İRANIAN REVOLUTION IN INTERNATIONAL AFFAIRS: PROGRAMME AND PRACTICE

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Introduction: Consequences of a Revolution

The problem of assessing the international impact of the Iranian revolution, whether in the fields of oil or geopolitical strategy, can be divided into two parts: first, the problem of identifying what the policies of the new govermnent are and the degree to which it is capable of putting them into practice; secondly, the problem of identifying what the unintended or at least unofifcial consequences of the revolution have been, the shock waves and enthusiasms that such an event has generated elsewhere, and the counter-measures that its opponents are taking. In neither case it is yet possible to draw up more than a very preliminary balance-sheet. All revolutions take time to evolve stable post-revolutinary governments capable of implementing consistent international policies In the Iranian case the degree of uncertainty at the centre is, by the standards of twentieth century revolutions, extreme. The factionalism, the instability of personnel, the leisurely approach to forming a new permanent government, the very insecurity of the regime itself and its vulnerability to pressures, make any assessment of its foreign policy and oil policy more than usually difficult. This lack of certainty applies even more to the second set of consequences, for here it is almost impossible, as yet, to grasp what the effects of the Shah's fall have been. In the strictest terms, the results have as yet been rather small, and far smaller than initial expectations, hopeful or alarmed, were neither the politicss of any neighbouring state, nor the balance of east-west relations, nor the international oil economy have been seriously affected by the changes in Iran. Whilst the revolution promoted a steep price rise, the market has now accomodated to the loss of Iranian crude supplies. The main effects have been those of diffuse panic and a net subtraction

from international arrangements, economic and strategic alike. But even in the more orderly of revolutions it may take many years for the international consequences to play themselves out, and such reverbations may indeed persist as long as there are social systems of a contradictory kind in existence. Such slow, but longterm, effects can be seen in the cases of the Russian, Chinese and Cuban revolutions. They are also evident in the case of the Egyptian revolution which, whatever its legacy to-day, continued to effect the politics of the Arab world for close on two decades: indeed it was only seventeen years after July 1952 that the revolutionary effects of Egypt found a successful echo in the monarchy that had for slong survived along its western frontier. The longer-run effects of the Iranian revolution can therefore only be a matter of speculation, of the evaluation of various scenarios under which the events in Iran have a regional and international effect. What follows is a discussion of both the official and unofficial consequences of the Iranian revolution as they appear to date, first in the field of oil, and secondly in the field of international relations.

A New Economic Policy?

When the post - revolutionary regime come to power in February 1979 much of the Iranian economy, including the oil fields, was at a standstill. Many of the problems inherited from the Shah's period have continued, and new ones have arise nas a result of the uncertainties of the republican period. In this context some at least of the changes in oil policy reflect not so much deliberate choices by the new government, as the unavoidable effects of the revolution and its consequences. The oil ministry has, like others,been the object of factional disputes and its first minister, Hassan Nazih , has fled into exile. The 1,200 foreign technicians working in the industry have left the country, and up to 700 Iranians have been dismissed from the Ministry in Tehran. The fields themselves have been affected both by sabotage and by industrial protests. Yet overall the new oil policy has reflected the choices of the new Iranian leadership and the ideas they have brought to bear.

Perhaps the clearest exposition of these new economic ideas is to be found in the writings of Bani-Sadr. His central argument

has been that Iran's oil output has been conditioned by factors external to Iran itself: by the demands of the developed countries, who both wish to acquire cheap oil in substantial quantities and then to sell large quantitites of goods to Iran, many of which are unnecessary consumer goods. His remedy is one familiar from other third worl and oil producing countries: lower oil output, increase the price, restrict foreign import, and build up the productive capacities of the Iranian economy itself. At the same time he has advocated what he calls a 'unitary economics', a version of Islamic welfare economics, under which the wealth of the country would be more evenly distributed. In insisting upon conservation, the new Iranian authorities have followed the example of other oil producers, from Kuwait to Venezuela, who have also tried to determine output levels by their own needs.

The results of this policy in the first -post revolutionary months have been evident enough.

1. Iran has lowered its output levels from a pre-revolutiory high of over 6 m.b.d. and imposed a new official maximum of 4 m.b.d. In the Iranian year 1979-1980 output was 3.45 m.b.d. of which 2.65 was exported. In the current 1980-1981 year output levels have fallen further, to under 2 m.b.d. and for the first five months of the Iranian year output seems to have been about 1.7 m.b.d. of which perhaps 700,000 barrels are being exported.

2. Price rises following the revolution have somewhat offset the loss of output and inflation so that whereas the pre-revolutionary output earned over $ 20 billions, the post-revolutionary figure, one -seventh in size, earns income estimated at $ 13 billions in 1980-81 (*MEED* 22 August 1980).

3. Following the revolution, Iran broke its sales and service agreement with the consortium and has since sold oil on short-term contracts to a wide range of companies, as well as offloading up to 100,000 barrels a day on the spot market. Iran has, partly by design and partly by intention, also directed its oil exports away from its previous main partners in the developed industrial world and towards smaller developed countries, eastern European states and the third world: such countries as India, South Korea, Spain, Brazil and Rumania occupy a more

prominent place in the purchase pattern. The displacement of the old main purchasers reflects more than commercial choice by Iran however, since some companies have refused to pay the high prices Iran has asked for and have to some extent abstained from purchases in 1980 at the request of the USA.

In its general outlines, the new economic policy being pursued by the Iranian authorities is designed to reduce the reliance upon oil which the previous regime had brought about, and to determine Iran's oil revenues by the long-run anbsorptive capacities of the economy. Once again, a third world oil-producing country has shown that it is capable of managing its oil output and marketing it, without the direct assistance of the major companies. On closer examination, indeed, the economic consequences of the Iranian revolution have not all been negative and in some areas progress has occurred.

1. Within the oil industry itself there has been an increase if refining capacity as the refineries at Abadan and Rey have been run to almost full capacity, and the new refinery at Isfahan has come into operation. About 1 m.b.d. are now being refined 97,000 b.d. more than in 1978. Iran not only now meets much of its own demand for refined products, but exports up to 200,000 b.d. of refined products, mainly fuel oil.

2. In its dealings with foreign companies, Iranian oil officials have shown considerable ingenuity in negociation. They have been able to sell some high-priced spot crude to companies as a form of "key money" for longer-term contracts and have been able to obtain from companies up to 70 % of the profit which companies make from processing Iranian crude in other countries.

3. As a result of the fall in oil revenues and the general reduction of consumption levels, there has been a realignment of Iran's foreign trade: imports have fallen from $ 14,423 millions in 1977-1978 to $ 9,717 millions in 1979-80, whilst non-oil exports, long neglected under the Shah, have risen from $ 643 millions to $ 788 millions over the same period. Given that oil is a wasting asset, the ratio of imports to non-exports is an important index of the longer-run strength of the economy.

4. Whlist the urban economy has slumped, there has been a substantial boom in agriculture. Cereal output in 1979–80 rose from 2.5 million tons to 4 millions, and even if one does not accept Bani-Sadr's claim that Iran has become self-sufficient in this year for the first time in thirty years all the indices, fragmented as they are, point to an upsurge in agricultural output. Three main factors account for this: first, the lifting of price controls on agricultural produce has encouraged farmers to boost their output; secondly , the difficulties of the urban economy have encouraged a return of some labour to the villages; thirdly, in the winter of 1978–79, as the revolution was reaching its climax, Khomeini instructed the peasantry to plant their crops. It is not clear what the causal relationship is between a fall in food imports and a rise in domestic output, but it would appear that the reduction in purchases from abroad has at least coincided with this agricultural expansion. Agricultrusal credit terms have also been ensed.

These positive developments could form part of a reorganisation of the Iranian economy so that it becomes less reliant on oil, and is able to meet a greater percentage of its demand requirements from internal output. However, such positive trends have, for the moment, been overshadowed by other tendencies which cast into question the validity of post-revolutionary economic policy.

1. Prior to the revolution Iran was engaged in a substantial programme of secondary recovery, i. e. sustaining the output of wells by reinjectin gas into the wells and this way extract oil that would not otherwise reach the surface. This involved planned investments of $ 5–10 billions. No progress has been reported on this since the revolution, and by all accounts this complicated scheme requires foreign technical assistance. Failure to continue the programme is not however a neutral option, since the wells not treated in this way deterioriate and with water seeping and pressure reductions the extra oil ceases to be available. The result could therefore be that, whilst Iran reduces its output to convserve oil , its neglect of secondary reserves produces a reduction in the avalilable output equal to or greater than the amount saved in the first instance. Even if there is an element of alarmism in some western accounts of this problem, it would ap-

pear to be a serious challenge to Iran's new policy, one that can only be resolved by negotiating new service agreements with foreign companies.

2. Iran's new export policy, based on the spot market and shorter-term contracts, is suitable only to a situation of international oil shortages. It cannot work in a situation of oil surplus, especially when other producers and the main consuming nations have a scarcely-concealed desire to inhibit Iran's foreign exchange earnings. The successes of 1979, when Iranian crude was selling at substantially higher prices than that of Gulf competitors, are not likely to be repeated , for this combination of commercial and political reasons. Those hostile to the present Iranian government are presumably able to recall that the almost complete boycott of Iran's oil during the Mosadeq period played an important role in destabilising Iran at that time, when the economy was far less dependent on oil revenues than it has since become.

3. Iran's international policies, in oil and even more in regional political terms, have caused disagreements with its neighbours who are OPEC members. The possibilities of a concerted policy by OPEC are therefore reduced: this applies both to the matter of pricing policy and output levels, but also to such matters as the projected celebration of OPEC's twentieth anniversary in Baghdad this November. The success of OPEC as a body, and the success of individual oil / development strategies in each of the member countries, relies on the members retaining a common front, and the events subsequent to the Iranian revolution have made this OPEC unity appear more under threat than at any time since the organisations's establishment. At a ti- me when more hardline western commentators are talking openly of breaking OPEC apart, and when an apparent surplus of oil exists, such disagreement amongst producers may weaken any attempts at new development strategies.

4. The greatest weakness in Iran's new policy is that the individual advances made in oil production or other spheres are offset by the lack of any stable institutional forms. There has been no executive unity at the centre, and most of what the new regime has proposed has remained at the verbal level. Far from

leading to a redistribution of wealth in the cities, the revolution has created massive unemployment in the urban sector, and has led to serious inflation, estimated at between 30 % and 50 % in mid-1980. The conflict with the USA has also led, according to government economists, to further inflation of up to 20 % in the price of imported goods, because of the higher commissions which middlemen have been charging. Whilst it is impossible to put a quantified figure upon the costs involved , it is evident that Iran has wasted billions of dollars of oil revenues in cancelled or interrupted projects , in the enforced idleness of much of its urban workforce, and in the brain drain which has taken a away so many of the educated. The reduction in oil revenues has also led to a serious budgetary crisis, with the oil revenue reduced from an initially projected $ 25 billions for 1980-81 to only $ a10 billions in the new May 1980 programme. If, as now appers, oil revenue will be somewhat above this figure, it still means that Iran will lack the income to meet its current budgetary expenditures, let alone launch new development programmes. The government will be faced, at some point in the months ahead, with the choice of drastic dismissals in the state employment sector, a course of action that will add to unemployment and discontent, or of printing more money to pay its bills and wage needs, an option that will lead to further inflation. Iran still retains substantial foreign exchange reserves, valued at around $15 billions in early 1979 and the $8–a billions reportedly blocked in the USA will at some point in the future be released. But these reserves are being run down and it is unlikely that, at any point in the near future, Iran would find a welcome on in the international money markets for any new borrowing requests. Whilst a degee of conservation may therefore be beneficial to Iran, a too drastic reduction in oil output may preclude any revitalisation of the economy as a whole and therefore block that redistribution of income and that buildup of productive capacity which are the main aims of the Bani-Sadr economy strategy.

5. Underlying the economic difficulties of the new government has also been the adoption of a militantly 'anti-imperialist' approach to foreign relations –both in regard to such issues as the hostages, and in regard to foreign companies, as well as in dealings with other states in the region. Deep-roote as some of this feeling may be, it can be doubted how far it in practice

furthers that reorganisation of Iranian society that its protagonists most desire. Not all foreign investment or for.ign trade or use of foreign technicians necessarily involves "dependence' or 'underdevelopment': the question is who controls the terms of such a relationship. Indeed a doggedly autarkic economic policy can have even more negative effects , especially where it possesses an industrial sector like the Iranian one, that has been constructed though a high level of integration into the world market. Much Iranian industry impons is raw materials as well as machinery. Much Iranian economic thinking seems to be shaped by a questionable belief in the benefits of autarky, a belief reinforced by Iran's dealings with other states and the conflicts these have provoked. Whether such a level of confrontation benefits the Iranian people remains to be seen, especially as Iran's enemies may seek to aggravate its economic difficulties by blocking the import of such vital commodities as wheat and parrafin.

The International Consequences: Beyond the Nixon Doctrine

The international military and alliance system into which Iran was integrated prior to the revolution rested up an accoumulation of arrangements. One set dated from the mid-1950s and in its updated form, the Central Treaty Organisation, involved Iran in military ties with the USA and Britain and with Turkey and Pakistan. It was primarily directed against the USSR, but also enabled the west to supply its regional allies with military support for purposes of internal political control. Despite the fact that friction with the USSR declined after the Shah's agreement with the Russians in 1962, following a tradeoff in the wake of the Cuba missiles crisis, Iran remained an important part of the USA's global military posture. Its armed forces were designed to play a limited, "tripwire', role in any future war with Russia. But more importantly the USA acquired in the 1970s a number of electronic listening posts along the Iranian-Soviet frontier which were used for minotirng radio and air traffic inside the USSR and which would have had at least a short-term use in the event of world war. Following the 1962 agreement however, and even more so following the British withdrawal of most of its overt forces from the Gultf in the 1968–1971 period,

Iran played a regional role as opponent of revolutionary and other insurrectionary forces. Under the terms of the Nixon Doctrine, announced in July 1969 as a means of legitimating the US withdrawal from Indo-china, but applied in a positive sense to Iran, selected third world states were to play an increasing direct military role, with US political and logistical support.

The record of Iranian Nixon Doctrine activity was a mixed one. Despite the collapse of the Iranian armed forces as a bastion of the Shah during the revolution, it would be a mistake to underplay the military role which these forces did play in the previous decade. Successful counter– insurgency operations were carried out in the Dhofar province of Oman and in the Baluchistan province of Pakistan. Perhaps the largest scale operation was the confrontation with Iraq in which the Shah engaged from the late 1960 and until 1975, both using Iranian forces directly and acting through manipulation of the Kurds. Even the USSR became concerned at one point, when, in 1976, the Shah acquired an airborme surveillance capacity and air to-air missiles which were seen in Moscow as a violation of the 1962 agreement. On the other hand the system was afflicted with several major problems. There remained enmity between Iran and Saudi Arabia, especially as the latter, although equal to Iran in financial power, was no match militarily. Indeed the Shah flaunted his miliraty superiority over the Arabs and although he abandoned the claim to Bahrain he provocatively asserted Iran's claim to dominate the Gulf. For this reason no permanent alliance system of Gulf security was ever created, with the Iraqis being the most outspoken critics of such a project, but the other Arab states sharing reservations. Even had Gulf Security System been in existence, it is doubtful it if could have done anything to save the Shah. Moreover, the Shah's attempts to reassert a traditional Iranian dominance over another neighbouring area Afghanistan backfired dramatically in 1978 when leftwing forces seized power in response to an attempt by then President Daud and the Iranians to suppress them. The Shah's regional policies were therefore, despite their successes, already in difficulty on both Iran's eastern and western frontiers before the revolution itself.

The official policy of the new Iranian government has been in the main one of renunciation. Iran has withrdrawn from CEN-

TO, and the organisation has now been wound up. It has concelled all military agreements with the USA, and has abrogated, without Soviet agreement, the 1921 treaty with the USSR. Iran has broken all political and commercial ties with Israel, South Africa and, more recently, Chile . It claims that its policy is one of non-alignment, and those like President Bani-Sadr who claim some sympathy for Mosadeq have revived the latters' concept of "negative balance'. Whatever else, these policies have had significant international effects, because Iran has definitively ceased to play either of the two roles allotted to it under the Shah's agreements with the USA. It is certainly not part of the western alliance system directed against the USSR; and it is not in a position to play a counter-revolutionary role in the Middle East at the behest of Washington.

When it comes to the political impact of the Iranian revolution outside its frontiers, it is often hard to be certain where the official and the unofficial start, especially since there is considerable dispute inside Iran about what is "official'. Radio broadcasts directed against Iraq obviously must enjoy some official support. The seizure of the American hostages was probably not agreed to by Khomeini prior to its taking place and was directed against the then government of Mehdi Bazargan: yet it become an act which the subsequent official representatives supported and indeed became for a time the centrepiece of Iran's new foreign policy. Although many government officials, as well as Khomeini, make foreign policy statements on a variety of issues the effect of these is often minimal in terms of followup by state bodies. In the realm of these declarations and tendencies one is dealing with a world where the official and unofficial meld ,where unofficial initiatives can inflected state policy, and where apparently formal prounouncements remain unimplemented. In this, of course, foreign policy is merely following the pattern which most domestic policy has also followed in the post-revolutionary period.

Four issues that have arisen in sucy a way are Palestine, Afghanistan the fuit and the call for an extension of Islamic revolution to neighbouring countries.

1. Palestine: all Iranian political factions appear united in their support for the Palestinian resistance, and Iran has instal-

led the PLO in the former Israeli embassy in Tehran. Whilst no details have been established, it would seem that Iran now provides some financial support to the PLO, and the Palestinians have felt that the Iranian revolution is a moral and political boost to them, especially at a time when their overall situation has been subject to increasing pressure. Iranian support has also seemed to have the added benefit that it has not involved the political selection that support from the Arab countries has involved. Yet this support has been more circumscribed than many expected. Despite initial speculation about the Iranian revolution involving a net transfer of Iran's might from one side to the other, this has not happened. At least one Iranian foreign minister has stated that Iran will not fight in a future Arab - Israeli war, and the Iranian armed forces are , in any case, a less substantial threat to Israel than they once might have been. Moreover, the inter-muslim conflicts which the Iranian revolution has led to , between Iran and Iraq, and between Shia and Palestinians in Lebanon itself, have also weakened what was at first expected to be a broader common front against Israel.

2. Iran's official position on Afghanistan has been one of support for the rebels there, even before the Soviet intervention in December 1979. There are susbstantial numbers of Afghan refugees in eastern Iran, particularly around Mashad, and a number of Afghan rebel leaders have visited Khomeini. With a common frontier, and long historical ties, and with Persian being the language of most educated Afghans, the natural bonds between the two populations should appear very strong. Here, if anywhere, the international impact of the Iranian revolution should be seen -more so than in Iraq or Palestine. On closser examination, the degree of Iranian involvement in Afghanistan has not been so great. Some arms and money have crossed the forntiers, but the main Afghan rebel camps have been in Pakistan and the main financial, support has come from the Arab states, particularly Egypt and Saudi Arabia. Indeed, despite their geographical proximity and historial links, Iran and Afghanistan are rather separate countries. The land along their frontiers is sparsely populated and in now way comparable to the populous Afghan-Pakistan frontier. Resentments between the two peoples also run deep-the Iranians tending to regard Afghans with prejudiced eyes, the Afghans remembering Persian domination. In reli-

gious terms there are also divisions, with 80% of the Afghan population being Sunnites for whom Khomeini has little appeal and whose mode of organisation is very different from that underlying the Iranian revolution. The Tajiks, or Persian-speakers, inside Afghanistan appear to have been somewhat less mobilised in the rebellion than the Pushtuns of the south-east, amongst whom anti-Persian resentment is strongest. For all these reasons the degree of intersection between the Islamic movements in Iran and Afghanistan has been much less than might at first sight have appeared likely.

3. Despite the weakening of the armed forces in the revolution Iran remains the dominant air and sea power in the Gulf; the Iranian navy was the least affected of the three branches of the armed forces. Iranian spokesmen have repeatedly stated that Iran will not play a gendarm role in the Gulf again, but this does not exclude Iran acting on its own behalf: Admiral Madani, the former chief of the navy , stated that he would support Iranian forces crossing the Gulf to fight communism, if this proved necessary. What has changed Iran's Gulf posture more than anything is however the impact on the Gulf of less official but none the less important tendencies inside Iran who have appealed to the memories of a larger Persian domination in the region and who at the same time make a call for an extension of the Islamic revolution. The most noticeable single incident in this regard was the call by Ayatollah Rouhani for the return of Bahrain to Iran-a call that no government official has endorsed, but which aroused anxiety in the Arab states. What is perhaps more important about Rouhani's statement is that it gives voice to one of the strains in the Iranian revolution, namely Persian nationalism, and this is a theme that is likely to continue to find an echo in Iran and elsewhere. Ironically, the long-established pan-Iranist groupings inside Iranian politics have not found conditions favourable to them in Iran, because their exalltation of the pre-Muslim period is in conflict with the current Muslim emphasis of the regime. But part of their ideological appeal has been appropriated by the mollahs who combine it with the call for further Islamic revolution in the region.

4. The call for a broader Islamic revolution lies at the heart of Khomeini's world view; indeed, insofar as the Ayatollah has

a foreign policy, this is it. In his own speeches, in those of his subordinates, and in the radio and press of the Islamic republic, this is a recurrent theme. Iran is presented as the centre of a new militant international Muslim movement that encompasses such diverse areas as Palestine and Afghanistan, Eritrea and Chad, southern Philippines and Kashmir. The attack upon the Iraqi government is repeatedly phrased in religious terms-with references to the 'new Yazics' and 'godless' rulers-and the Saudi Arabian ruling family comes in for similar abuse. Such universalism is common to all revolutions, from the French to the Cuban, and in the Iranian case it is combined with an invocation of the universal state which, it is claimed, the Twelfth Imam will establish on earth. "This awaited universal Islamic state will', Ahvaz radio stated in Arabic on 1 September, 'Demolish all tryannical thrones built on the corpses of the oppressed and the sword of justice will claim all charlatans, agents and traitors'. Yet here again an number of difficulties arise. First, the Islamic tone of Iran's new foreign policy has created difficulties internally, where the criticism is made that Khomeini has "forgotten" about Iran, a country he rarely mentions in his speeches. At the same time, what purports to be a call for a general Islamic upsurge is all to often seen, and even presented, as an appeal for a Shiite revolution, with the result that the Iranian revolution does as much to foster divisions between Muslims as it does to unite them in a common cause. Thirdly, and most importantly, this Muslim universalism suffers from the problem that has beset all revolutionary universalism, namely that the conditions which produced one successful revolution are never found in another country. It may well be that Khomeini's attempt to promote Islamic revolution in Arab countries will encounter the same obstacles that the Bolsheviks encountered in Europe in the 1920s and the Cubans in Latin America in the 1960s.

Relations with the Major World Powers

It is a fact of more than historical or ironic significance that the two countries in which the cold war began were Iran and Poland. The fall of the Shah has effected both jmaor powers. The impact of Iran's revolution upon the USA falls into two phases-the impact of the revolution itself, i.e. of the period up to

February 1979, and the impact of the hostages crisis, i. e. the period since November 1979. The former on its own would have had important political consequences for US foreign policy, given the net loss of America's most active ally in the region, and given the psychological blow which such a debacle would in any event have constituted. Combined with the seizure of the hostages, Iran has become the symbol and the instigation of a new look in US foreign policy summarised in the argument that it has released America from 'the Vietnam syndrome'. There was already a turnaround in US thinking prior to Iran, a new readiness to play an activist role , and subsequent events in Afghanistan have added to this change of mood. Yet it is above all Iran which, both in its objective consequences for the US posture in the region and in its subjective impact on US public opinion, which has played the greatest single role in this new and ominous US approach to world affairs. In essence, the Iranian revolution has provoked four major changes in US policy, each of which has had consequences for the other states of the region.

1. With the collapse of the Nixon Doctrine structure in the Gulf , the USA has been forced to revise its "security' plans. It has tried to find a new ally in Egypt, and is scheduled to sell $ 8–10 billions worth of weapons to Sedat in the 1980 s. At the same time, its is encouraging another militarily influential Muslim country, namely Pakistan, to assume a greater role in the Gulf, particularly in guaranteeing the Saudi government. A second plank in the new US strategy is the preparedness to play a greater direct role when this is needed. Hence the US is building up its Diego Garcia facilities in the Indian Ocean and has acquired base facilities in Oman, Somalia and Kenya, as part of a stronger military posture in the region. The planned Rapid Deployment Force, a body of over 100,000 men for possible use in the region, follows the same logic.

2. This new foreward strategy in the Middle East would have been impossible without the change of mood in the USA itself to which Iran, and in particular the second 'hostage' phase has contributed. Whereas in the latter years of the Vietnam war the US leadership was more belligerent than much of public opinion, there is now a reverse situation, with the more outspoken public voices urging military action upon a somewhat more

cautious leadership. In retrospect this enraged new mood in the USA may be the most important international consequence of the Iranian revolution yet it may be other countries, in Central America, oı in the Arab world who will pay the most direct price for Iran's policies. It is here, in its effects upon other third world peoples, that the dangers of Iranian conduct over the hostages become most evident.

3. The crisis over the hostages has provoked retaliation from the USA in financial and economic fields, most noticeably in the seizure of Iran's banking assets valued at over $ 8 billions. The consequences of this have not been lost upon other OPEC states, particularly upon the Arab states who may in the future find themselves in conflict with the USA over Palestine. The US action has indeed hit at the apparent foundationof the whole post–1973 recycling system, under which the OPEC states were encouraged to return their surplus by purchases or investment in the developed countries. Nor is it just the policy of the US government which has merited attention: the Chase Manhattan Bank, an institution with long and close ties to the Pahlavi court, played a leading role both in having the Shah admitted to the USA and in artificially provoking a situation in which Iran was deemed to have defaulted on all its loans. The hostages issue therefore revealed, quite apart from the particular matter under dispute, just how a combination of bankers and government officials in the developed world can launch an assault upon a third world country.

4. Both phases of the crisis in US-Iranian relations have also provoked new conflicts between the USA and its allies on one side, and Japan and the Europeans on the other. Such disputes go back a long time, to the early 1950s when the British lost their monopoly on Iranian oil. During the revolution itself the Japanese and French in particular were at pains to distance themselves from the Shah whilst the British and Americans stood by their ally almost until the end. In the period following the seizure of the hostages, however, the public divergences became much wider, and the British, although vocally supporting America, lined up much more confidently with the other Europeans and with the Japanese. None of these countries imposed serious sanctions upon Iran, or seized Iranian financial assets, or favou-

red military action. As with the change in the mood within the USA, Iran was not the only cause of a rift between the USA and its allies, but it certainly played a major role in reinforcing the divergences

The Soviet Union has, for its part, played a much less evident role in the Iranian revolution than has the USA, despite the fact that the revolution occurred in a state along its southern broders. Indeed the Russian policy has been consistently cautious one: the first official Soviet statements on the revolutionary movement were made only in November 1978, and since the advent of Khomeini's government to power Soviet coverage of events inside Iran has been spasmodic, if not without some method. In general terms, the fall of the Shah represents a net gain for the USSR which sees a hostile regime removed from its borders. The Russians, who are noted for patience in such matters, must be prepared to retain hopes that over a period of years the pro-Soviet leftwing forces in Iran will gain ground. In the meantime, given the strength of anti-communist sentiment in Iran and given the sensitive geographical position Iran occupies, it is best for the USSR to play as small a role in Iran as possible, even assuming it is capable of intervening. However, it is not possible for the Soviet Union merely to ingore Iran: the revolution and its aftermath have posed a number of difficult problems for it.

1. The Soviets cannot easily ignore the fate of their allies inside Iran itself. The authorities in Moscow have a long tradition of playing down the repression of their friends in situations where such discretion has positive results; Egypt under Nasser was one such case and they were quite willing to collaborate with the Shah in his day. But with an influential Tudeh Party and other leftwing forces clashing with the Muslims, Moscow's hand may be forced to a greater or lesser extent. So for such criticism has been muted. The Russian press reported favourably on the Kurdish struggle for autonomy in September 1979 but did not repeat such coverage during later Kurdish-central government clases in 1980. When a prominent commentator Alexander Bovin made a criticism of Khomeini and of "religious fanaticism" in a blunt commentary in September 1979 the Iranians protested and no such statements have subsequently appeared. Such a

policy must have its breaking point and a protracted conflict between secular left and Islamic right in Iran would probably provoke such a break. So far, the Soviet press has restricted its criticisms to such lesser personalities as Qotbzadeh and Bani-Sadr, but has avoided, whith the exception of Bovin, any direct challenge to Khomeini and the Islamic regime as a whole.

2. The hostages issue has highlighted what is the overriding Soviet concern in Iran, namely the desire to prevent a direct US military intervention there. The November 1978 statement by Brezhnev on Iran warned the USA against any such move, and coverage of the hostage issue has placed criticism of US threats against Iran at the top of the list. The reason for this is not just that the Russians want to prevent the USA re-establishing itself in Iran, but rather that the very fact of a US military action against a country on Russia's borders would constitute a strategic humiliation, even if it did not permanently alter the political balance inside the country. Just as US officials have manifested considerable alarm at what is in real terms the nugatory Soviet force of 3,000 military personnel on the island of Cuba, so the Russians want above all to avoid a situation in which the forces of their rival are operating in Iran. To a considerable extent this has shaped the Soviet response to the hostage issue itself: whilst the Russians have repeatedly stated that they do not support the taking of hostages, they stress that this does not justify the use by the USA of military force.

3. Since the events in Iran and Afghanistan have legitimated a new US military posture in the region, the USSR has sought to respond ot what is, from its point of view, a new encirclement of its southern frontiers by Washington and its allies. This is especially so because of the difficulties which the Soviets have been experiencing in continuing any serious disarmament negociations with the USA. Despite a considerable body of western literature on this subject, however, there is little substance to the claims conventionally made that the Russians are trying to seize control of the Gulf, via Iran, Afghanistan or elsewhere. If anything their actions in Afghanistan have lessened their influence in the Gulf region. They have, however, taken note of the alarm which their recent policies and their energy problems have occasioned and have made repeated offers to the west to negotiate on the ques-

tion of Gulf security. Their precise terms have not been spelt out, but it would seem that they are keen to stress (a) that they recognise the west as having an economic interest in the region (b) that they are willing to negotiate guarantees for the security of international trade in oil.

4. From the Russian point of view the intervention in Afghanistan could not have occurred at a worse time as far as its relations with Iran are concerned. This is not so much because of the real asistance which Iran has given to the rebels, but because of the way in which the Afghanistan issue is being used by the Islamic government in Iran to vilify the Soviet Union and to really international opinion against Soviet support for the Kabul government. In the most immediate terms, it has made it even more difficult to evolve a working relationship with the Tehran government than it would otherwise have been. The intervention in Afghanistan has led to a certain change in tone in Soviet coverage of Iran: on the one hand, the western response to the intervention has made the Russians even less sympathetic to the American position on the hostages; on the other, Soviet criticism of those Iranians, apart from Khomeini, who oppose the Afghan intervention, has increased. Hence while in one dimension the Afghan intervention might be seen to have lessened the gap between Moscow and Tehran, in other respects it has increased it.

5. The Iranian revolution has had a definite if limited, impact within the USSR itself. This is so in the economic field, since Iran was the USSR's major Middle Eastern trading partner in the pre-revolutionary period. The cutoff in gas supplies has affected parts of southern Russia, and the Soviet Union has shown itself interested in concluding new trading agreements with Iran in order to revive trade and possibly take advantage of any western boycott, were this ever to become effective. The political impact of the Iranian revolution inside the USSR has been a matter of more speculation, but less substantive evidence. Whilst one can only assume that the 50 million Muslims of Soviet Central Asia are in some way aware of the revolution in Iran, and whilst their demographic and political weight within the USSR is growing , there is very little indication that the events in Iran have found any echo inside the Asian republics.

The great majority of Soviet Muslims are Sunnis and therefore to some extent insulated from Iranian examples; their material standard of living is much higher than in Iran-let alone Afghanistan; they do not have the autonomous religious institutions around which such a movement could crystallise; and the increased self-consciousness in these areas seems to have taken as much a national as a religious form, bearing out what must be one of the lessons of Iran's post-revolutionary experience, namely that the ethnic divisions within Muslim countries can prevail as divisive factor over the supposedly unifying appeals of religion. Perhaps the best indication of the limited appeal of the Iranian events to Soviet Muslims is given by contrasting the impact of the Iranian revolution with the events in Poland. The latter have posed the possibility of having a direct demonstration effect on sectors of Soviet society; the former appear, by contrast, to have found as yet little resonance.

The greatest Soviet concern about Iran is, therefore, that it should become the occasion for an international confrontation with the USA, and it is this which determines the overall pattern of Soviet policy. The next most important concern is probably the desire to prevent policies pursued in Iran from having an impact on the Afghan issue, either directly, through aid to the rebels, or indirectly, through the mobilisation of Islamic opinion. In the longer run, however, there would appear to be every likelihood of some greater divergence and eventually conflict between the Islamic movement in Iran and the Soviet Union because of the divergent political and ideological characteristics of the two entities in question. The ultimate philosophical divergences need little exposition here, but what seems likely in the intermediary period is of a desire, at least on the Russian side, to avoid a head -on conflict whilst husbanding the resources of the left in Iran. In a curious way the two work through their conflict by trying to draw the other on to its chosen terrain: the Islamic movement offers a sense of spirit and cultural identity to the Iranian population, and to a greater or lesser extent neglects the material concerns of everyday life. The pro-Soviet forces cannot, despite some attempts, compete in the realm of the spiritual and cultural, but do offer a programme that will tackle the problems of the economy and of Iranian society. In the first

flush of post -revolutionary enthusiasm it would seem to be the spiritual which prevails over the material; how long this can last remains to be seen. Part of the non-aligned perspective of the Islamic government has been its emphasis upon the rejection of both "east' and "west' and the willingness to criticise what is seen as the "satanic" character of Soviet policy over such issues as Afghanistan. Hence whilst the history of US ties to the Shah, and the subsequent crisis over the hostages have provoked the sharpest disagreement in relations between Tehran and Washington, there are other factors which may at some point in the future lead to seroius problems in relations with the USSR. In neither basic philosophy nor regional politics is there any more long-run convergence between the Iranian revolution and the Soviet Union, than there is between Iran and the USA. What may certainly force Iran to choose is a situation in which it faces a direct conflict with one or other major power and thereby needs the support of the other. It is therefore worthwhile to examine, in some detail, the various situations under which the Islamic revolution in Iran itself could be the occasion for a broader regional or international conflict.

Possible Conflict Situations: Regional and International

Given the various official and unofficial pressures operating within Iran, events inside that country could become the occasion for wider conflagrations in a number of ways. The following is an exploratory summary of such situations:

1. Iran could find itself at war with neighboruing stesta over disputed territory: the Iranians might press their claim to Bahrain, or find themselves at the receiving end of an Arab attempt to regain the three islands in the Gulf seized by the Shah in 1971. Since Iraq has now renounced the 1975 agreement on dividing the Shatt al-Arab waters, this could be a further issue of conflict. Such a deliberate form of conflict is, on present showing, not probable: whilst disputes on boundary divisions have arisen and could from part of a wider conflict, they are unlikely in themselves to be the occasion for such a conflict. The Iranian claim to Bahrain was a minority, unrepresentative one, which no subsequent official statement has endorsed; Arab insistence

on the return of the three islands seems to vary with the degree of overall conflict with Iran.

2. Iran could find itself at war with its neighbours as a result of Iranian support for rebel movements inside these other countries: this could apply to support for rebels in Afghanistan, for resisters in Iraq, or even to oppositions forces in Saudi Arabia or smaller Gulf states. So far, as noted, Iranian support for such tendencies has been more rhetorical than substantive but a protracted insurectionary or civil war situation in a neighbouring state might draw Iran in, especially if the Iranian government then in place felt that (a) it could be reasonably sure of prevailing in such a situation and (b) such an initiative appeared likely to command political assent within Iran itself.

3. The opposite eventuality could also occur, as outside countries were drawn into a civil war situation in Iran. Present circumstances inside Iran are such that the possibility of a relatively protracted civil war, with multiple regional as well as left / right dimensions, cannot be excluded. In such a situation the impat of such a war would be felt throughout the region. The Arab states might be under some compulsion to intervene to assist or protect the Arab minority in Khuzistan. This would be an intervention along straigh forward ethnic lines. Other states, Arap and non-Arab, might try to play oa role by encouraging forces whom they thought would displace a Khomeini-type regime and replace it by one more or less sypmathetic to them: certainly, any serious civil war in Iran would open the door for various kinds of restorationist initiatives in which some Iranian exiles would play a part. Finally, there is the possibility that the major world powers would be drawn into a civil war, in support of their respective clients. The main factor militating against this is the sensitive strategic location of Iran, such that evident action by one side would provoke comparable reaction on the other side. But this same factor, Iran's strategic importance, would also increase the pressure on the Americans or Russians to play a role.

4. What makes a great power role more likely is direct confrontation between one or other of these and Iran. At the moment, the most likely such conflict involves American action to liberate the hostages, or to inflict compensatory damage on Iran.

Such a situation would necessarily involve the risk of a Soviet response, either in response to Iranian requests for aid, or in order to assert Russia's strategic interest in the region. Both the USA and the USSR have so far tried to avoid this: the desire not to provoke the Russians has been one factor restraining Washington, and the Russians never responded to an Iranian request for help to prevent their harbours being mined by the US fleet. But there can be no certainty that the major powers will not be involved as long as the hostages dispute continues.

5. Considerable attention has been given in the western press, since Afghanistan, to the possibility of a Soviet-Iranian clash, either thruough a spillover of the conflict in Afghanistan, or through a direct Soviet offensive through a weakened Iran to the Gulf oilfields and warm waters. Technically, such an operation would present little difficulty to the Soviet forces who could presumably control the main ocmmunications of Iran in a matter of a few days. Politically, however, such an eventuality seems highly unrealistic, and no less so since the Soviet intervention in Afghanistan. The Iranians have not shown much enthusiasm for an outright clash with the USSR: neither their territorial claims, on the Caucasian provinces taken by Russia in the early nineteenth century, nor their appeals to 'oppressed Muslims' in Soviet Central Asia, have been very sustained. The Russians too can distinguish between a situation in which a pro-Soviet Afghan government is being supported, in a country that is of marginal importance to the west , and a situation in which the Red Army invades a country that is deemed vital to US strategic interests. Rather than a Soviet intervention in Iran leading to a US-Soviet confrontation as some post -Afghanistan speculation has seen it, it is more likely that the Soviet Union would only cross the Iranian frontiers once such an overall US-Soviet clash, i. e. World War III, had already begun. The reasons which led Stalin to withdraw his forces from Azerbaijan in 1946, and Lenin to pull his out of Gilan in 1921, still command Soviet strategy towards Iran to-day.

6. Given its naval and air capabilities, Iran still possesses the ability to inflict serious damage upon the oil routes in and outside the Gulf, as well as at the Straits of Hormuz. Such an operation could result from local disputes or be part of a wider

conflict with the west into which the local Arab states would inevitably be drawn. There is no evidence that any influential Iranian officials or tendencies have considered such a line of action, and the Iranians know that such a move would block their oil exports and commodity imports as much as it would block those of other countries. Moreover the option of obstructing oil routes is as open to other Gulf states as it is to Iran. Far more likely than any physical blocking of the Gulf's entrance or deliberate inteference with shipping is the possibility that a serious clash between Iran on one side and either an Arab state or the USA on the other would, in effect, make tanker trade impossible because of the risks of sailing in such an environment. As far as oil is conscerned, this is a much more serious threat than the mere loss of Khuzistan output, yet it is one that is probably derivative of the direct state - to - state conflicts of the region than of any particular Iranian drive to prevent the export of Gulf oil.

Conclusions

On the assumption that some form of radical Islamic regime remains in power in Iran, four general consequences would appear to follow, whatever the uncertainty and variety of official and unofficial policies: first, Iranian oil exports will remain substantially lower than in the Shah's period and probably at less than 3 m / b / d; secondly, Iran will continue to have at least fractious relations with its neghbours, Arab and non-Arab; thirdly, Iran will not ally itself in international relations with either America or Russia, although it may try to improve its relations with both; fourthly, the instability generated by the Iranian revolution and in particular by the hostages issue has increased the possibility of a direct US intervention in the Gulf and has , even if the hostages issue is resolved, opened the door to a more active US military role. By the same token, however, the risks which the current Islamic regime has cojured up have led a number of outside powers to envisage supporting tendencies inside Iran that would remove the radical Islamic regime altogether. Whilst such an eventuality opens up the possibility that a fundamentally different regime would come into operation and end the conflicts between Iran and other states, such attempts at outside intervention also increase the possibilities of serious conflict in the region, and with unforseebla econsequences.