iranian offensive pushed the Iraqis back along a broad front. In 1982, the Iranians will probably be able to sustain their offensive momentum and cross the border to carry the war into Iraq. Time appears to be on their side, given their superior fighting spirit, greater willingness to bear the costs of a war of attrition, and three-to-one advantage in terms of population.

Saddam Hussein has shown signs of increasing desperation. He has offered "unconditional cooperation" with any Iranian opposition group and has solicited armed volunteers from Jordan and Egypt. To finance the war, which costs an estimated \$1 billion per month, Hussein has been forced to borrow \$12 billion from Saudi Arabia, \$6 billion from Kuwait, \$4 billion from the

United Arab Emirates, and \$2 billion from Qatar. Tentative Iraqi peace feelers have been adamantly rejected by the Iranians who proclaim their willingness to fight on until the Iraqis have withdrawn from Iranian territory, admitted that they were the aggressors, paid reparations of up to \$150 billion and taken back 120,000 refugees of Iranian descent that they have expelled from Iraq in the last two years. In mid-June, the Iraqis proclaimed a unilateral cease-fire and promised to totally withdraw from Iranian territory within ten days. The Iranians remain unappeased and have stated their determination to continue the war until Saddam Hussein steps down or is overthrown. At this point, Iran seems to be on the verge of inflicting a humiliating defeat on Iraq, thereby assuring its military primacy in the Persian Gulf for years to come.

THE SOVIET UNION AND IRAN

The Kremlin had a cool but correct working relationship with the Shah and did not jump on the revolutionary bandwagon until Fall 1978 when one of its propaganda organs, the National Voice of Iran, began inflammatory radio broadcasts from inside Soviet territory. Once the Shah had been ousted, the Soviets downplayed the role and power of the religious opposition in the revolution and held the Moslem fundamentalists in low regard except as a temporarily useful disruptive force. Pravda often referred to the Iranian Islamic Republic by deleting "Islamic" from its name and contended that the revolution would not be complete until "progressive" elements had seized control of the country. The Soviet-controlled Tudeh communist party criticized the provisional government, Bani-Sadr, and the Moslem clergy but resisted direct attacks on Ayatollah Khomeini.

Moscow had little to lose by trying to stay on the right side of such a militantly anti-American leader. Although Khomeini's vision of a pan-Islamic theocratic state poses a long-term threat to the loyalties of the fifty million Moslems under Soviet rule, Khomeini's activities are a much greater threat to Western interests in the short term. The USSR was gratified by the Ayatollah's expulsion of American military advisors, the closure of American electronic intelligence gathering facilities on the Soviet border, the end of Iran's role as Persian Gulf "policeman," and the open toleration of the long outlawed Tudeh party. Khomeini had done what Moscow never had been able to do -- neutralize the pro-Western "northern tier" alliance that shielded the Persian Gulf from Soviet pressure.

In return, the Soviets sought to ingratiate themselves with the Iranians. During the hostage crisis, they vetoed the U.N. Security Council resolution calling for sanctions against Iran, offered the Iranians spare parts and advisors to keep their oil industry going, and allowed the Iranians extensive transit privileges to circumvent the economic embargo imposed on them by the U.S. While the Soviets officially have maintained neutrality in

the Iraq-Iran war, they in effect have tilted to Iran by limiting their arms shipments to Iraq and sending arms to the Iranians through Syria, Libya, and North Korea. Approximately 100 Soviet technicians are reportedly helping to repair Soviet-made tanks captured from the Iraqis.

The Soviet Union has upgraded economic relations with Iran as well. Bilateral trade in 1981 reached a record \$1.2 billion, approximately 30 percent higher than in 1978, the Shah's last year in power. About 60 percent of Iran's foreign trade is now with the Soviet bloc. On February 15, 1982, Iranian Energy Minister Hasan Ghafurifarad signed a protocol in Moscow for "accelerated" economic and technical cooperation. The protocol is believed to commit the Soviets to augmenting the number of their economic advisors in Iran working on approximately fifty joint industrial projects. The Iranian Energy Minister's trip to Moscow may also presage the resumption of Iranian natural gas exports to the Soviet Union (long-interrupted by a bitter price dispute) and stepped-up purchases of Iranian oil by Moscow and its Eastern European satellites.

There are now up to 2,000 Soviet advisors in the country, many of whom are believed to be working for the KGB. While this is about the same number as were present in the Shah's last days, it is feared that the Iranian security forces are no longer willing or able to monitor the advisors' activities. The Soviets reportedly also have sent internal security advisors to Iran to strengthen the Iranian intelligence and security forces.³ Yet Iranians traditionally are fearful and suspicious of their Russian neighbors and would be extremely reluctant to invite them to manage internal Iranian affairs. With the exception of Poland, probably no country in the world has had more experience fending off Soviet imperialism. The Soviets have long manipulated Iranian separatist movements to weaken Iran's central government. In 1920, they supported the Gilani uprising of Kuchak Khan and in 1946 they made an abortive attempt to create puppet regimes in Azerbaijan and Kurdistan. The Soviet army left northern Iran after World War II only under heavy American pressure.

The Iranians' almost innate hostility to communism and Soviet atheism has been inflamed further by the Soviet invasion of Afghanistan. Khomeini repeatedly has denounced the Kremlin for its intervention but has paid little more than lip service to the Afghan national cause, particularly in the months since the Soviets offered Iran help in circumventing the American economic embargo. Although Iran's people sympathize with the Afghans, Iran's rulers fear that the one million Afghan refugees inside Iran are potential American proxies. The Soviets have exploited these fears along with fears about Pakistan's improved relations with Washington to enhance their own standing vis-a-vis the IRP.

³ See "Big Brother Moves In," Time Magazine, November 23, 1981, p. 44.

Soviet-Iranian relations have been strained by the Kremlin's refusal to accept Iran's unilateral abrogation of the 1921 Soviet-Iranian treaty, an agreement that gives the Soviets the right to intervene in Iran if any other power should occupy Iran or use Iran as a base against the U.S.S.R. Moscow's stubborn insistence that the treaty is still in force is an ominous sign that it contemplates intervention under some circumstances.

The Soviets currently have deployed 24 divisions, some 200,000 men, along their 1,600-mile border with Iran. Although the force has been considerably reinforced since the fall of the Shah, the bulk of its units are kept at reduced readiness levels and it would take several weeks for them to be built up to full strength. An outright Soviet invasion would be highly unlikely in the foreseeable future, given the generally satisfactory state of Soviet-Iranian relations, the fact that the Soviets remain preoccupied with Afghanistan, and the heavy opposition and high casualty rates that the Soviets could expect to sustain in a military operation against Iran as long as the spirit of martyrdom inspires the Revolutionary Guards. A more likely scenario is the provision of Soviet Azerbaijani or Turkoman "volunteers" to aid the Tudeh party in the event of a civil war.

The current Soviet-Tudeh strategy vis-a-vis Iran is an attempt to curry favor with Khomeini, ride in his wake, and outlast him in hopes of being in a position to pick up the pieces when the IRP regime falls apart. The Soviets need not rely on brute military strength to work their will in Iran. They can offer carrots in the form of economic aid and technical assistance or they can brandish sticks by threatening to support such separatist groups as the Kurds or to throw their weight behind the Iraqis. Their strong suit is the mafia-style protection that they can furnish to Tehran -- insurance against internal and external security threats. The longer Iran's slow-motion civil war drags on, the more tempted the IRP will be to sign on.

THE UNITED STATES AND IRAN

Under the Carter Administration, the United States obsessively searched for moderates in Iran to negotiate with -- first the stillborn Bakhtiar regime, then Bazargan, and finally Bani-Sadr. By seeking moderates, Washington played into the hands of the hardline Islamic fundamentalists and allowed them to manipulate Iran's anti-American backlash as a means of isolating and discrediting the moderates. The open courting of Bazargan's provisional government also undoubtedly played a role in the militants' decision to seize the U.S. Embassy in Tehran. Concerned that the growing detente between the provisional government and Washington would pave the way for a restoration of American influence in Iran, the Islamic right took direct action to block it.

In contrast to the Carter Administration which geared its diplomacy to Iranian moderates, the incoming Reagan Administration

targeted its public statements for the ears of the hardliners, warning that negotiations for the release of the hostages would become much tougher and might be accompanied by military sanctions unless the matter was resolved quickly.⁴ Under the terms of agreement, the United States was committed to lift all economic and political sanctions against Iran, waive all damage claims by the hostages and their families against Iran, assist Iran in recovering the Shah's wealth, and promise nonintervention in Iranian internal affairs. Reagan wisely rejected revenge as unworthy of the United States and held out the prospect of future cooperation with Iran once a stable government was installed that obeyed international law.

Iranian-American relations have remained limited to low-level contacts in the last year. The Swiss Embassy in Tehran looks after American interest in Iran, and the Algerian Embassy does the same for Iranian interests in the United States. The claims settlement tribunal created to facilitate the litigation of commercial claims between the two countries is bogged down in procedural issues. The arbitration of disputed claims is scheduled to begin this fall. Almost 4,000 American claims, totaling roughly \$4 billion, have been filed against Iran.

The Reagan Administration's policy toward Iran seems one of benign neglect: keeping relations with Iran low-key and low-level in the hope that time will close the wounds that have marred bilateral relations. At the same time, the Administration has not gone out of its way to do favors for the Iranians without a quid pro quo. Example: in December, Washington blocked a request from an Iranian concern seeking to purchase arms from an American weapons manufacturer.

In late April 1982, the United States signed an agreement to buy 1.8 million barrels of Iranian oil for the Strategic Petroleum Reserve at a cost of \$53,120,000. Although the purchase price was a relative bargain (\$29.51 a barrel, or \$4.49 less per barrel than the official OPEC price), the political costs were heavy. Iranian oil had been excluded from the American market since the onset of the hostage crisis in November 1979, although the formal ban on imports of Iranian oil was lifted under the terms of the U.S.-Iranian agreement that freed the hostages. Friendly Arab Gulf states were stung by the offhanded manner in which the U.S. government opened up the American market to Iranian oil at the same time that they were feeling increasingly threatened by Iran's aggressive foreign policy. In their eyes, to save a few million dollars, Washington had turned a blind eye to the anxieties of its Arab friends and rewarded its uncompromising Iranian antagonists by, in effect, subsidizing their war with Iraq. If

⁴ President Bani-Sadr later admitted that the hostages were eventually freed primarily "out of fear of Reagan." Interview with Bani-Sadr, SAIS Review, Winter 1981-82, p. 9.

Washington is still hopeful of salvaging some sort of "strategic consensus" in the Gulf, this clearly is not the way to go about it.

With the exception of the Iranian oil deal, the Reagan Administration's low-key policy is probably the most realistic choice since the U.S. lacks any real influence over Tehran. Future U.S. policy will depend on the outcome of the revolutionary power struggle now taking place in Iran.

POST-KHOMEINI IRAN

The revolution against the Shah was centered in the cities and any new Iranian opposition movement must triumph there if it is to overthrow IRP hardliners. Power in Iran is measured by crowds in the street. The mullahs have had the upper hand because they control an extensive network of mosques with which to mobilize the religious lower classes and they enjoy the backing of the charismatic Khomeini who can fill the streets at a moment's notice. There are nonetheless signs that the IRP's base of mass support is fraying at the edges. Although working class families continue to look to local mullahs for direction, unhappiness with central government incompetence and corruption is growing. The urban poor still revere Khomeini, but the surviving IRP leaders lack such widespread personal popularity.

Once Khomeini dies, the IRP will lose its major drawing card and chief source of legitimacy. Khomeini's heir apparent, Ayatollah Montazeri, possesses neither Khomeini's personal charisma nor his political acumen. There has been talk about setting up a ruling council of three to five members that would fill the vacuum created by Khomeini's departure. This would work in the short run but is likely to increase factionalization within the IRP over time since nobody is capable of playing Khomeini's role as the balance wheel of the revolution.

Khomeini's passing is also likely to expose the rift within the Shiite religious establishment over the proper role of the clergy in politics. Shiite leaders affiliated with the religious schools of Mashad are critical of the deep political involvement of the activist clergy based at Qom. Several senior ayatollahs, who have withheld their criticism of the IRP in deference to Khomeini, will no longer feel constrained once Khomeini is gone. Such high level religious opposition would be a serious threat to the IRP because it would erode the moral absolutism that is the chief source of its strength.

The IRP has also begun to alienate another important segment of Iranian society -- the bazaaris (urban merchants). These staunch Islamic traditionalists provided the financial backing for the revolutionary forces, but many of them have become disenchanted because of Iran's deteriorating economic condition and their own declining economic status. In late 1980, Khomeini

attacked the bazaaris for preferring profits to revolution, and in July 1981, two prominent bazaaris were executed for anti-state activities. Widespread dissatisfaction among the bazaaris would be dangerous to the IRP because the merchants have the organization and financial resources to help build a potent opposition movement.

Iran was led by three different presidents and four different prime ministers in 1981. This rapid turnover, especially the impeachment of Bani-Sadr by the IRP-controlled Majlis, undoubtedly has undermined the legitimacy of the present rulers. The food shortages, high unemployment, and rampant inflation give the opposition exploitable issues that are likely to swell its number. The IRP's repressive tools -- the Pasdaran (Revolutionary Guard), Savama (the reincarnation of Savak), and the Hezbollahi (followers of the Party of God, a loosely organized group of religious urban poor who disrupt anti-regime demonstrations) -- are currently strong enough to suppress the opposition. The IRP, however, will probably become increasingly dependent on the armed forces to back up its coercive apparatus as well as subdue the Kurds, who have been fighting the central government on and off since the fall of the Shah.

The Army was traumatized by its bloody attempts to suppress civil uprisings in the last months of the Shah's regime and by repeated purges since the revolution. Troop morale has recently been revived by the patriotic impulses stirred by the Iraq-Iran war. Gradually the Army is recovering the unity, autonomy, and prestige necessary for political intervention. When Iranians tire of the shrill apocalyptic fervor of the fundamentalist true believers, they may look to an Iranian "Bonaparte" to restore order. While the Army is currently preoccupied by the Iraq war, the ambitions of its leaders eventually may pull it in other directions, particularly if military leaders are encouraged to enter politics by the bazaaris or moderate Shiite clerics. Given the wholesale removal of American-trained military officers, a military coup would probably not result in a Western-type secular government but in an Islamic military regime.

The chief threat to the IRP now is the Mujaheddin, a seasoned, tightly knit group denounced as "Islamic-Marxist" by the Shah and as "hypocrites" by Khomeini. Formed in 1965, the Mujaheddin profess an egalitarianism derived from a radical reinterpretation of Islam. Although socialist, the Mujaheddin's strong nationalism puts it at odds with Moscow. Dual Islamic and revolutionary credentials make the Mujaheddin the only leftist group with mass support. The bulk of its membership is drawn from the educated middle-class youth, although it also has a following among the industrial workers and young military officers.

The Mujaheddin functioned as a loyal opposition until the June 1981 ouster of Bani-Sadr when they went underground and tried to trigger a mass uprising against the IRP. They have suffered heavy losses in the last six months and their second in command, Musa Khiyabani, was killed by the Revolutionary Guard in

early February. Yet their well-armed 10,000 to 20,000 members continue to mount bloody hit-and-run attacks on the IRP. In October 1981, Mujaheddin leader Massoud Rajavi and former President Bani-Sadr formed a government in exile in Paris called the National Council of Resistance. The Mujaheddin will undoubtedly remain a force in Iran for some time; it is questionable, however, whether they will be able to expand their base of support as the universities, their natural recruiting grounds, have been closed since the April 1980 "cultural revolution."

The other radical leftist groups have become inconsequential. The Fedaye-e Khalq, a secular Marxist organization, splintered in June 1980 into a majority faction, which parrots the Tudeh party, and a minority faction, which has all but merged with the Mujaheddin. The small Maoist Peykar organization is an increasingly isolated clique dying a slow death.

The Iranian exile community is also factionalized. Up to sixty political organizations exist among the half million Iranian expatriates living in the United States and Europe. The exile groups remain bitterly divided and their chief assets -- their connections with the Iranian armed forces -- have been severely eroded by purges. The National Iranian Resistance Movement led by former Prime Minister Bakhtiar and the Iranian Salvation Movement led by General Gholam Ali Oveissi have been discredited within Iran by their ties to Iraq. The paramilitary Azadegan ("Free Man") organization led by General Bahram Aryana has demonstrated a talent for symbolic operations such as the hijacking of an Iranian gunboat in France, but has little political support within Iran. The Shah's son Reza Pahlavi, has virtually no support within Iran and is unlikely to return to Iran as Shah. Admiral Madani, a nationalist with both anti-Shah and anti-Khomeini credentials, is reportedly organizing a small paramilitary force in eastern Turkey and has perhaps the best long-term political prospects of all exiled political figures. However, he is severely handicapped by his collaboration with Khomeini in the early days of the revolution. Moreover, in the short term he, like the others, will not be a factor where it counts the most -- on the streets of Iran's cities.

While these groups compete with each other in open opposition to Khomeini, the Tudeh party is obsequiously echoing the IRP line and biding its time. The IRP detests the Tudeh but recognizes it as a useful anti-American ally. Moreover, the Tudeh has apparently infiltrated the Mujaheddin and has cooperated with the IRP to eliminate them. At the same time, the Tudeh is believed to have infiltrated the government bureaucracy and perhaps even the IRP itself. As Iran's economic situation deteriorates, Iran's politics are likely to become increasingly dominated by economic problems that the IRP is ill-equipped to solve. At some point the Tudeh is likely to break ranks with the IRP (if it is not purged by the IRP first) and try to mobilize the growing army of the unemployed in a bid for power. Although the Tudeh has historically been reviled by most Iranians for its close ties to Moscow, its ranks

may be swelled by a bandwagon effect if Iranians should become resigned to a Tudeh-Soviet victory.

CONCLUSION

The Iranian revolution has passed through three stages -- the ouster of the Shah, the ouster of Bazargan, and the ouster of Bani-Sadr. Ayatollah Khomeini's departure from the political scene will usher in the fourth stage by considerably undermining the popularity and legitimacy of the IRP regime. Although the United States and Iran are natural allies with a common interest in preserving Iranian independence and territorial integrity, the IRP sees the U.S. as a cultural threat to traditional Iranian values and as a political threat to its own power. Mutually beneficial relations with Iran will be possible only after the IRP hardliners have been replaced by a more pragmatic set of leaders. U.S. relations, therefore, should not be restored fully with Iran until the IRP has been squeezed out of power. To restore full bilateral relations any sooner would only invite another embassy seizure.

As long as Tehran insists on fomenting revolution in neighboring countries, the United States must forego the purchase of Iranian oil. In time of worldwide oil glut, Americans should not be subsidizing Iranian revolutionary plots any more than they should be subsidizing Libyan support for international terrorism.

The United States should keep open lines of communication with the many Iranian political groups working to overthrow the IRP. Washington should not openly endorse any of them, however, for that would only fatally handicap them in Iranian domestic politics where anti-Americanism is de rigueur. While the exile groups are vociferous and well-financed, they are by and large out of the action. The groups with the best chance of replacing the IRP are inside Iran -- the Mujaheddin, armed forces, Tudeh and shattered secular moderates. Washington should make it clear to these groups, and to the wavering bazaaris and clerical moderates, that the U.S. could live with and support a truly non-aligned Islamic Iran but not a pro-Soviet Iran. By letting the Iranian opposition know that the American door is still open to them, the United States would minimize their willingness to cooperate with Moscow and its Tudeh surrogates.

Washington should not openly work to undermine the IRP. This would only discredit the opposition and nudge the IRP into a more intimate embrace with the Soviets. Instead, the U.S. should wait patiently for Iranian opposition groups to build up their strength and encourage them to unite to pool their resources. In the meantime, the United States should strengthen its covert information-gathering capabilities concerning Iran, particularly in regard to Soviet activities within the country. Washington is currently overly dependent on information supplied by Iranian exile groups, who have their own vested interests. Until a

clearer picture emerges of conditions inside the country, American moves to erode the powerbase of the IRP are likely to be counter-productive.

Washington should maintain its neutral position vis-a-vis the Iran-Iraq war. Saddam Hussein is no friend of the West and does not merit any assistance from Washington. His downfall is increasingly likely, and any effort to postpone it would serve only to prolong the war, raise Iran's diplomatic asking price for peace, and strengthen Soviet-Iranian military cooperation. Given the Soviet Union's abandonment of Iraq in pursuit of a more promising relationship with Iran, Saddam Hussein's successors in Baghdad could be expected to seek increased Western economic and technical support and perhaps reestablish diplomatic relations with the United States, broken during the 1967 Arab-Israeli war. Washington should strive to shield its Arab friends in the Gulf from Iranian aggression but should leave Saddam Hussein to fend for himself. Hussein's fate would then serve as an object lesson to other Middle Eastern regimes and reinforce the lessons learned by Siad Barre of Somalia, Mohammed Daoud and Hafizollah Amin of Afghanistan: those that make a pact with the Kremlin are likely to be discarded by the Soviets at a moment's notice when they are no longer useful.

Finally, U.S. policy toward Iran must be conceived in the context of East-West relations as well as regional considerations. Washington should clearly signal Moscow that, despite the poor state of U.S.-Iranian relations, the U.S. remains strongly committed to Iran's independence and territorial integrity. Without such a signal, Moscow could misjudge dangerously the American reaction to Soviet adventurism in Iran in the 1980s in much the same manner that it misjudged the American reaction to its Korean gambit in 1950. An unambiguous American commitment to prevent Iran's falling into the Soviet zone of control would go far to deter Soviet intervention, constrain Soviet options, and encourage Iranian anti-communist forces.

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