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PLANNING FOR A POST-KHOMEINI IRAN

INTRODUCTION

Iranian leader Ayatollah Ruhollah Khomeini is 85 years old and in declining health. He probably soon will pass from the Iranian political scene. The power struggle to succeed him already has begun and will intensify once he is gone. The time has come, therefore, for the United States to position itself to establish a working relationship with post-Khomeini Iran.

Iran remains a key piece of the global geopolitical jigsaw puzzle. The West cannot afford to ignore Iran because it looms large as a dominant regional power and forms a critical buffer between the Soviet Union and the oil-rich Persian Gulf. A Soviet-dominated Iran would become a strategic stepping stone that could enable Moscow to establish hegemony over the 55 percent of the world's oil reserves located in the Persian Gulf and ultimately to gain dangerous leverage over Western states dependent on that oil. Clearly, the primary long-term U.S. goal must be to prevent such Soviet control.

Protecting U.S. Interests. In the short term, the main challenge to U.S. interests in the Persian Gulf comes from Iran, not the Soviet Union. Iran is not just a passive strategic prize but an aggressive revolutionary state bent on exporting its radical brand of Islamic fundamentalism throughout the Muslim world. The key objective for U.S. policy is to reconcile its near-term goal of containing the destabilizing effects of the Iranian revolution with its long-term goal of averting Soviet penetration of the Persian Gulf region. This means devising policies that protect U.S. interests and friends in the Middle East from Iranian aggression without facilitating the southern expansion of the Soviet empire.

Ayatollah Khomeini is best understood as the leader of a revolution, rather than the leader of a state. Washington must craft a policy that takes into consideration the dynamics of Iran's ongoing revolution, not just Iran's geopolitical interests. There are no "moderates" left in Iran's ruling regime. Such men were discredited and discarded long ago. But there are pragmatists who have tempered their revolutionary militance with a realistic appreciation of Iran's international

position and the needs of its people. Washington should learn from past experience and avoid reaching out publicly to the least hostile Iranian factions, which would only discredit them. Instead, the U.S. must penalize the Iranian hardliners, not merely reward the softliners.

Carrots and Sticks. As long as Ayatollah Khomeini survives, the U.S. ability to influence Iran remains limited. The U.S. can present Iran with disincentives to terrorism in the form of arms embargoes, oil boycotts, support of Iranian opposition groups, U.S. warships patrolling the Persian Gulf, and the threat of military reprisals. Once Khomeini is gone, however, Iran's revolutionary ardor is likely to cool, and American incentives will grow more appealing. After Khomeini's demise Washington should patiently offer Iran carrots in addition to sticks. Among them:

- ◆◆ Help Iran negotiate an end to its war with Iraq on terms that do not threaten other Gulf states.
- ◆◆ Offer economic and technical aid in rebuilding Iran's war-torn economy, particularly the oil and manufacturing industries.
- ◆◆ Offer cooperation against Soviet military and subversive threats to Iran and other regional states, particularly Afghanistan.
- ◆◆ Offer to eschew U.S. support of Iranian opposition and separatist groups in return for a reduction of Iranian support for anti-Western terrorist and revolutionary groups.

The long-term U.S. goal should be to build a working relationship with an Iran that maintains its territorial integrity, acts as a barrier to the southern expansion of Soviet influence, renounces terrorism, and ceases efforts to export revolution.

IRAN'S REVOLUTIONARY POLITICS

The Iranian revolution is a living volcano that spews destabilizing political lava throughout the Middle East. The 1979 overthrow of Shah Mohammed Reza Pahlavi by a broad *ad hoc* coalition of divergent political groups was only the opening phase, not the culmination of the revolution. In a series of purges, radical Muslim fundamentalist clerics systematically stripped away the power and legitimacy of liberal nationalists, Islamic socialists, and radical leftists. Led by the wily Ayatollah Khomeini, the fundamentalists divested rival groups of power before they could develop a solid domestic base of support or foreign patronage.

History of Revolution. The fundamentalists were acutely aware that four times in the past century Iranian revolutionary coalitions of Westernized and Islamic elements failed to sustain their political gains when the Westernized factions defected from the revolutionary camp. Most recently, the Shah was overthrown in 1953 but had been restored to power in a U.S.-supported coup when elements of the Iranian military defected from Mohammed Mossadegh's revolutionary movement. Hard-line fundamentalists were therefore chagrined to find the Carter Administration

seeking reconciliation with the moderate provisional government of Prime Minister Mehdi Bazargan within months after the fall of the Shah. On November 1, 1979, National Security adviser Zbigniew Brzezinski met Bazargan and Iranian Foreign Minister Ibrahim Yazdi in a high profile meeting in Algiers. To block a restoration of the U.S. connection and discredit Bazargan's moderate approach, Iranian fundamentalists sacked the U.S. Embassy in Tehran on November 4, 1979, and plunged Iran into the 444-day hostage crisis.

This event was mainly an outgrowth of the power struggle within the fraying revolutionary coalition that had toppled the Shah. The fundamentalists engineered taking the hostages to undermine the provisional government by underscoring its lack of authority, to expose secular moderates as American sympathizers, and to steal a march on the growing leftist camp by monopolizing the popular anti-American soapbox. The long-running crisis also served to rekindle waning revolutionary fervor and distract attention from festering economic and social problems that the fundamentalists were ill-prepared to resolve.¹

Useful Tools. As the crisis dragged on, the hostages became useful tools in the fundamentalist campaign to whittle away the power of Bazargan's successor, Abolhassan Bani-Sadr, elected President in January 1980. A socialist economist with strong Islamic beliefs, Bani-Sadr was not a full-fledged member of the fundamentalist camp and was critical of the embassy seizure, which he perceived as counterproductive. Bani-Sadr's diplomatic efforts to defuse the crisis were denounced by hard-line fundamentalists and repeatedly vetoed by Ayatollah Khomeini.

A weakened Bani-Sadr was permitted by the fundamentalists to end the hostage crisis only after the September 1980 outbreak of the Iran-Iraq war gave radicals an alternative means of galvanizing popular support. Outmaneuvered by his fundamentalist rivals, Bani-Sadr fled into exile in July 1981 after his followers were overwhelmed by fundamentalists in bloody street clashes.

Bani-Sadr's ouster and the purge of the *Mujahideen-e-Khalq* (People's Mujahideen Organization) enabled the fundamentalists, now organized as the Islamic Republican Party, to gain total control over the organs of government. Since then, Iranian domestic politics essentially has become a dialogue between factions of fundamentalists. Because they share common values, goals, and loyalty to the charismatic Khomeini, their differences generally are tactical in nature. Political alignments are issue specific, with kaleidoscopic *ad hoc* coalitions shifting according to the question at hand. Personal rivalries, rather than institutional affiliation or ideological affinities, tend to dominate politics.

Ultimate Arbiter. The quasi-deification of Khomeini as the supreme religious guide (*Velayat-e Faghih*) makes him the ultimate arbiter of political controversies. Khomeini holds himself above the fray of day-to-day politics, but sets the limits of debate and mediates between contending factions on important issues. Most of the top leaders of Iran are longtime disciples of Khomeini. Ayatollah Hussein Ali

1. See James Phillips, "Iran, the United States and the Hostages: After 300 Days," Heritage Foundation *Backgrounder* No. 126, August 29, 1980.

Montazeri, Khomeini's hand-picked heir apparent, is an advocate of moderate domestic policies (greater civil liberties and free enterprise) and aggressive revolutionary foreign policy.

Iran's President, Hojatolislam Ali Khamenei, is a radical who favors state control of the economy, extensive land reform, and maximum efforts to export Iran's revolution. Another of Khomeini's clerical proteges, Hojatolislam Ali Akbar Hashemi Rafsanjani, is the shrewd Speaker of the Majlis (parliament), the dominant branch of the Iranian government. A pragmatic and ambitious behind-the-scenes operator, Rafsanjani has emerged as the prime political powerbroker within the ruling regime. Prime Minister Mir Hussein Moussavi, the only nonclerical figure among Iran's top five leaders, has been hamstrung by the Majlis and carries little weight.

THE POST-KHOMEINI POWER STRUGGLE

In the immediate aftermath of Khomeini's death, Khomeini's hand-picked successor Ayatollah Montazeri is likely to rise to the forefront of Iran's leadership. Although he is Khomeini's protege, Montazeri lacks Khomeini's popular appeal, theological credentials, and political savvy. He will be unable to fill Khomeini's shoes and his authority is likely to be challenged by resentful senior clerics who consider him to be an upstart. Moreover, Ayatollah Mohammed Reza Golpaygani and Ayatollah Hassan Tabatabai Qummi, two of Iran's most revered religious leaders, disapprove of direct clerical rule and favor a return to a traditional, less active clerical involvement in government affairs. They were reluctant to criticize Khomeini's radical activism but are likely to become increasingly forceful in opposing the pervasive role of clerics within the government. This will undermine the moral absolutism that was a prime source of strength to Khomeini's rule.²

Islam's Triumvirate. During what presumably will be an initial honeymoon period, Montazeri is likely to form a triumvirate with Hojatolislam Rafsanjani and President Khamenei. Yet Khamenei's power is waning. He lost an important power base when the Islamic Republican Party was disbanded. He is required by Iran's constitution, moreover, to step down as President when his second term expires in 1989.

Rafsanjani is well positioned for any power struggle. As Speaker, he dominates the parliament and as Khomeini's representative on the Supreme Defense Council, he has established contacts within the military. Furthermore, he is close to Minister of Revolutionary Guards Mohsen Rafiq-Dust, his brother Mohammed controls Iranian television, and he enjoys good relations with Khomeini's son, Ahmed, who will be a key trustee of Khomeini's legacy. Over time, the cunning Rafsanjani may emerge as Iran's chief political leader, consigning Montazeri to figurehead status.

Because there is no precedent for the peaceful transfer of power in Iran, the post-Khomeini power struggle may become violent. Past disputes between rival

2. See Shahrough Akhavi, "Elite Factionalism in the Islamic Republic of Iran," *Middle East Journal*, Spring 1987.

clerical factions already have triggered street clashes and shoot-outs between rival Revolutionary Guard units and may trigger similar incidents in the future. If factional competition degenerates into a slow motion civil war, then military intervention to restore order becomes increasingly possible. Such military action, however, will not resemble the 1953 coup against Mossadegh. The Iranian army today does not have the necessary cohesion or centralized command structure, and further, it will be deployed at the battlefield, far from the centers of power, for as long as the war with Iraq lasts.³ A future coup is much more likely to come from the Revolutionary Guards, Iran's 350,000 man praetorian guard. It is this institution that should be monitored carefully for clues about Iran's future direction.

THE WAR WITH IRAQ

Khomeini regime's overriding short-term foreign policy goal is to win its brutal war of attrition with Iraq. Indeed, with 300,000 Iranians dead by conservative estimates, the regime must achieve a clear-cut victory in the war to justify the enormous human and economic sacrifices. Moreover, the war itself can be laid at the doorstep of Iranian radical fundamentalists since their attempts to export their revolution to neighboring Iraq, combined with Iraqi territorial ambitions, helped trigger Iraq's invasion of Iran in the first place.

The war is much more than a clash of two nations with a long history of enmity. Nor is it just a Persian-Arab clash. It is a collision of two incompatible revolutions--Iran's pan-Islamic fundamentalist revolution against Iraq's Ba'athist pan-Arab secular socialist revolution. At stake for Iran is the future of the revolution and possibly even the survival of the ruling regime.

Fostering Realism. The stalemated war has fostered greater realism in Tehran. Early in the war Iran attempted to offset Iraq's superior firepower with human wave attacks to take advantage superior Iranian manpower. More recently, Iran has altered its strategy to reduce casualties, motivated by a growing war weariness among its people, rising draft evasion, and spontaneous antiwar protests. Anti-government demonstrations protesting the regime's inability to protect its people from Iraqi bombing raids erupted in pro-Khomeini working class neighborhoods in April 1985. Influential religious leaders have publicly asked Khomeini to seek a nonmilitary solution to the conflict.⁴ Even elements of the fanatic Revolutionary Guards have staged an antiwar demonstration urging "forgiveness" of Saddam Hussein.⁵

3. See Nikola Schahgaldian, "The Iranian Military Under the Islamic Republic," RAND Corporation, March 1987.

4. See Shaul Bakhash, "Iran and the Americans," *New York Review of Books*, January 15, 1987.

5. *The Washington Post*, May 17, 1987, p. A31.

THE U.S.-IRANIAN ARMS DEAL

Because the implacable Khomeini ruled out compromise with Iraq, his lieutenants scurried to reduce opposition to the war by acquiring modern weapons to lower civilian and military casualties. Iranian officials, operating through a facade of Iranian, Saudi, and Israeli middlemen, contacted American officials in search of these weapons. The U.S. had been the chief arms supplier to Iran before the revolution but had halted arms transfers during the hostage crisis, crippling the effectiveness of Iran's military forces. To reestablish an arms supply relationship covertly, Iranian officials dangled American hostages in front of Washington and hinted that Iran would tone down its revolutionary foreign policy in the future.⁶

The triumph of the logic of the state over the logic of the revolution also tilted the internal power balance in Iran. Hojatolislam Rafsanjani, a pragmatist who championed discreet openings to the West, the Arab world, the People's Republic of China, and Japan, successfully convinced Ayatollah Khomeini to rein in militant revolutionaries such as Mehdi Hashemi, the head of the Office of Liberation Movements. Hashemi's brazen efforts to foment fundamentalist revolutions and support terrorism had damaged Iran's war effort by leading apprehensive Arab Gulf states to increase their support for Iraq, by straining relations with Syria, Iran's only significant Arab ally, and by raising tensions with Western states.

In October 1986 Hashemi was arrested along with two hundred other radicals. In retaliation his supporters sought to undermine Rafsanjani by leaking the story of the U.S.-Iran arms deals to a Lebanese newspaper. As during the hostage crisis, U.S. policy toward Iran once again was frustrated by internecine Iranian power struggles.

SHORT-TERM U.S. POLICY TOWARD IRAN

The war with Iraq has led Iran to escalate pressure on Iraq's Arab backers, particularly Kuwait, in an attempt to intimidate them into reducing their support for Iraq. After Kuwait appealed to the superpowers to neutralize Iran's bullying tactics, Washington agreed in early 1987 to reflag and escort 11 of Kuwait's 22 oil tankers.

Three major reasons have been cited for this decision: to preclude Moscow's securing a foothold in the Gulf by posing as Kuwait's protector, to safeguard the free flow of oil in the Persian Gulf, and to prevent the war from spreading to the Arab side of the Gulf. While the reflagging policy has had only a limited success in meeting these three goals, it makes much more sense in the context of a fourth U.S. goal--the containment of the Iranian revolution.⁷

6. See James Phillips, "The Continuing Need for a U.S. Opening to Iran," Heritage Foundation *Backgrounder* No. 566, March 5, 1987.

7. See James Phillips, "High Stakes for the U.S. in the Persian Gulf," Heritage Foundation *Backgrounder* No. 594, July 20, 1987.)

Failed Attempts. Washington's attempts to reestablish a working relationship with Iran have twice run afoul of the political dynamics of the Iranian revolution. In 1979, a premature effort to stage a rapprochement with revolutionary Iran through contacts with Iranian moderates in the provisional government only enraged Iranian radicals and undermined the moderates involved. In 1986, U.S. efforts to establish a dialogue with the pragmatic Rafsanjani faction of Iran's revolutionary government was foiled by a rival faction that resisted moderation of Iran's revolutionary strategy.

Clearly, as long as Iran is hobbled by factional infighting, one of the contending factions probably will have an interest in exposing and denouncing talks with the U.S., the "Great Satan," if only to discredit its domestic rivals. A true U.S.-Iran rapprochement therefore must await the consolidation of political power by a single Iranian faction.

Until a faction emerges that can deal openly with the U.S. without exposing itself to damaging domestic criticism, Washington must adopt a low profile wait-and-see policy, keeping contact with as many Iranian leaders and groups as possible. Instead of seeking out "moderates" to reward, the U.S. should seek to block the goals of ultraradical revolutionaries and raise the perceived risks of their policies. Iran must be convinced that the cost of its revolutionary excesses outweigh the benefits. To achieve this end Washington should:

1) **Deter Iranian Terrorism.** Washington must punish, not reward, Iranian-supported terrorist activity. It should not allow Iran to extract benefits from having "influence" over Lebanese Shiite terrorists holding American hostages while disclaiming responsibility for the hostages. There should be no concessions made to free hostages. Their release should be a precondition, not a goal, for improved relations. Iran should be warned that future terrorist attacks made to advance the cause of the Iranian revolution will penalize the Iranian state. Pressure should be brought to bear on Iran's most sensitive point--its war effort against Iraq. This war effort could be undermined, either indirectly through economic sanctions such as a boycott of Iranian oil exports, or directly through an arms embargo of Iran.

International cooperation is needed to deter Iranian terrorism. The prospects for such cooperation dimmed noticeably last month when France cut a secret deal with Iran to free two French hostages held in Lebanon in exchange for a \$330 million payment and freedom for a suspected Iranian terrorist. This capitulation to Iranian radicals by Paris is far worse than anything the U.S. did in its dealings with Tehran to free American hostages.

Despite this action by the French, Washington must try to unite Western states against appeasement of Iranian terrorism. Allowing Iran to profit from the release of hostages held by its terrorist surrogates in Lebanon strengthens the radical faction that advocates the relentless export of Islamic revolution. If international sanctions do not raise the costs of Iranian terrorism above its benefits, then the U.S. eventually may be compelled by Iranian terrorist acts to go it alone to punish Iran with military reprisals, as in the extremely successful April 1986 air strikes against Libya. Iran should be warned that the U.S. would strike not only at Iranian terrorist training bases, but also against Iran's most valuable targets--its oil export facilities and its war effort against Iraq.

2) Maintain the U.S. Naval Presence in the Persian Gulf. Washington must fulfill its commitment to escort the reflagged Kuwaiti tankers if it expects to be taken seriously by Iran, the Soviet Union, or the Gulf states. Abrogation of the U.S. commitment would encourage Iranian aggressiveness, enable Iran to drive a wedge between Iraq and the Gulf states, and increase the likelihood of a total Iranian victory over Iraq. Such a victory would threaten the survival of Gulf regimes and present the U.S. with the more difficult prospect of blocking an Iranian ground threat to Kuwait and Saudi Arabia, rather than blunting Iranian threats at sea, where the U.S. enjoys a much greater margin of superiority.

By maintaining a naval presence in the Gulf the U.S. makes clear to the Iranians that their actions may have unfavorable consequences and that they can no longer enjoy a free ride in intimidating their neighbors. Given their dependence on seaborne oil exports, the Iranians have much to lose in a naval confrontation with the U.S. and little to gain. Their speedboat attacks against Kuwaiti shipping were designed to aid their war with Iraq by reducing Kuwait's support for Iraq. The last thing Teheran wants is to jeopardize its own war effort in a naval clash with the U.S. that it could not win.

Washington should make it clear that its naval forces are in the Gulf to protect U.S., not Iraqi, interests. The U.S. should maintain strict neutrality in the Iran-Iraq war as long as Iran refrains from direct attacks on U.S. warships and reflagged tankers. If Iran should provoke a confrontation with the U.S., then Washington should eliminate Iran's naval bases in the Gulf, mine Iran's export facilities to choke off Iran's oil exports, and if necessary, hamstring Iran's war effort by destroying its logistical infrastructure--munitions dumps, arms factories and supply routes.

3) End the Iran-Iraq War. Washington should work to end the war before it spills over into the Arab Gulf states and disrupts the world oil market. Because Iran will continue to prosecute the war so long as Khomeini lives, Washington must work to limit the intensity of the war and string it out until the stubborn Ayatollah passes from the scene. This means pressing ahead with the much delayed proposal for a United Nations arms embargo and reinvigorating Operation Staunch, which is aimed at blocking Iranian access to foreign arms supplies. Washington also must make it clear that U.S. arms sales to Tehran were an aberration that will not be repeated until Iran has disavowed terrorism and ceased its subversion of pro-Western states.

4) Step Up Economic Pressures. The U.S. should go beyond its unilateral ban on Iranian oil imports and convince Iran's European and Japanese customers that buying Iranian oil subsidizes Iranian terrorism and the Iranian war effort, while prolonging a war that threatens the free flow of Persian Gulf oil. The Japanese, who claim to be looking for non-military ways to assist the U.S. in the Gulf, should be pressed to reduce significantly their purchases of Iranian oil by finding alternative oil suppliers wherever possible.

5) Increase Contacts with the Iranian Opposition. The revolution has entrenched itself and crushed its opponents to the point that a counterrevolution or coup is highly unlikely in the foreseeable future, particularly as long as Ayatollah

Khomeini enforces solidarity within the regime. Washington cannot afford to ignore the opposition, however, as it did in 1978. Although the Iranian opposition is weak and plagued by factional squabbles, it may be revitalized if the regime fails to address Iran's growing economic problems. The Tudeh, the Soviet-controlled Iranian communist party, has been crushed but must be monitored carefully, for it survived similar crackdowns by the Shah.

The splintered royalist groups, who push for the establishment of a constitutional monarchy under the Shah's son, 27-year old Reza Pahlavi, are the most pro-Western but the least likely to come to power. They enjoy considerable financial and political support from exiled elites but have not built a mass following inside Iran. Former President Bani-Sadr, now living in France, is a spent force who is a tireless debater but a poor leader with few followers. Former Prime Minister Bakhtiar is compromised by his association with the Shah on one hand and his failure to provide an alternative to Khomeini on the other.

Hybrid Ideology. The People's Mujahideen Organization (PMO), probably the strongest opposition group within Iran, also is the most anti-Western. Its hybrid Islamic-Marxist ideology makes it an unlikely ally for the U.S., as does its assassination campaign against U.S. military personnel in Iran in the early 1970s. Decimated by an abortive uprising in the summer of 1981 and continued repression, the PMO revamped its strategy to stress guerrilla operations in cooperation with Kurdish separatists. Although it recently launched a wave of guerrilla and terrorist operations, PMO fighters are belittled as "tourists" by many anti-Khomeini Kurdish guerrillas because of their propensity to pose in battle dress for cameras manned by PMO's extremely active propaganda arm. The PMO's desperation is underscored by its acceptance of Iraqi patronage, a fact that has destroyed its credibility in the eyes of many Iranians.

Washington should maintain discreet contact with all these organizations but should not embrace any of them; this would be the kiss of death in Iranian politics. Washington also should handle information passed along by the opposition with care. As Saddam Hussein discovered when he invaded Iran, intelligence provided by exile organizations often is self-serving wishful thinking and should be handled with care.

LONG-TERM U.S. POLICY TOWARD POST-KHOMEINI IRAN

While U.S. leverage on Iran in the short term remains limited to disincentives, over the long term Washington can offer Iran plausible incentives for moderating its aggressive foreign policy. The ultimate U.S. goal should be to establish a working relationship with an Iran that disavows terrorism and ceases its violent attempts to export its revolution. This requires the emergence of an Iranian leadership that would accept "Islamic revolution in one country."

Limited Goals. Any initiative should be made cautiously, with limited goals and meager expectations. Care should be taken not to let the Iranians overestimate the strength of their position. Khomeini has crowed that hostile powers have presented themselves "meekly and humbly" and that "all the big nations are competing to establish relations with Iran."⁸ He reserved special scorn for the U.S.,

saying in 1985: "It is clear that if we take one step toward the United States, they will take 100 steps in return."

In the future Washington must make it clear that the U.S. will not take any more steps toward reconciliation than Iran does. After all, Russian troops have occupied Iranian soil three times in this century. Iran may need American help to avert Soviet occupation in the future. The bottom line is that Iran needs the U.S. more than the U.S. needs Iran.

To help tame the Iranian revolution, Washington can offer the following carrots:

Cooperation Against the Soviet Union. American diplomatic pressure was crucial in expelling Soviet occupying forces from northern Iran in 1946 after Moscow violated its commitment to withdraw its forces at the conclusion of World War II. Washington should let it be known that it is willing to offer Iran insurance against Soviet intervention and serve as a strategic counterweight to Soviet power in return for Iranian restraint. The concrete benefits of cooperation with the U.S. could be demonstrated by furnishing Tehran with political intelligence on communist activity within Iran and military intelligence on Soviet forces across Iran's Soviet and Afghan borders. Cooperative efforts to aid the Afghan resistance against Soviet occupation also could benefit both countries.

Economic Incentives. After almost nine years of revolution and seven years of war, Iran's economy is limping. While Ayatollah Khomeini has inspired revolutionary zeal that has distracted attention from festering economic problems, Khomeini's successors eventually must rebuild Iran's economy if they hope to stay in power. Particularly urgent will be the postwar reconstruction of Iran's shattered oil industry. Iran recently has attempted to purchase at least \$40 million worth of oilfield equipment from U.S. companies. This is only the tip of that iceberg.⁹ The cost of rebuilding Iran's oil facilities has been estimated at \$40 billion to \$50 billion.¹⁰ Iranian factories, idled by spare parts and raw materials shortages, require extensive injections of American technology and expertise to resume operations. Washington could offer help in rebuilding Iran's postwar economy if Iran were to stop fomenting trouble throughout the Middle East.

Support of Opposition Groups. Although they have no chance of coming to power as long as Khomeini lends his prestige to the current government, opposition groups may exploit an extended period of economic chaos to undermine the regime. Opposition groups are therefore likely to pose a growing threat that the regime cannot ignore. Washington should keep its options open with these groups to exert maximum leverage on Teheran. At some point the regime may be willing to make considerable concessions to prevent U.S. support for its exiled and internal

8. FBIS, South Asia, November 20, 1986.

9. *The Washington Post*, September 17, 1987, p. 1.

10. Ralph Ostrich, "U.S. Policy Initiatives in Post-Khomeini Iran: Toward a New Course in U.S.-Iranian Relations," *Global Affairs*, Fall 1987, p. 134.

dissidents. Washington should rule out support of separatist groups such as the Kurds and Baluchis, however, unless Tehran falls under Soviet influence. The U.S. should make it clear that it supports Iran's territorial integrity because a Balkanized Iran would facilitate Soviet penetration of the Persian Gulf.

CONCLUSION

Iran is a pivotal geostrategic entity that the U.S. cannot afford to ignore. It is also an aggressive revolutionary state that the U.S. cannot afford to appease. The challenge for Washington is to reach a *modus vivendi* with Iran that will block Soviet hegemony over the Persian Gulf without abandoning the Arab Gulf states to Iranian hegemony. An Iranian-American rapprochement is possible only if Iran halts its violent attempts to export its revolution and renounces the use of terrorism as an instrument of foreign policy.

This is unlikely as long as Ayatollah Khomeini stokes the fires of Iran's revolutionary zeal. Once Khomeini is gone, however, his successors are likely to be more amenable to compromise with the West, if only to maintain themselves in power by ameliorating Iran's worsening economic predicament. As the internal fires of Iran's revolution subside, Iran's post-Khomeini leadership eventually may be persuaded to satisfy themselves with Islamic revolution in one country, especially if their attempts to foment revolution in other states are frustrated. To speed the arrival of this day, the U.S. should focus on blocking the ambitions of Iranian radicals--not accommodating Iranian pragmatists within the ruling regime. American attempts to reach out to the least hostile factions proved disastrous in 1979 and gained little at great cost in 1985- 1986.

The U.S. should brandish both carrots and sticks patiently to tame the Iranian revolution. Washington should:

- ◆◆ Establish contact with all contending Iranian factions inside the regime and in the opposition.
- ◆◆ Boycott Iranian oil exports and press U.S. allies to follow suit until Iran disavows terrorism.
- ◆◆ Maintain the U.S. naval presence in the Persian Gulf as long as Iran threatens the free flow of oil from Arab nonbelligerents.
- ◆◆ Help Iran negotiate an end to its war with Iraq on terms that do not threaten other Gulf states.
- ◆◆ Offer economic and technical assistance in rebuilding Iran's postwar economy, particularly its devastated oil industry, if Iran stops undermining the stability of pro-Western states.
- ◆◆ Offer to abstain from support of Iranian opposition and separatist groups in return for a curb on Iranian support of anti-Western terrorist and revolutionary groups.

◆◆ Offer cooperation against Soviet military and subversive threats.

The U.S. should not be too ready to restore working relations with Iran because that will reduce American leverage, strengthen Iran's bargaining position, and encourage the Iranians to overestimate their own importance. Washington should make it clear that while it can help save Iran from the Soviets, it cannot save Iranians from themselves. As long as Iran remains unappreciative of the incentives that the U.S. offers to modify Iran's revolutionary policies, Washington must continue patiently to apply firm disincentives.

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