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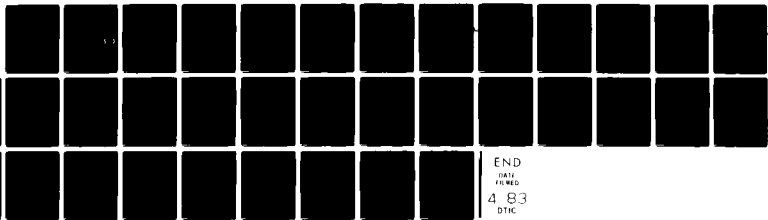
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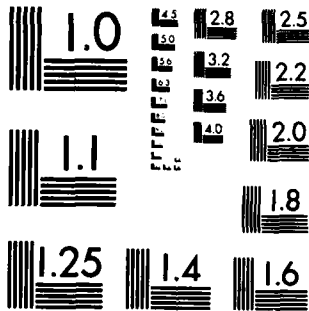
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IRAN'S FUTURE AND U.S. POLICY

POLICY PLANNING PROJECT

REPORT NUMBER 1

B. RUBIN et. al.

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EXECUTIVE SUMMARY

A study prepared for the
Department of State under
its Commissioned Research Program

by

The Georgetown University
Center for Strategic and International Studies

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EXECUTIVE SUMMARY

I. U.S. Interests

Despite all the difficulties between the United States and Iran, that country remains critical to achieving American goals in the Middle East. Geographically Iran bars the northern approaches to the Middle East. Thus, one-third of the Free World's supply of oil, the strategic routes connecting Europe with East Africa and South Asia, and the security of all the states in the area may be undermined by events in Iran.

The danger is twofold. Iranian internal chaos or a Soviet invasion could lead to control by a pro-Moscow regime. Iran itself, with its military power and urge to spread Islamic revolution, could endanger pro-Western Arab regimes. Either development could destabilize the region.

In the face of these dangers the primary U.S. interest is the same as it has been since 1946 -- to support the country's independence, unity, and sovereignty so that it continues to bar Soviet expansion. As for a second historic U.S. interest in Iran -- namely oil -- the world has learned to get along with low Iranian production. The U.S. concern is not over Iran's oil but rather for continued security of oil fields, facilities and transit in Kuwait, Saudi Arabia, etc. -- in short, the protection of the Gulf's southern shore.

A derivative major U.S. interest lies in checking Iranian threats against the Arab gulf states. The danger of significant Iranian military action against them is not high in view of the exhaustion produced by the Iran-Iraq war and of the Americans' protective role. The more likely danger is Iranian stimulus and aid to revolutionary and terrorist movements.

II. Policy Issues

U.S. policies for dealing with these problems must be carefully balanced to serve two potentially conflicting ends. On the one hand, there is the need to counter Soviet influence in Iran -- a need that would lead the United States to strengthen Iran and to avoid declarations and actions that might drive it into the USSR's arms. On the other hand, there is the need to protect and enhance relations with the moderate Arab states -- even if this requires actions antagonistic to Iran. The evolution of events may or may not require a clearcut choice between these two requirements. Determining if and when such a choice is necessary may be as important as the choice itself.

Future American policy toward Iran is handicapped by deep mutual estrangement, profound hostility on the part of the Iranian leadership, and very limited U.S. options for exerting influence on Iran. For the indefinite future, certainly until Khomeini's effective removal from the scene and probably as long as his Islamic Republican Party (IRP) holds power, the anti-Americanism which has been such a central element of the revolution, will continue and preclude a genuine rapprochement.

The IRP, while hardly a tightly organized or disciplined party, will likely retain power, for it has made great strides in

institutionalizing its hold. The local ruling committees, the Islamic courts, the Revolutionary Guards, the Savama intelligence corps, the "Party of God" street gangs, all provide the party sources of support permeating Iranian society. The urban poor and, more passively, the peasantry, still endorse the rulers. The government's opponents are weak and divided. The emigres are fractionalized and have lost most of their in-country base; the left, too, is split and incapable of rallying broad support; the ethnic groups are divided and ineffective in resisting determined Tehran suppression efforts. Thus, the IRP is likely to hold power -- and its current course of xenophobic neutralism -- for Khomeini's lifetime and for some time beyond.

A. Bilateral Relations

Whether the U.S. should try to find ways to rebuild state to state relations, remain passive awaiting substantial internal changes, or align itself with enemies of the regime in attempting to weaken it are central questions. Bearing on them is the relative strength and stability of IRP rule, noted above. In the post-Khomeini era Iranian politicians may revert to their former ways and start scrambling for foreign support; it would then be time for the United States to decide whether to help -- or oppose -- specific factions. In a conceivable square off between the Army plus traditionalist Islamic forces and the Revolutionary Guards plus major elements of the IRP, it is possible that the former coalition would look to the West for assistance. Even with such help, its triumph would not be assured. Certainly there is little point in the U.S. trying to start down that road prematurely.

Any near term American effort to intervene in Iranian politics would not only risk wasting potential assets, which would be useful only if internal struggles break out, but would also risk further destabilizing the present xenophobic regime. Moscow is far better positioned than Washington to exploit events within a chaotic Iran. Indeed, the U.S. might well focus its attention on countering such Soviet efforts.

B. The Iran-Iraq War

Whether the U.S. should support either side or maintain strict neutrality is the key issue. The deadlocked war could well go on for a long time -- though at a low level. Iran is in a better position to wage a war of attrition, and Khomeini is unwilling to accept a compromise peace. Yet Iraq's regime shows no sign of collapse and if it fell the replacement would probably be another Baathist or military government -- which would probably continue most past policies -- rather than an Islamic one.

Since it is not in the U.S. interest for either side to prevail, concern about Iraq's defeat would logically lead the United States to assist Baghdad, but the price might be a strong move by Iran toward the Soviets. Though the U.S. should encourage a victoryless conclusion, it can do little to end the war, and it even derives some benefits from the lack of a settlement, e.g., both potential aggressors tied down and the Arab Gulf states more conscious of the value of U.S. protection. Some low level of

assistance to Iraq, such as credits or intelligence exchanges, should be considered to help avert Iraqi reverses.

C. Checking Iranian Threats in the Gulf Area

Deciding on U.S. steps to contain Iranian threats to Gulf security is a primary challenge. In confronting it we can be reasonably confident that no near-term tidal wave of Islamic fundamentalism or Iran-directed revolution will sweep over the moderate Arab states. The Iranian revolution's implicit Persian nationalism and explicit Shiite sentiments repel most Arabs. Yet, the U.S. must be sensitive to continuing Arab fears in these regards and be prepared to assist as requested.

The Iranian direct threat has a higher profile for Arabs than a Soviet one. The Arabs will likely worry more about Iranian-supported guerrilla or terrorist campaigns than about direct military attack -- particularly as the Iran-Iraq war winds down. Military and intelligence training to deal with such problems could be an important part of U.S. activity in the region. If Iran threatens or seems likely to attack Arab states, the United States may have to take concrete steps to make plain its willingness to come to their defense.

IV. Recommended Policy Measures

A. Bilateral Relations

Since the Islamic fundamentalists seem likely to retain power for at least several years, even after Khomeini's removal, working to improve bilateral relations is not a feasible policy. Neither is supporting near term efforts by emigres or others to oust the regime, both because they would be ineffectual and also because Moscow can exploit any turbulence so produced. The U.S. should take a passive stance, waiting for substantial changes in Iran that would either improve the prospects for normalization or make it feasible to support a pro-Western alternative regime.

For the near term, the United States should see its role in Iran primarily as countering any potential Soviet threat. In this context, the feasibility should be examined of passing relevant intelligence to Iranian political forces and of conducting anti-Soviet or anti-Tudeh information campaigns. (Of course, all these policy courses assume continuing U.S. efforts to build a plausible deterrent against direct Soviet military action.)

B. The Iran-Iraq War

Maintaining a low profile in the Iran-Iraq war is best calculated to serve U.S. interests. Such a posture should include reaffirmation of guarantees of protection to the Arab monarchies. Should the war turn further in Iran's favor, it would be wise to undertake certain low-level assistance to Iraq, such as intelligence exchanges. The limited benefits to be derived from a strong Iraq card are not, however, worth the risks involved.

C. Iranian Threats to Gulf Security

The Arabs fear both Iranian-supported guerrilla or terrorist campaigns and direct Iranian military attack. Consequently, military and intelligence training to deal with such problems should be an important part of U.S. activity in the region. If Iran threatens or seems likely to attack Arab states, the United States should take steps to come to their defense. If the Saudis and Omanis desire it, we should be prepared to rotate air squadrons into Saudi Arabia and dispatch medium-range aircraft to Oman. In any case, we should step up our naval deployments. Excessive activities should be avoided, however, since demonstrating Arab state dependence on the United States would play into the hands of anti-regime Arab fundamentalists and also lead Iran to seek a superpower backer of its own.

In this, as in other aspects of policy toward Iran, the U.S. should display as low a profile as possible until forced to move by clearly deteriorating circumstances or unmistakably promising opportunities.



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IRAN'S FUTURE AND U.S. POLICY

POLICY PLANNING PROJECT

REPORT NUMBER 1

B. RUBIN et. al.

ANALYSIS

The Georgetown University
Center for Strategic and International Studies

30 December, 1982

IRAN'S FUTURE AND U.S. POLICY

I. U.S. INTERESTS

A. Peace and Stability in the Middle East

Iran is the focal point for some of the United States' greatest problems in the Middle East. Tehran's change from U.S. ally to anti-Americanism, the possibly precedent-setting Islamic revolution, the Iran-Iraq war, and the long Iranian-Soviet border all create problems for the United States.

All our difficulties with Iran, however, cannot obscure its strategic importance for America. Geographically it dominates the northern approaches to the Middle East. Thus, one-third of the Free World's supply of oil, the strategic routes connecting Europe with East Africa and South Asia, and the security of Israel and the moderate Arab states all may be endangered by an unfavorable turn of events in Iran.

The danger is twofold. Internal chaos or a Soviet invasion could lead to control by a pro-Moscow regime. Iran itself, with its military power and urge to spread Islamic revolution could endanger pro-Western Arab regimes. Either development could destabilize the region, jeopardizing oil supplies, lines of communication, and pro-Western governments. Avoiding such a regional calamity is of the highest importance. The United States must find a policy capable of minimizing both dangers.

B. Bitter Bilateral Conflict

The dilemma of future U.S.-Iran relations is simply stated. Objectively, the great importance of Iran to America seemingly dictates cooperation. Subjectively, Iran's leaders still see the United States as Great Satan and main enemy--they are unwilling to rebuild any bilateral relations. Domestic U.S. public sentiment also militates against rapprochement with Tehran.

Washington tries to counter the threat of Soviet intervention through the buildup of a Rapid Deployment Force and to mitigate the danger of Iranian-supported revolution through bilateral ties and aid to the threatened Arab states. It is far more difficult to formulate a way of staving off a rise in Soviet influence or a rise of expansionist ambitions within Iran.

Given limited American leverage within Iran, the country is often considered a lost cause, a potentially dangerous self-fulfilling prophecy. By appearing to write off Iran, we may create a situation as in pre-1978 Afghanistan, with Moscow believing the West is indifferent and would not interfere with a Soviet invasion or Iran-Soviet alliance. Similarly, when the United States put South Korea outside our defense perimeter in 1949 this may have encouraged a North Korean invasion.

The likelihood of some of the most feared possibilities--Soviet invasion of the Gulf, necessity for U.S. military intervention in the region, a leftist or Soviet-satellite Iran, have been counter-productively overstated. More likely problems have generally been neglected, particularly how the United States can maintain Iran's nonalignment and discourage its overseas adventurism.

Tehran presumes the U.S.-Iran gap is unbridgeable--an idea pleasing for the dominant radicals. U.S. perceptions also tend to accept short-term conflict but underestimate the staying power of Iran's bitterness, mistakenly assuming that geopolitics and Tehran's need for arms would return the country to the Western fold. Many analysts still believe that pragmatists will come to power, as if it were ordained by history. They also tend to ignore the possibility of a viable Iranian nonalignment strategy, assuming Iran would soon have to turn East or West.

Over time, Iranian's belief that the United States is indifferent to their fate could lead to a defeatist stance toward Moscow. Historically, Iranians have tried to join the winning side, unlike Afghans, who fought rather than accomodated foreign powers. Whether Ayatollah Khomeini's emphasis on self-reliance has foreclosed Iranian politicians from seeking secret U.S. or Soviet help in internal power struggles remains to be seen. Ironically, it is in the U.S. interest to indirectly promote Iranian nonalignment--certainly as preferable to Iran-Soviet entente.

Iran's anti-Americanism, so central to the domestic political situation since the revolution, precludes any easy reestablishment of ties as long as Khomeini lives and probably as long as his Islamic Republican Party (IRP) holds power. The Bazargan government's hesitant steps toward detente produced the radicals' takeover of the U.S. embassy in November 1979. The assumption that economic difficulties or Soviet pressure will force Iran back to the Western camp is highly questionable. The Islamic fundamentalists seem likely to retain power for a good many years, even after Khomeini's death or disappearance from the scene.

C. The U.S. Stake in Iran

The United States wants an Iran strong enough to resist Soviet influence or control but not so powerful as to threaten its Arab neighbors. These interests can at times be contradictory.

The primary U.S. interest within Iran is the same as it has been since 1946--to support the country's independence, unity, and sovereignty so that it continues to bar Soviet expansion. Direct or indirect extension of Soviet influence over Iran would threaten the vital Gulf region, with its massive petroleum reserves and key strategic crossroads. The important thing is not to maximize U.S. influence but to minimize

Soviet power in Iran. This holds true no matter how anti-American the Tehran government and how poor bilateral relations remain.

A secondary interest was the continued free flow of Iranian petroleum, but given the current world oil glut this has become less important. Over the last three years the world has learned to get along with low Iranian production. The U.S. concern is not over Iran's oil but rather for continued security of oil fields in Kuwait, Saudi Arabia, etc.--in short the protection of the Gulf's southern shore. The Iranian revolution has made these countries even more important.

If the revolution failed to change the historic U.S. interest in Iran, established at the Cold War's dawn, it reversed the new set of interests established in the early 1970s. At that time, the United States wanted a well-armed and active Iran as a bulwark against Soviet-supported radical forces in the region and as protector of the seemingly fragile Arab states across the Gulf. But now Iran has become such a destabilizing force in its own right that the United States may have to help Arab states threatened by Islamic Iran.

Arab concern about Iran was heightened in 1981 by discovery of Iran-trained revolutionaries in Bahrain, some of them Saudis, seeking to overthrow Arab governments. Iran's relatively good battlefield performance against Baghdad and warnings to countries supporting Iraq are further worries. Thus, Iran has given the Arab countries an incentive to seek Western aid and regional self-defense cooperation.

Iran's threat has had much more immediate effect on Gulf states than

has the seemingly more distant Soviet invasion of Afghanistan. It is clear to both Arabs and Iranians that the arms the United States is selling to Saudi Arabia and the smaller sheikdoms--and most obviously the AWACS surveillance planes--are aimed largely against Iran. The United States has no choice but to support a de facto alliance opposing any spread of Iranian influence or of Iranian-style Islamic radicalism to the conservative Arab states. Knowledge of this fact inevitably builds continued anti-American sentiment in Iran. All of these factors pose tremendous difficulties for U.S. policy. America's desire that Iran be strong enough to oppose--even for its own Islamic radical reasons--expansion of Soviet power southwards conflicts with U.S. efforts to prevent the strengthening of Iran's regional position.

Hostile relations between Washington and Tehran and the Iranian tendency to view both superpowers as evil, but the United States as the greater evil, mean at best noncooperation between the two--even if both are opposed to Soviet efforts--and at worst some parallel Iranian and Soviet objectives. To understand this last danger better, one need merely consider Iran's worldview as the exact opposite of that held in recent years by the Peoples Republic of China. Peking's equation of the USSR and the United States has not prevented it from tilting toward the latter as the lesser evil.

The best safeguard against stronger Iran-Soviet ties is continuation of Iran's xenophobia, preference for nonalignment, and mistrust of the USSR based on long and painful experience. The United States lacks direct leverage in Iran except, possibly to nudge Iran toward Soviet arms by helping its enemies or denying it needed goods.

On the Iran-Arab front, the United States is strongly committed

to countries Iran perceives as enemies. Even if the Iran-Iraq war ends, this hostility will likely continue as a cold war. On this issue, Iranian nationalism and Iranian Islamic revolutionism are in full agreement. While the Soviet problem impels the United States toward trying to rebuild relations with Iran, the Arab problem pushes it in the opposite direction.

D. Superpower Competition and Iran

The United States must carefully balance between the Iran-Soviet and Iran-Arab problems. U.S. support for Arab allies must not go too far toward convincing Iranians to ally with Moscow against an American-Arab entente. (The USSR, of course, is also constrained in exploiting Iran's opposition to that entente, since it wants to avoid further erosion of its links with Iraq and standing in the Arab world.) This dictates, for example, that the United States avoid entanglement on the Iraqi side of the war. Iran's size, location, population, vulnerability, and common border with the USSR make it the greater prize in superpower competition and mean its "defection" to the Soviet bloc would be less reversible.

Two influences shaping Iranian policy toward the great powers in the 1980s will be the patterns of trade and arms purchases. Iran's commerce with the United States remains limited but, in terms of maintaining Western links to Iraq, trade between Tehran and Western Europe or Japan is in the U.S. interest since it provides an alternative to dependence on the Soviet bloc.

There has been an increasing level of Iranian trade with the USSR and its friends, but so strong is Iran's nonalignment sentiment that the Islamic Republic prefers to deal with the Eastern European and Asian

Communist states. The distinction may seem small to Americans but it is an important indicator of Iranian thinking. Iran has also opened new sources of commerce with Japan, Pakistan, Turkey, and a range of other countries, some of them friendly with the United States. Similarly, in purchasing arms, Iran has gone to the international weapons market. Significantly, however, many of the light arms on which Iran's war effort depends are Soviet made.

One obvious question is how the United States should avoid over-emphasizing worst-case scenarios of Soviet influence in Iran. Threats to Tehran on this issue, given Iran's paranoia about U.S. conspiracies, would be counterproductive. Such warnings would be seen as presaging attacks which might be discouraged only by better Iran-Soviet relations.

More useful would be public and private assurances wherever possible to Tehran that in the event of Soviet pressure or aggression the United States would respond favorably to Iranian requests for assistance. This would give Iranian leaders an additional card in their hand and an incentive to resist such pressures. There is even a Soviet precedent for this in Brezhnev's warning against U.S. intervention in 1978. Obviously, Iranians would angrily reject the idea that they need a U.S. guarantee but this would not change that statement's impact on Moscow or indeed on the Iranians themselves. Unfortunately, given the lack of U.S. leverage, having a situation in which Iran tried to play off the U.S. and USSR would be a step forward from Washington's standpoint.

E. America and Iranian Instability

Does an unstable Iran serve U.S. interests? Essentially, the answer is no, for the USSR is far more able--given its proximity and

instruments--to benefit from such a situation than is the United States. The only variant would be if a period of struggle and instability ultimately produced a stable Iran friendly to the West--an unlikely scenario given the volatility of Iranian politics and the weakness of middle class and emigre elements. The current situation--a regime in the saddle in Tehran but with little direct control in the provinces may not be too bad from our perspective since it can discourage Iran from foreign adventures.

Given the poor prospects of the divided exile movements for regaining power, it would be a mistake for the United States actively to support their efforts to overturn the existing government, although it is important to maintain contacts and gain information. But the emigres would be likely to publicize and overstate any U.S. commitment.

The recommendation of non-involvement in Iran's internal affairs is predicated on pretty much a continuation of the present situation. An IRP government steering a nonaligned course without any sharp rise in Soviet influence or in Iranian aggressiveness in the Gulf, is the most likely scenario at least for the first portion of the coming decade. In this case, the United States should play a low-key role, awaiting opportunities, encouraging Western allies to be active, and strengthening Arab friends.

Different developments would call for different responses. A full-scale Soviet invasion of Iran, unlikely as it is, must be considered by defense planners. Such an invasion could well lead, unless under the clearest Iranian invitation, to World War III. The Rapid Deployment Force would likely function as a trip wire in such a case. It would be almost equally difficult to cope with an internal takeover by pro-

Soviet elements. However, it should be noted that should the pro-Moscow left or unpatriotic IRP elements try such a sharp turn, it would alienate such wide sectors within the country that the United States would find many potential allies in opposing such a move.

Direct Iranian aggression against Gulf Arab states is unlikely and would only further tighten the latter's cooperation with the United States. Washington's existing commitment to these states is probably sufficient to deter such an eventuality and Iran has only limited forces for such operations. The more likely problem is Iranian aid to revolutionary and terrorist movements. Iran's regional aggressiveness is not necessarily dependent on the state of Iran-Soviet relations.

F. The Iran-Iraq War

There is little the United States can do to help end the Iran-Iraq war. Continuation of that battle raises regional tensions. While the United States is on neither side, to some extent the USSR has managed to be on both sides. The possible destabilization of Iraq is worrisome. Yet, by tying up both states and by thus ensuring Iraqi good behavior toward other Gulf Arab regimes--which it has frequently threatened in the past--the continuation of the war at a relatively low level is not necessarily in direct contradiction to U.S. interests. In fact, U.S. interest lies in there being no clear winner, since a victorious Iran or Iraq might then proceed to subvert the other Gulf states.

Even given these considerations, some argue, the United States should give greater backing to Iraq in order to improve relations with both Baghdad itself and the other anti-Iran Arab states. Yet there are a number of problems with this approach: Will Iraq really change its policy toward the United States and regional issues? What would

Washington actually do for Baghdad, since it is unlikely the United States will sell large amounts of arms or send troops to help the war effort there. How would Iran react to such a move? While the United States does not want to see an Islamic regime in Baghdad, a relatively unlikely scenario in any event, the survival of Iraqi President Saddam Hussein or his regime is not vital to U.S. interests. While hoping that Iraq stands firm against Iran's offensives, the United States will have to focus its energies and resources on protecting Saudi Arabia, Kuwait, and the other Gulf states.

The course of the war affects U.S. interests in other ways. Peace might sharply bring down oil prices. An imminent collapse of Iran or Iraq would force consideration of sharp changes in U.S. policy. The spread of fighting to other Gulf states or succession struggles in any country in the region might also bring direct American involvement.

Surprisingly, time may be on the U.S. side in some ways. The longer it takes for a major internal Iranian crisis to erupt, the more likely it is that Iran will have gotten over bitterness toward the United States. At present, however the Islamic Republic's survival and military victories convince Iranians that their break with the United States has not been costly.

Important as it is to plan for worst-case scenarios, one should not confuse these with the most likely future. Iranians distrust the left and the USSR and do not want Soviet domination any more than Washington would wish it on them. While the United States has suffered a real loss in Iran's switch from friendly to neutral category in the East-West conflict, this does not mean that a further move into the other camp is inevitable.

II. IRAN'S DOMESTIC POLITICS

A. The Tenacious Fundamentalists

There is much truth to the idea that Iran is a country whose system's political legitimacy rests heavily on a single 82-year-old man, Ayatollah Khomeini, but other Iranian leaders have worked hard to build a structure that would survive his passing. Although support for the regime has eroded, particularly among the Western-trained middle class and among the bazaaris, Khomeini's charisma still reigns supreme, despite the hardships brought by war and economic difficulties.

On this basis stands the Islamic Republican Party (IRP) government. The IRP, while hardly a tightly organized or disciplined party, has held its factions together. The Tehran government has made considerable strides in institutionalizing its power. The local ruling committees, the Islamic courts, the Revolutionary Guards, the Savama intelligence corps, the "Party of God" street gangs, and other groups provide the party sources of support permeating Iranian society. The urban poor and, more passively, the peasantry, still endorse the rulers. Anti-American and anti-Iraq patriotism provides an additional dimension of support. The government's opponents are weak and divided. Thus, the IRP is likely to hold power--and its current course--for Khomeini's lifetime and for some time beyond.

Economically, while the Shah's development projects have come to a grinding halt, Iran has managed to limp along as an oil welfare state. As long as the country can produce two million barrels of oil a day for export--even with sizeable discounts to attract business--it can earn enough for necessary imports, including weaponry. The war has not seriously damaged this capacity and

the income cushions unemployment and inflation. Discontent with the economic situation--already visible--can be expected to grow. However, it will take some time for economic problems and the gradual erosion of the Islamic republic's popular base to manifest itself politically.

The tide of the Iran-Iraq war has turned in Iran's favor. Iranian soil has been largely cleared of Iraqi troops. However, Khomeini still insists on destroying the Iraqi regime. Under such terms it is unlikely the battle can end despite the fact that the war is costly in terms of lives and resources and is a source of discontent. There are growing difficulties in securing volunteers for the front, but the war also maintains Army support for the regime and provides the people with "proof" of the revolution's efficacy.

Given the political, economic, and military situation there is plenty of reason to see the weaknesses and potential instability of Iran's political situation, but the factors do not appear likely to coalesce into a serious threat of collapse, coup or revolution for some time to come.

B. Contenders for Power

To gain some insight on likely future trends and possibilities for U.S. policy, the existing political forces must be analyzed. These might best be divided into two groups: those inside and those outside the Islamic Republic framework. There is seemingly some overlap in these categories but the key question is whether each group would likely continue, if it came to power, the broader structure of Iranian socio-political-ideological life and whether it shares to some degree in the legitimacy and in the current distribution of power in Iran.

The three groupings outside of this framework are unlikely to take power. These are: the emigres, the left, and the ethnic groups.

The emigres are badly divided among themselves and have lost much of their base in Iran through flight, execution, purges, and the shift in the political spectrum. Their constant predictions of a quick triumph and the collapse of the Tehran government have proved misleading. Although it is important for the United States to maintain touch with all elements, it would be unwise to put major prestige or resources behind supporting shah-era political forces in an attempted return to power. Their information and assessment of events inside Iran is often inaccurate and the source of much disinformation.

Some of the left, of course, is also in exile. There are three major groups on the left: the pro-Soviet Communists (Tudeh), the Mojahadin-i-Khalq, and the Fedayeen-i-Khalq. The last group is split into at least two quarreling factions. The Tudeh and "majority" Fedayeen support the current government; the Mojahaddin and a number of smaller groups, including the "minority" Fedayeen, are conducting urban guerrilla warfare against it and have managed to assassinate many key figures in the government.

Western analysts have generally overestimated the left's base of support because they have not properly viewed the government's strengths and because the left's potential recruits are limited, given the regime's successful monopolization of Islam and of Khomeini's charisma. (Emigre forces, attempting to win support in the West, have also overestimated the left's strength and prospects, in part because they still cannot comprehend the power of Islamic political appeals.)

The Communist party's support for the regime is aimed at infiltration but also at survival, for it could not publicly exist without such a stand. Iranians generally see the party as a Soviet puppet and it has been subject to periodic persecution. Given its small size and political liabilities, nothing short of a full-scale Soviet conquest could put the Tudeh in power, although the dispatch of party members to Afghanistan for military training indicates that it hopes to be a contender in any future conflict.

The Mojahadin, who might better be called left-wing Moslems (rather than their usual designation as Islamic-Marxists) have waged an impressive battle against the government since the summer of 1981. The Tehran regime's inability to destroy them within Iran (some of their leadership is in Paris exile) is impressive but they have also suffered serious, perhaps irreplaceable, losses and have not come appreciably closer to bringing down the government.

An interesting feature in recent months has been the Mojahadin's hints that it would like U.S. support. While there should be no illusions about the group's leftism, it is worth keeping this option open, not so much for the present but given the possibility the group might play a role in an anti-IRP coalition in the post-Khomeini era.

The ethnic minority groups have had different relations with the Islamic regime. The Arabs of the southwest failed to rally to the Iraqi invaders and seem unlikely to emerge in the future as a political force; the Baluchis of the southeast and the nomadic tribes dislike, as always, central government rule, but have caused relatively little trouble. The Turkish-speaking Azaris of the northwest rallied behind their respected religious leader, Ayatollah Kazem Shariatmadari but

have at least for the present been broken by repression and by his house arrest in Qom. The Kurds, under the leadership of the Kurdish Democratic Party (KDP), which is allied with Marxist Kurdish groups, have waged an armed struggle tying down government troops and holding some "liberated" territory, but this resistance is divided and the government appears to hold the initiative.

The KDP is now aligned with the Paris-based National Resistance Council (Bani-Sadr and the Mojahaddin) but has made some overtures to the Soviets. Disillusionment about U.S. abandonment of Iraqi Kurds in 1975, after supporting them in a war against Baghdad, makes this group wary about future cooperation with Washington.

By their nature, the ethnic/national groups are interested in their own regions and would be only secondary factors in the Tehran power struggle. Ironically, the weakness of the central government has helped keep the provinces quiet since the locals have been left alone to a far greater extent than in the Shah era, but the central government has been fairly successful in imposing its will since the beginning of 1982. After the Iran-Iraq war, the IRP regime is likely to embark on a reconquest of the country to impose centralization of authority, as the Shah's father did in the 1920s. This could stir up regionalist feelings and offer opportunities for the Soviets or United States to provide covert aid to the Kurds, Azaris, Baluchis, and the pastoral tribes, but this is not likely to be effective.

C. The Islamic Establishment

This grouping includes all the IRP factions: the Maktabi, Hojjatiya, and Mojahadin-i-Islam, as well as the "traditionalist" clerics and

the two military institutions, the regular armed forces and the Revolutionary Guard. These are likely to be the key groups in the struggle for power in Iran during the post-Khomeini period.

The Maktabi, who call themselves the followers of the Imam's line (i.e., Khomeini), include the current president and prime minister. They have been most careful to support each detail of Khomeini's position, as well as land reform and other more "radical" social measures.

The more socially conservative and anti-communist Hojjatiya have Mahdavi-Kani, briefly prime minister, as their bestknown figure. They seem to be the source for reports in the U.S. media of pro-Soviet sentiments among the Maktabi, a fact that says less about the Maktabi than about the possible willingness of the Hojjatiya to seek Western support in the event of a showdown.

The Mojahadin-i-Islam are in many ways a grouping of independents, whose best-known figure, Majlis speaker Ali Akhbar Hashemi Rafsanjani, has emerged as one of the regime's most powerful men. Many of them joined the anti-Shah struggle at a relatively late date. They are often a swing vote in the IRP but the poor revolutionary credentials of many members would probably bar them from power in their own right.

Membership and political positions of these groups often change and it is hard to make definitive statements about their political stands. While the various IRP factions cooperate closely at present, they might find it more difficult to stick together in a post-Khomeini situation. When there will be no authoritative voice to settle matters, disputes could lead to serious conflicts. This is why the Maktabi has pressed for an early choice of Ayatollah Montazeri, who lacks Khomeini's stature and popularity, as successor to Khomeini's position

as arbiter of authority, the valayet-i-faqih. There are indications that other factions would prefer a committee to play this role.

The Maktabi will probably hold the reins as long as the IRP remains in power but faced with a violent succession struggle, IRP factions may look for outside allies. The choice of such backers may have nothing to do with the ideological positions of the individual factions. The Soviets could exploit this to a limited extent since, while the U.S. and USSR are equally "Satans," Moscow is less illegitimate.

This point should not be exaggerated, for fear and hatred of the USSR is high as well, and Islamic leaders have few illusions over Soviet intentions. An increase in Soviet influence, which is now at a fairly low level, would be far more likely than any satellitization of Iran. On the other hand, the anti-communism and anti-Maktabi sentiments of the two minority factions, particularly the Hojjati, may also provide openings for the United States in the future--although with great difficulty and danger. Since the USSR is in a better position to exploit factional rivalries, however, major instability in Iran is more likely to benefit Moscow than Washington.

Another, non-IRP clerical group may be even more important as a potential Western ally. This group can be called the "traditionalist" clergy, including many senior ayatollahs who have never really accepted Khomeini's primacy or policies. This is due to his violation of Shia Islamic traditions and exclusion of high-ranking clerics and their followings from the new power structure. Many from the holy city of Mashad in the northeast resent Qom's higher status. Leading figures in the traditionalist group include Ayatollahs Shirazi, Qomi and Gulpayigani. This group would also include ailing Ayatollah Shariatmadari. Most

of these leading ayatollahs are old and their influence is, at present, contained, but they could reemerge in the post-Khomeini era and there are younger men with similar opinions.

These men are likely to oppose Montazeri's succession, radical economic change, and Soviet influence, and even clerical domination itself in the political realm. They could put forward the claim that their positions would take primacy over any of the Maktabi's men in the post-Khomeini era. While the difference should not be overstated, they are probably less hostile to the United States. In a battle against IRP authority, these respected men could play a major role, perhaps in alliance with the armed forces.

Obviously, the military will play an important role in any power struggle that moves beyond IRP factional squabbles. But it must always be remembered that Iran now has two armies: the regular armed forces and the Revolutionary Guard. In any struggle, the former's advantage should not be overstated.

Many of the military officers now commanding were men of relatively low rank under the Shah who owe their elevation to the revolution. The purging of so many Shah-era officers, the indoctrination of enlisted men, the placement of Islamic "political commissars" in units, are all important constraints on the Army. The patriotism manifested during the Iran-Iraq war also ties the military to the regime, despite officers' reluctance to cross the border into Iraq and to continue fighting for the total destruction of the Baghdad government.

The genuine repulsion of many current commanders with the Army's use against civilians in the 1978-79 revolution will also deter its entry into politics. But if a power vacuum appears, the Army could

well become a contender and might be expected to side with non-IRP, Islamic-oriented forces. While past U.S. training and the use of U.S. arms is an important factor in their worldview, the constant anti-Americanism of the last few years and the increasing employment of Soviet-made light weapons must also be taken into consideration.

An army-dominated regime might be an Iranian version of the Baath party that rules Syria and Iraq--a nationalist military dictatorship (in Islamic rather than Arab socialist clothing), and either nonaligned or with a slight pro-U.S. or pro-Soviet tilt.

But the Revolutionary Guard (Pasdaran) should not be counted out. With its growth, improved training and strategic distribution throughout the country, it is the Maktabi's praetorian guard. The Pasdaran also enjoys legitimacy from Khomeini, while the Army is still tainted from the Shah's era. The Guards are improving on their past lack of discipline and training and also are highly dedicated. Indeed, the Guards themselves might take power allied with or even overshadowing civilian clerical allies. The Pasdaran's use in such highly political ways, however, would stir the jealousy and perhaps the competition of the regular military.

Future instability, then, is a major threat to Iran. This could lead to national disintegration and persuade some forces to seek Moscow' aid, producing an upsurge in Soviet influence or establishment of a pro-Soviet client regime, with even the potential for a Soviet invasion. Much as the United States must prepare and consider the latter set of possibilities, these are of low probability.

The most likely internal scenario is for continuation of the current system for Khomeini's lifetime and then an attempted transition

to a Maktabi-led extension of this system. Momentum alone would probably preserve this structure in the short-run. Its survival for the medium term would depend on its ability to make internal compromises and to demonstrate policy flexibility on economic and foreign problems.

Without large-scale outside assistance, the ethnic groups are unable to break away--following the end of the Iraq war they would most likely be put on the desperate defensive. A civil war, with the IRP (or Maktabi faction) allied to the Revolutionary Guard and "traditionalist" clergy and other opponents of the regime coupled with the Army would be a likely lineup, if there were armed test for power.

D. Survival of the Islamic Republic

The Islamic government has mixed feelings toward the USSR. There are a number of Soviet bloc advisors in Iran, many of them engaged in subversive activities, propaganda, and support for the Tudeh. Trade has increased and transport routes go through the USSR, but in no way is Iran dependent on Soviet commerce, particularly following an end to the war. On issues like Afghanistan and natural gas shipments, Moscow has not had its own way and while rumors abound of pro-Soviet attitudes in various Iranian factions, there are great suspicions of the USSR, particularly since the Soviets and Tudeh opposed the invasion of Iraq.

Given Soviet commitments in Afghanistan and elsewhere, in addition to logistical problems and the likely scale of a U.S. reaction, a Soviet invasion of Iran is highly unlikely in the medium term future. Further, the Soviets, like the Americans, must worry about balancing their Iranian and Arab relations.

Prolonged Iranian instability producing an independent regime with a pro-Soviet tilt is a stronger probability than any overt Russian move into the country. The greater the level of internal struggle, the greater the temptation for Iranian factions to violate Khomeini's principles and seek foreign backing for their hold on power.

In addition to the need to gain a firm, legitimized and centralized grasp on power, the Iranian government must deal with urgent economic problems and find some way to end the war with Iraq. Economic efforts are likely to lead to increasing oil production and to a cautious, selective development plan, with an emphasis on self-sufficiency. Influence will go hand in hand with Tehran's choice of foreign partners for such measures. Since the Iranians are aware of this they prefer smaller countries to the United States or USSR but Western influence can be maintained through involvement of European or Japanese firms.

While Iran is able to continue fighting the war for many months to come, its costs in lives and money are being increasingly felt at home. Just as Iran had to face ending the hostage crisis when its internal benefits ended and costs rose, the Tehran regime may have to find the best way out of the war with Iraq, convincing Khomeini or his successor to settle for less. Monetary aid from Gulf oil-producing countries may be an attractive means of helping persuade Khomeini over the war. Internal changes in Iraq may provide an excuse for declaring victory and reaching a settlement.

Over the last four years Iran's Islamic government has shown its ability to remain in power and has demonstrated the seriousness with which it took nonalignment. While the USSR has been closer and deemed slightly less unfriendly than the United States,

Tehran's distrust of Moscow has remained high. In Foreign Minister Velayati's words, "Our revolution has presented the world with the new belief that one can fight but remain independent; one can fight against America without depending on the Soviet Union; and one can fight against those who possess modern weapons and advanced technology without submitting to another great power in order to receive weapons."

E. The Threat from Iran

Countries of the Gulf region and other Arab states friendly to the United States are understandably concerned, even panicky, about the Iranian revolution's potential expansionism and successes in its war against Iraq. These fears present opportunities for the United States since the Iranian threat, more than the abstract Soviet one, shows these states their need for American support and for assistance in crisis situations. The likelihood of Iranian expansionism or sweeping Islamic fundamentalism has, however, been widely overstated. Neither successful radical Islamic revolutions in the Persian Gulf area nor a widening of the Iran-Iraq war seem imminent.

Arab anxiety is understandable given hostile Iranian statements. Hojjat-ul-Islam Ali Khamenei, Iran's President, referred to the rulers of the oil-rich Arab states as "greedy pigs which know nothing but satisfying their lust; sheiks who have spent their whole life plundering your wealth." "We will destroy all the dwarfs if they continue to support falsehood against right," he said. "All of you must raise the flag of the Islamic revolution everywhere."

Tehran's particular grievance is the support of Saudi Arabia and its neighbors for Iraq's war effort, but Iran also portrays them as

U.S. pawns constantly plotting against Iran. Although the Persian nationalism and Shiism of Iran's revolution repel many in the Gulf, Ayatollah Khomeini's Islamic and anti-Western ideology does appeal to some of the Gulf's poor Arab masses.

Yet the Islamic Republic is seriously limited from spreading revolution abroad. Gulf regimes are not democratic, but they are accepted by most of their people. They have not always equitably distributed oil wealth, but there have been far more benefits and fewer social dislocations than in Iran under the Shah.

Iran poses three types of threats to Saudi Arabia and the smaller, conservative Gulf states.

First is the threat of direct attack. Iranian planes could take off and hit Saudi oil fields within 15 minutes. The AWACS airborne radar system only provides early warning. Most immediately, Iran could threaten to attack Kuwait, whose border with Iraq is near the fighting, unless Kuwait stops forwarding supplies to Baghdad.

Iran, however, must fear that its triumph will be dissipated if it attempts to widen the war, perhaps leading to intervention by the United States. Moreover, Iran needs every petroleum penny and has a great stake in the safe transit of oil from the Gulf. It desperately seeks to increase exports by this route, ignoring attempts by the Organization of Petroleum Exporting Countries to limit production.

A second threat is an increase in Iran's subversive propaganda, training, and aid for Gulf revolutionaries. One such group was captured in Bahrain in December 1981, and news of the arrests set off panic in the region. Iran's revolution can also inspire opposition groups, even those unfriendly to Tehran. Many Arabs do not hear or believe reports of oppression, chaos and economic decline so prevalent

in Western views of Iran. Even if there is no threat of revolutionary upheaval, widespread terrorism can also destabilize and intimidate the Gulf Arab countries. Gulf governments try to counter subversion with security measures and social and economic reforms.

The Saudis, for example, are seeking to improve conditions for Shiites, who comprise 40 to 60 percent of the oilfield workers. With their high oil revenues and small population, the Arab states have a greater per-capita oil income than Iran under the Shah, and their economic policies have been far more cautious. If necessary, these governments will take on an even greater Islamic coloration to dilute Iranian appeals. The revolution's implicit Persian nationalist and Shiite sentiments repel many Arabs and Sunnis. Kuwait's fundamentalist movement is anti-Teheran on both counts. Most Saudis are strict Sunnis, religiously antagonistic to Shiism. Foreign workers, divided among themselves by language and culture, are not now a major base for revolution. Their primary interests are making money and returning home.

Third, as the Gulf's strongest country, Iran can simply try to intimidate neighbors, dictating anti-Americanism and other policies. This "normal" power leverage is a most likely problem, particularly in the aftermath of an Iran-Iraq war.

Clearly, Khomeini's charisma and ideological rigidity are Iran's greatest asset in exporting revolution. In the aftermath of the Iraq war--particularly if the result is one of deadlock rather than Iraqi collapse--and of Khomeini's passing, Iran's internal problems and exhaustion will probably lessen its offensive capacity overseas.

III. ISSUES FOR U.S. POLICY

The most immediate issues for U.S. policy are: the future of U.S.-Iran bilateral relations, potential U.S. involvement in coming Iranian power struggles, the Iran-Iraq war, and the securing of Gulf stability against Soviet or local threats.

In addressing these issues we must keep in mind a potential dilemma for U.S. policy. On the one hand, there is the need to guard against increasing Soviet influence in and over Iran--a need that would lead the United States to avoid declarations and actions that would tend to drive Iran into the USSR's arms. On the other hand, there is the need to protect and enhance relations with the moderate Arab states and to support them against Iran if they are endangered by Tehran's urge to spread Islamic revolution. The evolution of events may or may not require a clearcut choice between these two requirements. The U.S. Government must be prepared, however, to make that choice if the situation deteriorates to the point that we must openly defend our vital interests in the Middle East. Determining when and if such a choice is necessary is as important as the choice itself.

A. Bilateral Relations

Should the United States seek restoration of bilateral relations or should we remain passive awaiting substantial changes in Iran that would improve the prospects for normalization?

Given the poor prospects for pro-Western forces in Iran and continuing extreme anti-Americanism there, bilateral relations and U.S. influence in Tehran are unlikely to be restored for some time.

Iran cannot be expected to respond positively to U.S. offers of assistance nor will it cooperate with U.S. objectives.

While the door of economic exchange has opened slightly, prospects for any short-term renewal of U.S.-Iran relations or even of serious public or private contacts are extremely gloomy. Anti-Americanism is a major principle and high priority for the Iranian government. As long as Khomeini is alive or the IRP is in power, this attitude will be virtually impossible to change.

U.S. domestic political imperatives also constrain improving relations, given bitterness over the hostage crisis, as well as the great concern this would stir among Gulf Arab states. Direct efforts to rebuild bridges on a state-to-state basis should be given low priority.

B. Alternative Ways to Influence Iran

Given the poor prospects for direct U.S. influence, what alternatives are available to affect the course of events in Iran?

One with considerable promise is to encourage allies in efforts to maintain Western influence and to provide alternatives to economic and arms supply dependency on the Soviet bloc.

Iran's self-conscious nonaligned orientation makes it prefer trade and relations with Third World and West European states. Turkey and Pakistan in the former category and Italy and West Germany in the latter should develop some capacity to influence Iran's behavior and provide alternatives to Soviet influence. Japan is also important. The United States should privately encourage development of such relations and hopefully use channels so created to warn Iran about the Soviets and turn it away from aggressive behavior in the Gulf.

There has been much debate over the West European (and NATO) role in Gulf stability, particularly given Europe's greater dependence

on regional oil. Constructing political links with Iran and combatting Soviet influence within Iran should be a European responsibility.

The United States should not seek to destabilize Iran. Moscow is far better positioned than is the United States for winning a struggle within a chaotic Iran. Tehran's staying power and commitment to nonalignment should not be underestimated. There are presently no viable, pro-Western candidates for Iranian leadership.

U.S. involvement in Iranian internal politics should be avoided for the present, particularly to avoid wasting assets which would only be useful if and when internal struggles break out. While the current Tehran regime is repugnant to the United States and a maker of trouble in the Gulf, it is preferable to a weakened and embattled government willing to turn to Moscow for salvation.

There are three areas, however, where some U.S. action may be beneficial.

--The U.S. should see its role in Iran as countering any potential Soviet threat. Actions might include the passing of relevant intelligence information to Iranian political forces, the conduct of anti-Soviet or anti-Tudeh information campaigns to counter Soviet activities, and maintenance of a plausible deterrent against Soviet direct military action. At some proper time, the United States might even issue a public warning against Soviet involvement in Iran's internal affairs similar to the Brezhnev warning to the United States in 1978.

--The strongest U.S. asset in Iran is the Iranian belief in American omnipotence and fear of its leverage to subvert the revolution. In this regard, words and statements may have as much effect as material actions. For example, U.S. warnings,--coupled with demonstrations--against hostile Iran in moves toward other Gulf countries or an Iranian tilt toward the Soviets may be as effective as concrete U.S. actions.

--In the post-Khomeini era, his proud policy of independence may evaporate and politicians, reverting to the old pattern, could start scrambling to find foreign support. Consequently, the United States could decide to help--or oppose--specific leaders or factions. Again, however, great caution is called for and private words may be more effective than material involvement.

C. Involvement in the Iran-Iraq War

Should the United States support either side, however subtly, in the Iran-Iraq war or should it maintain strict neutrality?

The deadlocked war could well go on for a long time. Iran is in a better position to wage a war of attrition, and Khomeini is unwilling to accept a compromise peace. Iraq's regime continues to be strong but if it fell the replacement would probably be another Baathist or military government--which would probably continue most past policies--rather than an Islamic one.

Concern about Iraq's prospects could lead the United States to tilt toward Baghdad and push Iran toward the Soviets. Maintaining our low profile on the war is best calculated to secure U.S. interests. This could include guarantees of protection to the Arab monarchies and even certain low-level assistance to Iraq, such as intelligence exchanges, credits, and loan guarantees. The limited benefits to be derived from a strong Iraq card are not, however, worth the risks involved.

The United States derives some benefits from the lack of a settlement of the war, e.g., both countries tied down, Arab Gulf states more conscious on the value of U.S. protection, etc, and we can limit the possibility of the fighting spreading through help to Saudi Arabia and the sheikdoms. Despite Iranian and Iraqi claims, the United States can do very little to end the war.

D. Non-Soviet Threats to Gulf Security

What steps should the United States take to contain non-Soviet threats to Gulf security?

Stability of Arab Gulf monarchies is a high-priority U.S. interest. Fortunately, no tidal wave of Islamic fundamentalism or Iran-directed revolution seems likely to sweep over them. In seeking Gulf stability, the United States must continue current efforts to build the Rapid Deployment Force and to help Arab moderate regimes in their own security efforts. The RDF's role in deterring a projected Soviet invasion of Iran has been well-defined, but responses to non-Soviet threats--coups, revolutions or conventional Iranian attack against Arab regimes--must also be prepared and debated in advance.

The Iranian threat has a higher profile for Arabs than a Soviet one. Arabs tend to worry more about Iranian-supported guerrilla or terrorist campaigns than about Iranian military attack. Military and intelligence training to deal with such problems should be an important part of U.S. activity in the region. If Iran seems likely to attack or threaten Arab states, the United States should make plain its willingness to come to their defense. Possible steps include rotating air squadrons into Saudi Arabia if the Saudis shift their present stance in the face of imminent danger, stepping up naval deployment, and dispatching medium-range aircraft to Oman (again upon request). Excessive activities or overreaction should be avoided, however, since demonstrating Arab state dependence on the United States would play into the hands of anti-regime fundamentalists and also lead Iran to seek a superpower backer of its own.

Given Iran's preoccupying war with Iraq, internal problems, limited military assets, and the lack of imitators of Islamic revolution in the Arab states, the Iranian threat's main effect may, ironically, be improved cooperation between worried Gulf Arab states and the United States.