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## ***THE IRANIAN REVOLUTION: LONG-TERM IMPLICATIONS***

### **INTRODUCTION**

Several years ago, Richard Helms, former Director of the CIA, and then Ambassador to Iran, proclaimed that "Iran is, in geopolitical terms, the real center of the world." The manifold repercussions of the recent fall of the Shah have done little to contradict this view. The Iranian revolutionary movement has generated a wide array of disruptive tremors which will cause disturbances along several geopolitical, geostrategic, international energy and socio-religious faultlines for years to come.

Recent events indicate that the revolution is by no means over. In the months since the Shah's departure, the Ayatollah Khomeini has been transformed from a symbol of heroic resistance to a symbol of oppressive theocratic rule in the eyes of many Iranians. Sporadic uprisings among ethnic minorities - most recently the Arabs of the oil-rich province of Khuzestan - and growing criticism of Khomeini himself, have underlined the continual erosion of the Ayatollah's public support. A process of political polarization has been set in motion by the disaffection of Iran's liberal democrats, students, professionals and increasingly large portions of the middle class, rising anxiety among the vast number of unemployed workers, and a campaign of political assassination targeted against Khomeini's close associates. Iran may very well be headed for another outburst of revolutionary activity.

The purpose of this paper is to analyze the prevailing trends and future prospects of the Iranian revolution and evaluate its implications for neighboring countries and the United States. Specifically, this paper will outline various political, ethnic and religious spillover effects of the revolution and assess the revolution's impact on the Persian Gulf balance of power, U.S. national security interests in the area, and the energy security of Western oil-importing states.

## IRAN'S INTERNATIONAL ROLE UNDER THE SHAH

While the precise nature of the embryonic Iranian Islamic Republic has yet to be determined, it is clear at this point that virtually any foreseeable outcome of the Iranian revolution will be a setback for international order, Western interests in the Middle East and the United States. Iran under the Shah was a guarantor of stability in a volatile, oil-rich region vital to the industrial West, a bulwark against Soviet influence, a dependable supplier of oil to the United States and Israel (albeit an OPEC price hawk), a steady counterweight to radical Arab regimes, a huge export market for Western oil-importing states anxious about the recycling of OPEC petrodollars, a moderating influence in Middle Eastern disputes and an active supporter of pro-Western movements in Africa and South Asia. In contrast, Iran under the Ayatollah Khomeini is currently an economically crippled, militarily weak, anti-Western non-aligned state teetering on the verge of civil war whose religious fervor and restive ethnic minorities could destabilize neighboring Middle Eastern states. In an alarmingly short period of time Iran has fallen from the American orbit and become a source of instability, uncertainty and insecurity in the Persian Gulf region, the single most important energy surplus area in the world.

## IRAN'S CONTINUING REVOLUTIONARY FERMENT

At this point it is difficult to ascertain precisely the full extent to which the Iranian revolution will impinge upon the national security interests of the United States, simply because the revolution is not yet over. Although the Shah's government has been effectively eradicated, no durable, institutionalized authority has yet emerged to earn the unquestioned allegiance of the body politic. The revolution has not yet produced a new constitution, a permanent governmental structure or a systematic codification of law. Instead, political legitimacy is by and large invested in the person of Ayatollah Ruhollah Khomeini, whose moral authority is the major force binding together the disparate factions which ousted the Shah. However, even Khomeini's authority is increasingly being challenged by radical leftist groups, moderate democrats and other Shi'ite religious leaders. The very qualities which made Khomeini an excellent leader of the opposition - his dogmatic, uncompromising nature and iron-willed determination to overcome any and all resistance to his grand design - hamper his ability to develop a national consensus on Iran's future path. Without such a consensus Iran faces the grim prospect of becoming engulfed by a deepening social and economic malaise which would precipitate an acrimonious polarization of political forces along sectarian lines and trigger a bloody civil war.

The coalition which forced the Shah into exile was broad but shallow, consisting of many diverse political and social groups from all parts of the political spectrum which coalesced in an ad hoc manner bereft of any real sense of common purpose beyond the ouster of the Shah. To more than a few of them Khomeini was not so much a leader as a symbol. They looked to him to provide a scathing indictment of the Shah based on past tradition, but never fully accepted his prescription for the future.

Once the Shah had taken his "extended vacation" and the initial flush of victory wore off, the latent contradictions in the revolutionary camp surfaced and were exacerbated by a series of disputes concerning censorship, women's rights, the proper role of Khomeini's revolutionary committees (Komitehs), revolutionary justice, federalism for Iran's restive minorities, the limited choices given in the March 30 national referendum and the nature of the proposed new constitution. Khomeini's delphic pronouncements increasingly became a source of friction rather than unity as rival factions invoked his name in support of contradictory policy goals. A growing number of students, intellectuals, professionals and middle class Iranians came to fear that the revolution might result in an Islamic dictatorship more repressive than the Shah's government.

Similar concerns were voiced increasingly by liberals within the revolutionary government itself. In mid-April Foreign Minister Karim Sanjabi resigned in protest over the constant interference that he experienced at the hands of Khomeini's zealous subordinates whom he castigated as a "government within the government." Prime Minister Mehdi Bazargan and Justice Minister Assadollah Mobasherhi have also threatened to resign, citing the unchecked excesses of the Komitehs which regularly circumvent government policy in Khomeini's name, unrestrained by any formal controls. The growing schism between the religious cum political Komitehs accountable only to Ayatollah Khomeini, now based in the holy city of Qom, and Bazargan's more moderate secular regime headquartered in Tehran, threatens to undermine the authority of both bodies and enhance the political chances of an increasingly vociferous left.

#### IRAN'S RADICAL LEFT

Radical leftists, angered over their exclusion from Khomeini's provisional government and hostile to the ayatollah's conception of a theocratic state, have refused to lay down their arms as requested by the government. At present a shaky state of armed truce exists which could rapidly degenerate into civil strife, at a moment's notice.

The two major guerrilla organizations, the Islamic nationalist

Mujaheddin-e-Khalq (People's Strugglers) and the militant communist Cherikaye Fedaye Khalq (People's Sacrifice Guerrillas) have between them attracted significant foreign support, including Libyan financial backing, a military relationship with Palestinian extremist groups, and training in Iraq, Afghanistan, Algeria, South Yemen, Lebanon (in Palestinian camps) and Cuba.<sup>1</sup> The Mujaheddin were estimated to number less than 4,000 before the fall of the Shah, the Fedaye even less, but both have been strengthened in recent months by the radicalization of Iranian youth in the course of the campaign to oust the Shah, the influx of radical student activists returning from abroad, and the release of thousands of prisoners from Iranian prisons. While the tight discipline of their underground years has been diluted by their sudden growth in numbers, both groups maintain well-organized heavily armed military forces, and have developed a growing political influence on Iranian domestic affairs.

Another force to be reckoned with in post-Shah Iran is the staunchly pro-Soviet Tudeh ("masses") communist party. Founded in 1942, the Tudeh Party has long been a faithful instrument of Soviet foreign policy; in 1946 it even went so far as to collaborate with the occupying forces of the Soviet Red Army in setting up puppet regimes in Kurdistan and Azerbaijan. Underground since the coup which restored the Shah to power in 1953, Tudeh Party cells were decimated by SAVAK in the mid-sixties, but the party, estimated to number no more than 1,000 members before the fall of the Shah, retains a strategic following among oilfield workers in Ahwaz, refinery workers in Abadan and among ethnic groups such as the Azerbaijanis in northern Iran. Because of its subservience to Moscow the Tudeh Party has been discredited in the eyes of the bulk of the Iranian population and a new Communist Party of Iran has emerged, presumably to counter the negative image of its Tudeh forebears. However, while the Tudeh's base of support is narrow, it compensates for its small numbers with tight organizational discipline and access to Soviet funds, printing presses and radio stations. Moreover, as one of the few Iranian political groups with a following among factory workers, it stands to profit politically from the extremely high rate of unemployment which will continue in economically crippled Iran for the foreseeable future.

While marxist groups have generally avoided a direct confrontation with Khomeini's followers, several ominous events in recent weeks have foreshadowed the growing threat of further revolutionary violence. In early April the Mujaheddin-e-Khalq, driven into the tentative embrace of rival leftist groups

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1. Robert Moss, "The Campaign to Destabilize Iran," Conflict Studies, No. 101 (November 1978), p. 8.

by constant friction with the militiamen of the Komitehs, joined with more radical leftists in their demands for a greater role in running the country. In mid-April the Mujaheddin, along with the pro-Soviet Cherikaye Fedaye Khalq, withdrew their support of the Ayatollah Khomeini and endorsed the more liberal Tehran-based Ayatollah Mahmoud Taleghani. Should Iran's drift toward polarization continue there is a distinct danger that an amalgamated leftist bloc could exploit divisions within the Shi'ite clergy to undermine the authority of Khomeini and mount a serious challenge to the present government. This would plunge Iran into a second, more radical round of revolutionary violence which would further damage western interests in the region, leave Iran more susceptible to internal subversion and more vulnerable to external (especially Soviet) pressures.

### ETHNIC SEPARATISM

While Khomeini led an essentially Persian revolution against a Persian state, he inadvertently pried open a Pandora's box of local drives for ethnic separatism, political autonomy and cultural freedom among Iran's restive ethnic and tribal minorities. Iran's mosaic of nationalities, long held in place by the Shah's strong central government, was suddenly exposed to a partial vacuum of secular power and quickly showed signs of disintegration in the face of centrifugal ethnic pressures. An estimated 14 million of Iran's 34 million people belong to ethnic minority groups, most of them located on the periphery of Iran's Persian-speaking heartland: The Kurds in the west, the Azerbaijanis in the northwest, the Turkomans in the northeast, the Baluchis in the southeast and the Arabs in the southwest, along with smaller numbers of Gilani, Lurs, Bakhtiari, Armenians and Assyrians.

Virtually all of the major minority groups have manifested some degree of dissatisfaction with their current status under Khomeini's Islamic Republic. Most have renewed longstanding demands for administrative autonomy, the abolition of official restrictions on non-Persian cultural activities, and the formal acceptance of their native tongues as official languages, along with Farsi, in their own provinces. Some tribal groups, like the Baluchis and most Kurdish tribes, are orthodox Sunni Moslems, increasingly apprehensive about their future in a theocratic state which is 93 percent Shi'ite; others like the Arabs of the oil-rich province of Khuzestan are pressing for a greater share of economic development funds to offset what they perceive to be longstanding inequities in the distribution of wealth between Persians and non-Persians. At the end of May Arab nationalists, possibly influenced by leftist groups with ulterior motives, staged sit-ins at municipal buildings in Khorramshahr which escalated into an armed insurrection when revolutionary militiamen forcibly ejected them from the buildings. While the Khomeini regime subsequently suppressed the uprising there remains the danger that Arab unrest could spread to the oilfields, once again resulting in paralyzing strikes or even outright sabotage.

At this time, the fiercely independent Kurds pose the most ominous challenge to the authority of Khomeini's Islamic Re-

public. Fighting between Kurds and army troops erupted in mid-March in Sanandaj, the provincial capital of Kurdistan, and has spread sporadically to the surrounding countryside where Khomeini's Islamic militia and Azerbaijani Turks have joined the army in attacks on Kurdish villages. Currently only a small minority of Iran's 3.5 million Kurds are pushing for outright separatism; most support the long-banned Kurdish Democratic Party's demands for regional autonomy under a federal system. However, should fighting drag on indefinitely, there exists a real danger that a sizeable portion of Kurds could become radicalized and swell the ranks of the Patriotic Union of Kurdistan, an Iraq-based separatist organization which now enjoys only limited popular support, primarily in areas along the Iraqi border.

Such a full-scale Kurdish uprising could serve as a catalyst to ignite insurrections among other minority groups seeking to extract maximum concessions from Khomeini's republic while it is still weak and pre-occupied with the Kurds. For example, the Turkomans, who have already revolted and been subdued at Gonbad-e Kavus in early April, and the Baluchi tribes of the southeast, who have reportedly established political contact with Kurdish nationalists, might be tempted to revive their own dormant nationalist aspirations, especially if offered a tacit alliance with leftist elements in Tehran itself. Once Iran begins to fray at the edges, it will get progressively harder to put back together, as minority nationalist movements flex their muscles in the virtual vacuum of centralized political power and gain momentum from each other's successes.

Ethnic turmoil generated within Iran will also yield unsettling spillover effects in neighboring states since many of the ethnic groups found within Iran are transnational entities which straddle several borders. Kurdish tribes are found not only in Iran but also in Iraq, Turkey, and Syria; sizeable Azerbaijani and Turkoman populations exist inside the Soviet Union; Baluchi tribes inhabit Pakistan as well as Iran; and the Arabs of Khuzestan are closely related to the Iraqis to the west.

Given the porous nature of Iran's borders, nationalist movements within Iran are likely to be extremely contagious and could evoke similar movements in neighboring states. The Baluchis, for example, unsuccessfully fought a war of independence against Pakistan from 1973-1977 and might be incited to renew their separatist efforts by nationalist agitation within Iran. On the other side of Iran, the Iraqis are concerned that the Iraqi Kurds who waged guerrilla warfare against them from 1960-1965 and 1970-1975 might rise again in open revolt, spurred on by a re-awakened Kurdish nation within Iran. Their apprehensions are heightened by the fact that they were successful in suppressing the Kurdish revolt in 1975 only after they had made a deal with the Shah which led him to cut off

external aid to the insurgents and deprive them of Iranian sanctuaries. Baghdad is disquieted by the possibility that Khomeini's regime may be unwilling or unable to prevent the Kurds from rekindling their guerrilla campaign against Iraq, and is preparing for the worst. Clearly, Iran's accumulating ethnic tensions will present its neighbors with their own sets of internal difficulties which will complicate, if not strain, relations with Tehran.

#### THE SOVIET ROLE

Iran has been a longstanding target of Soviet subversion. Soviet support of separatism in Iran has been well organized and persistent since 1917, and although it has often been suspended for tactical reasons whenever Moscow has seen its interests better served by improving relations with Tehran, the Soviets have manipulated the latent threat of separatist agitation as a constant source of leverage vis-a-vis the Iranians. The long-term Soviet effort to dismember Iran culminated in its refusal in 1945 to withdraw from territory occupied in northern Iran during World War II to protect its supply lines and its subsequent attempt to create puppet governments in Kurdistan and Azerbaijan backed up by the Soviet army. Although forced out in 1946 by concerted Western pressure, the Soviets never relinquished their goal of dominating their strategically located southern neighbor, which they perceived to fall within their own natural sphere of influence. Premier Khrushchev commented at one point that Iran was a "rotten fruit" that would eventually fall into Russia's lap. It would seem that the unfinished Iranian revolution now gives Moscow an excellent opportunity to "shake the tree," in the expectation that continued political turbulence will strengthen pro-Soviet factions within Iran.

Iran's revolutionary movement is not communist-led or communist-orchestrated, but in a situation of flux the Kremlin could possibly capture the leadership of the revolution through the Tudeh Party, once the largest communist party in a non-communist country outside Europe. Although currently discredited by its close ties with Iran's natural enemy to the north and confined to a narrow base of support by SAVAK's ruthlessly effective onslaught during the last two decades, the Tudeh Party stands to gain much political strength from the economic malaise which will besiege Iran for an indefinite period. With inflation running at an annual rate of almost 50 percent and estimates of unemployment ranging from 30-50 percent, Marxist groups will find ample troubled water to fish in. The unemployed, who have already marched through Isfahan and Sanadaj in mid-April chanting "Give us jobs or give us back the Shah," will serve as a volatile reservoir of unrest which the Tudeh Party will be in an excellent

position to tap, given its strength among industrial workers and its disproportionate influence within the worker's committees which have sprung up like mushrooms inside the decaying institutions of the Shah's regime.

In the initial stages of the revolution the Soviets played their hand cautiously, preferring to avoid needlessly alienating the Shah, with whom they had established a working, if somewhat cool, relationship in the mid-sixties. Moscow described events in Iran as internal disturbances until mid-December 1978 when it began to encourage the demonstrations, convinced that the momentum of Iran's domestic politics spelled the Shah's imminent demise. Even before the policy switch, however, the Soviets had been meddling indirectly in Iranian affairs through proxies: the Soviet-controlled Afghan Secret Service - the Estekbarat - reportedly co-ordinated anti-Shah activities among the 500,000 Afghans living in Iran,<sup>2</sup> and agitators from Iraq and Syria are also known to have participated in anti-Shah demonstrations. A constant flow of Soviet arms entered into Iran through indirect channels: arms bound for Iran's Baluchi region were shuttled through Afghanistan<sup>3</sup> while arms bound for Iranian leftists were passed on through PLO affiliates in Iraq. Somewhat later, the South Yemeni regime, another favorite Soviet proxy, apparently ordered its agents to incite strikes in the Abadan oilfields, thereby hastening the fall of the Shah.<sup>4</sup>

In addition to covert proxy operations the Russians mounted an inflammatory propaganda campaign using the Voice of Iran radio station in Baku, Soviet Azerbaijan, to misrepresent American policy and stir up Iranians against both the Shah and the United States. Once Khomeini came to power, clandestine broadcasts urged Iranian leftists to retain their weapons since final victory not only was not at hand but it would never be realized without a prolonged struggle. Subsequent broadcasts beamed appeals from what was described as "thousands of Iranian exiles" in the U.S.S.R. for the right to return to "help" the revolution.<sup>5</sup>

Further evidence of Soviet intent to meddle in Iran's internal affairs came to light in late February when Swiss sources reported that Soviet buyers had entered world currency markets to purchase

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2. Moss, op. cit., p. 4.

3. Strategic Middle Eastern Affairs, Nov. 8, 1978, p. 1.

4. Cord Meyer, "The Kremlin's Work in Iran," Washington Post, Feb. 10, 1979, p. A9.

5. Soviet World Outlook, Advanced International Studies Institute, March 15, 1979, p. 6.



"enormous quantities" of Iranian rials at "premium prices," presumably for use within Iran.<sup>6</sup> While the Russians are currently ingratiating themselves with Khomeini (the Soviet Union was the first power to offer the new regime economic aid) and are attempting to use their limited influence to forestall Khomeini's move against Iranian leftists, thus helping the leftists to consolidate their gains in preparation for future political offensives, it is evident that the Soviets are keeping all options open, including the discreet support of radical terrorist groups and separatist movements. Now that Iran has detached herself from the Western camp, the Soviets are preparing for a protracted effort to replace Iran's current non-aligned Islamic regime with a regime more sympathetic, if not subservient, to Moscow's interests.

#### THE POLITICAL REVIVAL OF ISLAM

One of the salient characteristics of the Iranian revolution was the major role played by Shi'ite Moslem religious leaders within the opposition movement. In the wake of Iran's transformation into an Islamic republic there has been considerable speculation about the political impact of resurgent fundamentalist Islamic movements in other Middle Eastern states, much of it unfounded. While the grievances which triggered a fundamentalist backlash against the Shah are also found to some extent in many other Moslem nations, the Iranian experience was a product of distinctly Iranian conditions, and is therefore not strictly relevant to more than a handful of neighboring states.

First of all, Iran is one of the few Moslem nations whose population is overwhelmingly comprised of members of the Shi'ite sect of Islam, a historically contentious faith. The great majority (85 percent) of Moslems belong to the dominant Sunni branch of Islam and Sunni religious leaders are much less prone to politically challenge governmental authority. In contrast to Iran where the mullahs have traditionally played the role of protectors of the people vs. the ruling elite, the clergy of other Moslem nations are often closely tied to the government, and sometimes can even be found on the government's payroll.

Egypt is often mentioned as a likely target for an Islamic political revival. However, while a small radical Islamic movement - the "New Moslems" - has emerged with doctrines and tactics inspired by Khomeini, there are vast dissimilarities

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6. The New Republic, March 3, 1979, p. 5

between Egypt under Sadat and Iran under the Shah. In Egypt the Sunni clergy are employees of the state and their economic grievances were not allowed to fester as was the case in Iran. Not only is Sadat perceived to be an ardent Moslem by the Egyptian people, but they have no Khomeini-type leader to follow since religious officials are appointed by the government and are dependent on Cairo for religious funds. Moreover, since the Iranian revolution Sadat has intelligently pre-empted the disaffection of the mullahs by raising their pay 25 percent and promising them better housing.

Saudi Arabia is even less likely to suffer a fundamentalist backlash given the relatively homogeneous nature of Saudi society and the unusual solidarity of the Saudi elite. Not only is Saudi Arabia a strictly orthodox state whose rulers profess adherence to the puritanical Wahhabi sect, but religious leaders have traditionally been included in the Saudi decision-making process. Although there is a small Shi'ite minority in the eastern part of the country, it is closely watched by the Saudi intelligence services.

Aside from Afghanistan, where religious leaders have already declared a jihad (holy war) against the communist Taraki regime, the countries most likely to experience the political manifestations of an Islamic movement are Iraq, Kuwait, Dubai and Bahrein, each of whom contains sizeable Shi'ite communities. While Iraq, the historical cradle of the Shi'a faith, is populated primarily by Shi'ite moslems, the ruling Ba'ath Party is run almost exclusively by Sunni Arabs who make up only 15 percent of the population. The Iraqi Shi'ites resent the political domination of Sunni tribes and the unequal distribution of oil benefits. The Baathists are worried that the Shi'ite revival currently engulfing Iran could spill over to Iraq and are preparing for the worst by cracking down on Iraqi communists, most of whom are Shi'ites.

There are also large Shi'ite minorities in Kuwait, Bahrein and Dubai which may be especially susceptible to Khomeini's brand of Islamic politics since many are of Iranian descent and still speak Farsi. In early January Kuwaiti authorities discovered a Gulf-wide smuggling operation which distributed arms to political action cells disguised as Shi'ite study groups. There has been some speculation that such militant Shi'ite cells have been established in Gulf states in accordance with Khomeini's revolutionary philosophy which seeks to re-unify all of Islam in its earliest universal form. If this proves to be true, then Iran under Khomeini may become a chronic source of instability not only for neighboring Arab nations, but also for the Soviet Union, whose fifty million Moslem citizens may become a target for Khomeini's movement if and when Iran has been secured.

## THE REVOLUTION AND THE MILITARY

Iran's military services have by and large been neutralized as a fighting force. Since the Army was trained to be loyal to the Shah and its members were given special privileges, it was discredited and rendered ineffective once he fled Iran. With the exception of Navy and Air Force ground crews who went over to the revolution and became its spearhead, most military units are now disorganized, or even nonexistent.

The Army, which numbered 240,000 before the revolution, was particularly hard hit by the street fighting which shattered its morale and induced widespread desertion. Roughly 60 percent of its soldiers were draftees, many of whom served their two-year terms near their homes where they were subjected to local opposition pressures. Virtually the only units which have remained intact since the revolution are military garrisons in remote regions where the troops were overwhelmingly Iranians stationed among other ethnic groups. Although the government claims that the Army is at 50 percent strength, experts estimate that the actual figure is closer to 20 percent in Tehran and other areas where the Army was involved in street fighting.

The officer corps has suffered a similar fate. A wholesale decapitation of senior ranks was necessary since the rank and file rejected the leadership of the Shah's hand-picked generals; in many units ad hoc revolutionary committees decide which officers will be allowed to give orders. The large scale elevation of colonels chosen for political rather than professional reasons to posts normally filled by generals has added to the confusion, lack of co-ordination and widespread ineffectiveness of the army as an institution.

At this point, both the secular government and the revolutionary shadow government agree on the need to rebuild the army. Khomeini himself has suggested forgiveness for low-level soldiers who fought for the Shah and has appealed to soldiers to return to their units. An effort is underway to rebuild the old Imperial Army by rejuvenating it under younger officers and transforming it into the "Islamic Armed Forces." This effort is strongly opposed by the Fedaye-e-Khalq and the Mujaheddin who view the reconstitution of the Army with suspicion and have no desire to see the military strength of Khomeini's regime strengthened vis-a-vis their own forces. They are pushing instead for a "People's Army," run by committee, which they could gradually assume control of, or at least neutralize as a domestic political force.

For the foreseeable future Iran's armed forces will be hard-pressed to defend against internal security threats and restore domestic order, let alone protect Iran from external threats.

The Army is projected to be cut to 90-100,000 troops, the Air Force from 100,000 to 30,000 and the Navy from 30,000 to 20,000.<sup>7</sup> The embryonic Navy, stationed far from Tehran, was relatively untouched by the revolution, but it is unknown to what extent its effectiveness has been impaired. The Air Force, which switched loyalties early, was less affected by events than the Army but it was highly dependent on U.S. support personnel, long since withdrawn. Hamstrung by critical deficiencies in logistics, maintenance and operational communications, it has been able to keep only a few relatively unsophisticated F-4's and F-5's flying and is believed incapable of sustained air warfare, perhaps for years to come. In late April, Defense Minister Madani indicated Iran would welcome the return of approximately 200 U.S. technicians to improve the readiness of the Air Force, but it is unclear at this time whether American technicians will in fact return.

#### THE PERSIAN GULF BALANCE OF POWER

The evisceration of Iranian military strength upsets the delicate balance of power in the vital Persian Gulf region and creates a partial vacuum of power which could destabilize several pro-Western states. Under the Shah, Iran operated as the de facto policeman of the Persian Gulf and a guarantor of the internal stability in several neighboring states. Iran sent a four thousand man expeditionary force to Oman to help Sultan Qabus defeat Yemeni-supported insurgents in Dhofar province and contributed helicopter units to Pakistan's campaign against Baluchi separatists. It acted as a counterweight to restrain Iraqi territorial ambitions vis-a-vis Kuwait as well as Saudi Arabia and supported Pakistan against Soviet and Indian pressures. The Shah had also taken an active interest in the Horn of Africa where he provided financial assistance and small arms to Somalia in its struggle against Soviet-backed Ethiopia. In addition to this stabilizing regional role the Shah had been discreetly supporting anti-Soviet forces in Sub-Saharan Africa, including the clandestine financing of Jonas Savimbi's UNITA guerrilla movement which continues to fight against the Cubans and Marxist-oriented MPLA in Angola.

Because the new Iranian regime is unwilling or unable to effectively continue these security policies the national security of the various pro-Western states formerly backed by the Shah is bound to suffer. In addition, the influence of Soviet-supported radical regimes in Iraq, South Yemen and Ethiopia will undoubtedly grow as a result of the removal of constraints imposed upon them by countervailing Iranian power.

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7. Washington Post, March 28, 1979, p. A18.

Iraq, which potentially stands to be hurt the most by the ethnic (Kurdish) and Shi'ite spillover effects of the Iranian revolution, also stands to gain the most from the debilitating impact of the revolution on Tehran's military power. With Iran pre-occupied by national reconstruction and the restoration of domestic tranquility, Iraq has developed a free hand vis-a-vis Kuwait and Saudi Arabia, both of whom formerly played Baghdad off against Tehran, taking advantage of the Iraqi-Iranian rivalry to further their own interests.

More importantly, Iraq has suddenly emerged as the pre-dominant military power in the Persian Gulf. Its 212,000 man military establishment outnumbers the combined armed forces of Saudi Arabia and Kuwait, the next two biggest Gulf powers, by almost three to one. Its land forces are made up of 10 full strength divisions well supplied with almost 2,000 Soviet tanks. In 1978 the combat wing of the Iraqi Air Force consisted of 339 aircraft, including 80 relatively advanced Soviet-supplied MIG-23 fighters, more than a match for the air defense establishments of any other Gulf state, including the crippled Iranian Air Force. The Iraqi Navy, although currently ill-equipped with obsolete craft, is being rapidly built up with the planned acquisition of modern Soviet missile boats, military hovercraft, tank-landing craft and submarines. If Iraq should decide to revive its on-again off-again territorial disputes with Kuwait, Saudi Arabia or perhaps even Iran, it would be in a position to achieve its aims by force of arms.

Another major benefactor of the Iranian revolution has been the Soviet Union, which has finally decisively neutralized the "Northern Tier" of Western defenses barring it from penetrating the strategic Persian Gulf area. Iran's domestic pre-occupations, Turkey's worsening social and economic problems and Pakistan's growing sense of isolation have led the three states to soften their opposition to Soviet pressures. Ironically, all three recently quit the CENTO alliance at a time when the Soviet threat is visibly increasing. This perceptible drift towards non-alignment has raised fears in many quarters that the Soviet effort to "Finlandize" the area is gaining irresistible momentum. Significantly, Pakistan has recently added credence to those fears by transferring its most capable diplomat from Washington to Moscow, a move filled with symbolic overtones.

The state which has been hurt the most by the shifting balance of power in the Persian Gulf has been Saudi Arabia. While the Saudis never fully accepted the Shah's self-proclaimed role as guardian of the Persian Gulf and suspected him of building the foundations for a thinly-veiled Persian hegemony over the smaller Arab Gulf states, they sorely miss the stabilizing influence that the conservative Iranian monarchy exerted in regional affairs.

The Iranian revolution has left Riyadh more exposed than ever to pressures from radical Arab states, the PLO and the Soviet Union. It has sharpened Saudi concerns about Soviet encirclement engendered by the pro-Soviet Afghan coup, the Soviet-supported South Yemeni attack on North Yemen, the large number of Soviet advisers and proxies in the Horn of Africa as well as ominous signs that South Yemen is preparing to revive the Dhofar rebellion in neighboring Oman.

Moreover, the revolution has added to this lengthy list of insecurities one more worry: the threat that radical Shi'ite movements patterned after Khomeini's own and possibly encouraged by Qom, if not Tehran, might disrupt the internal stability of Kuwait, Dubai or Bahrein.

The failure of the U.S. to respond concretely to the growing Soviet presence in the Horn of Africa, Washington's facilitating role in promoting the Egyptian-Israeli peace treaty, and its indecisive half-hearted support of the besieged Shah have triggered a debate within Saudi ruling circles concerning the advantages and disadvantages of close relations with the United States. At the moment, King Khalid and the commander of the National Guard, Prince Abdullah, two pan-Arabists strongly opposed to the Egyptian-Israeli peace treaty and closer ties to the U.S., apparently have eclipsed the more pro-American Crown Prince Fahd in the Saudi policy-making arena. This would seem to indicate that Saudi-American relations, already strained by what the Saudis perceive to be Washington's insensitivity to their needs, will not improve in the near future, and may actually deteriorate further.

#### THE CANCELLATION OF U.S. ARMS SALES TO IRAN

Since regaining the peacock throne in 1953, the Shah had purchased \$20.7 billion of U.S. military goods, nearly \$17 billion of which was ordered in the last five years. When the Shah fell, \$12 billion of military hardware remained on order but had not yet been delivered. Denouncing the Shah's arms buildup as inherently wasteful and inconsistent with the policy of nonalignment of the newly-installed Islamic Republic, the Ayatollah Khomeini unilaterally abrogated more than \$11 billion of arms still in the pipeline, retaining only contracts covering spare parts and support for U.S. weapons systems Iran had already purchased. Among the items cancelled were 160 General Dynamics F-16 fighters (\$3.2 billion), 7 Boeing E-3A AWACS radar craft (\$1.2 billion), 16 McDonnell Douglas RF-4E Phantom reconnaissance craft (\$219 million), two Tang-class submarines and more than 14,000 missiles, including the advanced Phoenix air-to-air missile,

the improved Hawk surface-to-air missile and the ship-mounted Harpoon surface-to-surface system.<sup>8</sup>

The cancellation of these arms contracts is not expected to put any U.S. companies out of business or trigger any major layoffs because they represented for the most part a cut in potential sales rather than actual sales. In most cases work had not actually begun on the contracted hardware. In those cases where work was in progress the impact of the cuts was softened by previously agreed-upon termination costs written into the contract agreements. The Iranian government was also required to set aside \$500 million in a trust fund administered by the Pentagon from which progress payments to U.S. companies were withdrawn at regular intervals. This procedure cushioned the companies from the effects of contract cancellations but it also required the U.S. government to take ultimate responsibility for absorbing or distributing arms built but not delivered.

On paper the biggest loser appears to be General Dynamics, which lost \$3.6 billion in potential sales of F-16's. However, it will probably suffer no loss at all, given the interest which the governments of Israel, Egypt and Saudi Arabia have expressed in buying F-16's originally meant for Iran. The U.S. government has also made tentative plans to purchase \$2.1 billion worth of Iran's contracted weapons including 4 Spruance-class destroyers, 55 of 160 F-16 aircraft, and more than 600 missiles. There is also a chance that Washington may negotiate with the new Iranian government to buy back at bargain rates 77 advanced F-14 Tomcat fighters along with 270 Phoenix missiles.<sup>9</sup>

If these proposals are implemented the Iranian arms sales cutbacks may result in an immediate bolstering of U.S. defense capabilities, along with those of U.S. allies, especially Israel, who might have deliveries of contracted hardware speeded up. However, in the long run the loss of the Iranian arms market will tend to raise the average unit cost of the U.S. weapons systems involved. In particular the cancellation of the 7 Boeing AWACS aircraft ordered by Iran will make the 34 purchased by the U.S. and 18 on order for NATO significantly more expensive. Since it took NATO members two years to work out a politically acceptable method of apportioning the \$1.8 billion cost of the AWACS aircraft, there is a chance that the Iranian

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8. William Branigin, "Iran Cancels Arms Orders with U.S.," Washington Post April 10, 1979, p. All.

9. Aviation Week and Space Technology, April 2, 1979, p. 11.

cutbacks will re-open the AWACS controversy and delay the deployment of aircraft further.

Iran was one of the U.S.'s most important Third World arms markets. Exports of military goods rose from \$769 million in 1973 to nearly \$3.7 billion in 1978. The recent sales cutbacks will make it difficult, if not impossible, for the Carter Administration to meet its already doubtful goal of reducing the U.S.'s record 1978 trade deficit of \$28.5 billion by up to \$8 billion in the year ahead. The loss of the Iranian arms market not only exacerbates balance of payments problems, thus further eroding the value of the dollar in international exchange markets, but considered in conjunction with the higher oil prices ushered in by the Iranian oil shutdown, it raises once again the specter of petrodollar recycling problems.

#### LOSS OF THE MONITORING SITES IN IRAN

The fall of the Shah's government resulted in the loss of seven U.S. electronic intelligence (ELINT) facilities, two of which - the Takman I and Takman II stations at Kabhkan and Behshahr - constituted a vital part of the "national technical means of verification" necessary to monitor Soviet compliance with certain provisions of the SALT I Interim Agreement. These same stations were slated to play an even larger role in the verification of Soviet compliance with the controversial SALT II agreements due to the more complex qualitative and quantitative restrictions proposed. The Takman sites were ideally situated for monitoring Soviet missile developments. They were located close to Soviet ICBM, IRBM, ABM and cruise missile test ranges and offered an unrivalled vantage point from the rim of the Iranian plateau high above the plains of central Asia. The Kabhkan facility afforded line-of-sight signal interception equipment an unobstructed "view" of Soviet missile flights, virtually from liftoff at the launchpads of the Baikonur Cosmodrome, one of the principal Soviet missile test centers located 660 miles to the northeast.

These geographical advantages enabled the CIA to follow preliminary preparations for ICBM tests and notify other surveillance systems in Turkey, the Aleutians, in planes, in space and at sea of impending tests. More importantly, it gave U.S. intelligence agencies an unexcelled opportunity to scrutinize the initial phase of missile performance during the first and second stages of flight, yielding valuable data on the size, boost and throw weight of Soviet rockets.

There is now no effective substitute which can fully perform these intelligence functions. The Turkish stations are farther away, screened by the Caucasus Mountains, equipped with less



sophisticated surveillance technology and may prove to be just as vulnerable to host country political pressures as those in Iran. Currently available satellite and airborne surveillance equipment could not monitor missile tests with the same degree of precision and would not be capable of collecting data on a time-urgent basis. In order to fully recover the specific data-gathering capabilities of the dismantled Iranian posts, a new generation of reconnaissance satellites would have to be designed, built and launched. The long lead times involved in such an enterprise led the Director of Central Intelligence, Admiral Stansfield Turner, to his highly publicized conclusion that the monitoring capabilities lost in Iran could not be completely replaced until 1984, a full four years after the SALT treaty is projected to enter into force. In the meantime, the Carter Administration has proposed stopgap measures to partially offset the loss of the Iranian sites. However, knowledgeable officials admit that new procedures would take months to carry out and would double the margin for error in detecting the precise capabilities of new Soviet missiles.<sup>10</sup>

#### ENERGY IMPLICATIONS

As a result of chronic strikes and work slowdowns among Iranian oilfield and refinery workers determined to remove the Shah, the Iranian oil industry ground to a near halt and suspended exports from December 26 through March 5, throwing world oil markets into disarray and generating intense consternation among oil-importing states.<sup>11</sup> Before the oil production shutdown Iran had been the world's fourth largest oil producer with an average output of just over 6 million barrels per day (MBD), the equivalent of almost one-fifth of OPEC's total production. As the world's second-ranked oil exporter (after Saudi Arabia) Iran played an important role in fueling the economies of the industrial West; its 5MBD average export level provided for roughly 10 percent of the non-communist world's oil needs. To make up the 5MBD shortfall in oil exports the global oil production network was stretched taut as 3MBD of surplus production capacity was thrown into the breach, leaving oil importers to draw down worldwide oil reserves by an extra 3MBD.

In the first half of 1978, the United States was importing Iranian oil at the rate of 885,000 BD, the equivalent of about

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10. New York Times, March 21, 1979, p. A8.

11. For a more detailed treatment of the national security implications of the Iranian oil shutdown see: James Phillips, "The Iranian Oil Crisis," Heritage Foundation Background, #76, February 28, 1979.

10 percent of its oil imports and about 5 percent of daily oil consumption. Because other oil exporters picked up the slack, the U.S. shortfall actually amounted to a net loss of 500,000 BD. While the effects of the shortfall were cushioned by a faster than normal drawdown of American oil reserves, the deficit of oil imports was expected to hamper the buildup of gasoline stocks for the summer driving season, and more importantly, the buildup of heating oil inventories for the winter heating season. The Carter Administration responded by drawing up plans for voluntary conservation programs, standby gasoline rationing, and emergency crude allocation schemes which would serve the function of redistributing the burden of the shortfall without hindering the inventory buildups needed for next winter.<sup>12</sup>

In addition to short term supply shortages the Iranian revolution has set in motion long-term energy trends which will tend to depress future oil production in other OPEC states. The Shah's removal has vividly demonstrated the political pitfalls which accompany rapid economic development fueled by a high rate of oil production. Given the Iranian experience, oil-exporting states in the future will be more prone to think in terms of how much social dislocation can be absorbed by their political systems and this will complicate their thinking about how much oil revenue can be absorbed by their economic systems. A widespread tilt to conservation-oriented oil production strategies among oil-exporting states would undermine Western interests to the extent that it would result in lower levels of oil available for export, higher oil prices, and larger balance of trade deficits among oil importers.

The Iranian revolution has also jeopardized the energy security of Western oil importing states that had come to depend on Iranian oil, made especially attractive due to the Shah's refusal to politicize oil exports by denying them for political purposes. South Africa, which relied on Iran for 90 percent of its oil imports and Israel, dependent on Iran for 50-70 percent of its oil imports, were particularly hard-hit by the change of regimes in Tehran, and both were forced to look elsewhere for their oil after Khomeini's Islamic republic embargoed all exports to them.

The Iranian revolution is also fraught with ominous energy implications for the United States since it deprives Washington of a reliable oil supplier in the event of another Arab oil embargo, which the Islamic republic presumably would join. During the 1973 embargo Iran not only continued to export oil

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12. For an in-depth analysis of possible quick-fix solutions to the energy shortfall see: Milton R. Copulos, "The Energy Crunch: Short-term Solutions," Heritage Foundation Background #79, March 28, 1979.

to the United States but in fact more than doubled its exports from roughly 220,000 BD to 460,000 BD in 1974. Iranian participation in another embargo, or merely Iranian refusal to increase its exports to partially offset Arab cutbacks, greatly increases the potency of the Arab "oil weapon" and perhaps even increases the likelihood that the Organization of Arab Oil Exporting Countries (OAPEC) will unsheath it once again.

## CONCLUSION

The Iranian revolution is by no means over. The broad but shallow ad hoc coalition which forced the Shah into exile is gradually dissolving into rival camps grouped around Khomeini's Komitehs, the moderate democrats of the National Front and the radical left. A growing number of students, intellectuals, professionals and middle class Iranians have become disenchanted with Khomeini's conception of a theocratic state and fear that he is bent on establishing an Islamic dictatorship more repressive than the Shah's government ever was. There are indications that radical leftists have tentatively coalesced into an amalgamated leftist bloc which stands to gain considerable strength from the political backlash generated from Iran's skyrocketing inflation and unemployment rates.

In addition to the deepening economic malaise, Iranians are being polarized by a campaign of political assassination waged against leading members of Khomeini's revolutionary committees by a mysterious group called Forqan which has proclaimed its resistance to a "mullah's dictatorship." Continued domestic turbulence in combination with sporadic uprisings among Iran's restive minorities - the Kurds, the Turkomans and more recently the Arabs - indicate that a second, more bloody stage of the Iranian revolution lies ahead.

The Iranian revolution has precipitated a dangerous realignment of forces in the most crucial geo-strategic region in the world today - the Persian Gulf. The fall of the Shah has deprived the West of an active ally in the region, a dependable oil supplier and a counterweight to the Soviet Union and radical Arab powers. Not only is Iran no longer willing or able to underwrite the security of other pro-Western states in the Persian Gulf, but the spillover effects of the unfinished Iranian revolution pose several potential threats to the internal stability of other states in the region. In particular, the centrifugal ethnic separatist pressures engulfing Iran, and the political manifestations of a fundamentalist Shi'ite backlash may prove contagious to neighboring states, especially Iraq.

Paradoxically, while the internal security of the Iraqi regime is undermined by the corrosive spillover effects of the Iranian revolution, the accompanying erosion of Iran's military power

has removed a potent restraining force on Iraqi ambitions, enhanced regional perceptions of the relative strength and usability of Iraq's military forces and allowed Iraq to emerge as the pre-eminent regional military power. This is a potentially dangerous development given the unpredictable nature of the Ba'athist regime, its commitment to replace the governments of conservative Arab states with radical regimes molded in its own image, and the chronic boundary disputes which have often marred Baghdad's relations with Kuwait and Saudi Arabia in the past. Moreover, the recent union of Iraq and Syria will allow the Iraqis to concentrate their attention on the Gulf, since their disputes with the Syrians have been relegated to the back burner, at least for the immediate future.

Riyadh, for its part, has moved closer to Iraq in the wake of the Camp David peace talks and the Iranian revolution. Apprehensions about future instability in the area have reportedly led the Saudis to reach a tentative understanding with the Iraqis concerning Persian Gulf security matters. At this point the exact terms of the arrangement are unclear and it is unknown how long the Saudi-Iraqi detente will persist. In any event, the fall of the Shah has left the Saudis more exposed than ever to pressures not only from Iraq, but from other radical Arab states, the Soviet Union and the PLO as well.

The Iranian revolution has also impaired several important U.S. national security interests. Washington has been deprived of a dependable ally which helped safeguard the vital oil supply routes from the Persian Gulf - the jugular vein of the West - as well as restrain and constrain the foreign activities of the Soviet Union, Iraq, South Yemen and local Gulf radical groups. The U.S. has lost its most valuable missile monitoring bases for a critical period of time during which such bases were considered by many knowledgeable experts to be virtually irreplaceable in verifying certain aspects of Soviet compliance with the controversial SALT II agreements. Finally, the U.S. has been deprived of a reliable oil supplier at a time when the long term supply availability and price levels of petroleum are determined increasingly by political decisions made in producing countries to the detriment of Western oil importers. The Iranian revolution therefore constitutes a serious long-term setback to U.S. interests in the Persian Gulf and significantly boosts the risk that the flow of Persian Gulf oil - the lifeblood of the West - will be disrupted by local conflict, external intervention or domestic instability in the future.

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