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The Director of Central Intelligence

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MEMORANDUM FOR: The President  
The Vice President  
Secretary of State ✓  
Secretary of Defense  
Assistant to the President for  
National Security Affairs

SUBJECT: Longer-term Outlook for Iran

1. Attached are two think pieces on the longer-term outlook for Iran.

2. The first, by Richard Lehman, a senior CIA analyst, compares six possible governmental outcomes with our key national interests in Iran.

3. The second, by John Waller, a senior CIA operations officer experienced in Iran, dissects the power structure of Iran and what that means for possible U.S. actions.

4. These might be useful background for any discussion of the longer-term outlook.



STANSFIELD TURNER

Attachments  
as stated

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## THE U.S. STAKE IN IRAN

### I. Introduction

The purpose of this paper is to analyze the U.S. stake in Iran from a broader perspective than that of our present concern with the hostages. In effect, it attempts to leap across the morass of negotiating tactics and turbulent Tehran politics to the situation a year hence, however the hostage situation is resolved. Its approach is: first, to define critical U.S. national interests in Iran as they now appear; second, to identify the range of possible Irans of, say, 1981; and third, to analyze each of these in terms of U.S. interests.

### II. Assumptions

A. Khomeini's attempt to rule a semi-developed state of the late twentieth century by the standards of a tenth century theocracy will ultimately fail.

B. If there were ever any possibility of the U.S. doing business with the present regime, it has been destroyed in the past few weeks.

C. The Soviet Union's primary national goals are to strengthen itself and to weaken the U.S. It will exploit any opportunity open to it in the pursuit of these goals, restrained only by its calculations of risk. It is not in the interest of the United States to become, or to be perceived as becoming, weaker than the USSR.

### III. U.S. National Interests

1. U.S. national interests in Iran are many and complex, but

events of the past two years have served to clarify in the starkest way which of these can be termed vital. We have four critical national interests; two of them vital. These four are listed below in priority order:

A. It is vital to prevent the turbulence in Iran, or the outward drive of a Shiite state, from disrupting the flow of oil from the Western shore of the Gulf.

B. It is vital to deny Iranian oil to the Soviet Union and to keep Iran out of the Soviet sphere of influence.

C. It is critical to avoid serious confrontation with the USSR.

D. It is critical to keep Iranian oil flowing to the West.

In subsequent paragraphs, each of these goals is viewed in geo-political terms.

A. The Flow from the Gulf

2. The "quarantine" of Iran is ranked first because the loss to the West of the oil of the Arabian Peninsula and Iraq would threaten its collapse. The Iranian debacle can impact on the Gulf States in at least three ways:

-- Export of radicalism, either leftist or Muslim, leading to political instability. Production facilities would be subject to physical damage and export flows to political uncertainty.

-- A reinforcement of the growing tendency among

exporting states to see a reduction of production as the most desirable course in a period of short supply and unspendable national revenues.

-- Military interruption of oil flow from the Gulf by a power controlling the Straits of Hormuz. Such a power might be a resurgent Iran, the USSR, or conceivably Iraq if Iran became even weaker.

3. So far, the industrial economies of the West and Far East have proved remarkably resilient; they successfully weathered the crisis of 1973-74 both in energy supply and money flows and are managing reasonably well with the uncertainties of Iranian supply; they have come to understand their vulnerability and taken some tentative steps to reduce it. The non-oil LDC's have done less well and their ability to absorb an even greater shock is questionable.

4. Cessation of severe reduction of the oil flow from the Gulf, however, coupled inevitably with price rises on a scale hitherto unimaginable, would test and perhaps even break the resilience of the West. It would produce at the least severe depression and inflation. Turmoil in the LDC's would contribute by interrupting the supply of other commodities. In such a situation, the stability and orientation of major U.S. allies, and of the U.S. itself, could no longer be assumed. The USSR and its allies, with a basically autarchic economy, would be shielded from these effects. In simplest terms, the present world power equation, in which the military strength of the USSR is roughly balanced by the economic and technological strength of the West, would be fundamentally and perhaps irretrievably changed to the detriment of the West.

B. Denial to the USSR

5. Even without Iran, the power balance will be exceptionally delicate in the early to mid-1980s. In this period Soviet military strength will grow substantially relative to that of the U.S., an imbalance that will only be redressed when military programs now underway or under consideration come to fruition in the later years of the decade. On the other side of the scale, the USSR will be subject in roughly the same time-frame to increasing economic difficulty, most notably in the energy field. Petroleum production has peaked and will apparently begin to decline sharply. The Soviet economy, lacking the West's cushion of unnecessary consumption that can be conserved, can only maintain its present position by a combination of drastically reduced exports and purchases in the Western market. In fact, the Soviet leadership may be able to maintain its military power advantage only by accepting even greater economic and ideological disadvantages -- sacrifice of technology imports for imports of grain and petroleum, political turmoil in Eastern Europe, a reduced standard of living at home, all adding to a demonstration that the Soviet model for a modern state is a failure.

6. Moreover, the Soviet leadership itself is in a state of interregnum. The introverted cluster of old men surrounding the fading Brezhnev are jockeying among themselves to succeed him, but appear united in resistance to the admittance of younger and more vigorous men to their circle. Their behavior as a group, with or without Brezhnev, is likely to become increasingly erratic and unpredictable until power passes to the next generation, although it could lapse into paralysis. We know little of the policy views of the younger men, although some

analysts have suggested that they are impatient with the caution of their elders: the Soviet state has too long tolerated the pretensions of a declining West; it should take advantage of the power it has achieved and press more aggressively toward its national goals.

7. We are not sure how fully the Politburo yet understands its predicament. If the power balance is delicate without Iran, however, it will become even more so when the Soviet leaders recognize their situation and the possible role that Iran might play in it. To an old Soviet leadership that sees its achievements of decades past gravely threatened by a lack of petroleum, or to a younger one that sees its opportunities for the future equally threatened, the prospect of a chaotic Iran, its armed forces shattered and its allies alienated, may become tempting in the early 80's. Not only could Soviet energy shortages be alleviated, but the supply of foreign exchange could be assured. Moreover, in geo-political terms the Soviets would be in a position from Iran to dominate the Middle East and South Asia, and ultimately to deny Gulf oil to the West.

8. Either leadership would of course calculate the risks. They would be relatively small if a Marxist, preferably controlled Communist, regime could be brought to power in Tehran without overt Soviet intervention, but would appear much greater if military intervention were required. How much greater would in turn depend on Moscow's assessment of the "correlation of forces."

9. In that the Politburo members would see geography as on their side. Not only are their general purpose forces stronger than those of the U.S. (and any allies that might become involved), but their ability to project that power into Iran far exceeds that of the U.S.

Against this they would weigh the danger that a venture in Iran could not be confined to Iran and its neighbors but might escalate to nuclear confrontation. The critical factor for them would be the U.S. leadership. They clearly see the present one as weak and indecisive, but they do not fully understand the U.S. political process. To them the U.S. is unpredictable and especially dangerous in adversity, when it may react like a wounded animal. Both these considerations will be strongly operative in the election year 1980. Moreover, they may calculate that the administration that takes office in 1981 will have a mandate to restore U.S. military strength, although any actions it could take would not substantially effect the power balance for several years.

10. This is not an estimate that the Soviets will seize the Iranian oil fields. It is rather that the combination of the Soviet need for oil, the power vacuum in Iran, the "strategic window" of the early 80's, the perceived weakness of U.S. leadership, and the geographic advantages of the USSR make such an action a thinkable course either for an erratic older Soviet leadership or an aggressive younger one. The Politburo might come to see Iran as the schwerpunkt of the long Soviet struggle with the U.S. A successful Soviet operation in Iran, even if it did not lead to a cut-off of other Gulf oil, would affect the power balance almost as decisively as a long-term disruption of that supply.

C. Avoid Confrontation with the USSR

11. Controlling risks by avoiding confrontation is obviously a desirable goal for the U.S., but it ranks below those of protecting the other Gulf states and denying Iran to the Soviets. These are vital to the U.S. national interests in the long term. Indeed, they may only

be achievable by risking confrontation. That said, the arguments that make military action appear less risky for the USSR in the early 80's window are equally applicable to risk-taking by the U.S. Short of a direct threat to our vital interests, the risk of military confrontation with the USSR should be limited, particularly so on ground so disadvantageous as Iran.

D. Maintenance of Iranian Oil Flow to the West

12. Obviously, a substantial and dependable flow of Iranian oil would, at least in the short run, relieve pressure on the oil market and limit economic difficulties in the West. The market, however, has absorbed a considerable decrease in Iranian production and continuing uncertainties as to its future. A complete cut-off of exports would drive prices higher, slow Western growth and severely handicap the non-oil LDCs, but would be far less traumatic than the loss of oil from across the Gulf. Its loss has already to a certain extent been discounted in the West; supply will in the longer run decrease in any case.

IV. Interests of other Powers

13. It is as critical for the West Europeans and Japanese as it is for the U.S. that the flow of non-Iranian Gulf oil be sustained and that the world power balance not be seriously disturbed in favor of the Soviet Union. There is no question that these states recognize the importance of the flow, but some will believe that they can better protect themselves by bilateral than by multilateral action. Some will not see the balance as so seriously threatened, short of Soviet military operations in Iran. The greater weight they give to avoidance of US-Soviet confrontation will make it difficult to convince them of the

reality of the Soviet threat. As to Iranian oil flow, they are likely to view this and to seek ways to maintain it in bilateral, nationalistic ways, regardless of the position of the U.S.

14. The Middle Eastern states, and particularly those of the Gulf, are of course less concerned with the economic well-being of the West than of their own, but their interest in avoiding infection from Iran is as great as ours in protecting them from it. Some are concerned over the general US-USSR power balance (Saudi Arabia) but most (Iraq) would be more concerned over the clear and present danger of a Soviet-oriented Iran. They would fear a US-Soviet confrontation, if only because it might force them to choose sides between a USSR that was militarily stronger in the area and a West on which their economic well-being depends. Their attitude toward Iranian oil as opposed to Iranian politics will range from indifference to pleasure at the effect of its loss on a sellers' market.

15. China desperately needs a strong West to divide Soviet attention, but it sees the West as losing its will in the face of Soviet power. China may well believe it sees the dangers to Western interests in the Iranian situation more clearly than the West itself. It certainly will be more strident in pointing out those dangers. For Peking some degree of US-Soviet confrontation would be desirable, because it would have the effect of strengthening U.S. will and accelerating Western arms programs. In China's view Gulf oil, from Iran or elsewhere, is important only in that if it flows south it strengthens the West, but that if it flows north it both weakens the West and strengthens the USSR.

16. The non-oil LDC's outside the Middle East will be forced by their dependence on foreign sources of energy and the general weakness of their economies to view Iran in essentially opportunistic terms. They will want a maximum flow to keep prices down and their economies turning over, and they will deal with whoever can provide such a flow, if anyone can. This means they would prefer the status quo in the Gulf. If the status quo were disturbed, they would want to see stability restored by whatever power had the strength to do it, and if that power were Soviet they would not be overly concerned. In any case, they would see themselves, accurately, as having little influence over the course of events.

V. Possible Irans of 1981

17. There are at least six possible outcomes, each with infinite variations, for the present mess in Iran. In general terms, these are:

- Survival of Khomeini's primitive Moslem theocracy.
- Replacement of Khomeini, et al., by a radical nationalist regime.
- Replacement of Khomeini by a Soviet-oriented Communist or strongly Communist-influenced regime.
- Disintegration of Iran into a number of smaller ethnically-based entities, with or without partition or occupation by neighboring nations.
- Civil war, involving any of a number of combinations of antagonists, ethnic, political, and religious.

-- Emergence of a right or center-right regime backed by the military.

18. Any of these outcomes could lead to any other. In fact, by 1981 Iran could have seen all of them. The present state, and the anarchy into which it seems to be collapsing, is clearly a transitional phase. A civil war could lead to the emergence of a strong state of the left or right, to partition, or back to anarchy. The uncertainties are so great that there seems little purpose in speculating on the likely sequence of events, although it can be said that a leftist outcome appears the most probable and a rightist one the least. For the purpose of this paper, however, the important thing is not to determine what might produce a particular outcome or assess its probability, but rather to see how each might affect the U.S. national interests defined above.

A. Survival of the Khomeini Regime

19. At present the Khomeini government, while hardly in control, is effective enough to keep oil flowing and to maintain some semblance of a military force, but too weak to restore economic activity or contain ethnic separatism. The fall of the Shah has worried the Arab monarchies, the triumph of the Shia has excited their brethren across the Gulf, and the short-lived success of the left in reaching for power through a Shia alliance has sent ripples through the susceptible educated classes of the Gulf states, but the regime has so far been too weak to export its revolution, especially when the left-Muslim alliance has broken down, and the example it has set is hardly an attractive one for other Moslem states. Khomeini's foreign policy is almost as anti-Soviet as it is anti-US; there is virtually no prospect of the Ayatollah's acquiescing

in an extension of Soviet influence. Thus the two vital U.S. interests are not now directly threatened by the Khomeini regime. Moreover, there is no US-Soviet confrontation on the horizon and Iranian oil continues to flow south.

20. The situation is not static, however. It is most unlikely that the Islamic government can remain in its present state. It must either grow stronger, restoring its military strength and renewing its control over regional dissidents, or grow weaker, inviting anarchy and civil war. In the first case, its revolutionary fervor will be all the greater, and its influence will be felt along the Gulf through subversion and military threat. Its interest in the export of oil will be secondary to its interest in the export of revolution. In the second, and more likely, case its collapse will create chaos that will seem threatening to all its neighbors and an opportunity to some. Temptations to intervene and to annex will be great. In particular the Soviets might see an intervention "to restore order" as attractive; they would have lowered the risk by providing both a reasonable pretext and a way out. It might therefore be argued that a strong Islamic government would be less threatening to US interests than a weak one -- even a strong one might be unsuccessful in destabilizing the Gulf states -- but neither outcome could be viewed as favorable for the U.S.

21. The immediate successor government to Khomeini, if Iran remains intact and civil war does not break out, is most likely to be one representing a coalition of the home-grown radical nationalists who came to prominence in the Revolution and the more disciplined and less con-

spicuous Communist organization that has presumably been erected on a Tudeh foundation. A struggle for power will then ensue between the two factions. Its outcome will be difficult to predict, for the emotionalism and numbers of the former will be pitted against the discipline and Soviet support of the latter. If the nationalists win, their victory will be obvious. If the Communists win, their domination may be hidden, at least initially, behind a screen of nationalism and the movement of Iran into the Soviet sphere will be discreet and barely perceptible.

B. A Radical Nationalist Regime

22. Such a regime would probably have three important characteristics:

-- It is likely to be strong and grow stronger because it will have come to power by defeating Khomeini and the Communists and because it will probably have rallied the support of the urban elite. *questionable*

-- Its orientation will be modern. Its leaders will see the Islamic republic as the anachronism that it is. They, and the educated classes that support them, will want to restore the economy and will see the need for modern armed forces. These goals in turn will require foreign exchange and a dependable export of oil.

-- It will be xenophobic. No home-grown Iranian government emerging from the present hysteria can be anything else. Its hostility will be stronger toward the U.S. than toward the West; it will be willing to do business with the West, but probably not initially with the

U.S. It will also be willing to do business with the Soviets but will be deeply distrustful of them.

23. Such an Iran might resemble an Iraq that was not dependent on the USSR for arms, although this resemblance would not imply a sympathetic relationship between the two states. It would be likely to compete with Iraq for influence across the Gulf. Competition might create instability in the Gulf and threaten the oil flow, or the two states might effectively cancel each other out. Geography aside, such an Iran would not be a tempting opportunity for the Soviets any more than Iraq has been. Although it might be willing to export some oil northward, perhaps in return for arms, the foreign exchange -- and food -- it would need could come only from the West.

24. A radical nationalist Iran would present only a limited threat to oil supply from the Gulf. Like Iraq, it would be seriously concerned if its own exports were interrupted. Military action against an essentially leftist, though anti-Soviet, Iran with a strong and popularly-supported government would be an unattractive option for the Politburo, and the risk of US-Soviet confrontation would be relatively small. Thus this outcome, while far less favorable than the situation that prevailed in, say, 1975, offers a good chance of preserving vital U.S. interests in the region.

C. A Moscow-Oriented Regime

25. Should the Communist-nationalist struggle become overt and end in open defeat for the nationalists, the regime that emerged would be clearly identified with Moscow. It would differ from a nationalist left

government primarily in being narrowly based and therefore weaker, a condition the Soviets would seek to rectify as rapidly as possible. They would be limited, however, as would their Iranian friends, by the xenophobia the revolution has unleashed. Indeed this Iran might be as much a prisoner of the revolution as the present one.

26. As the second Iran might be modeled on Iraq, the third might resemble Afghanistan. The Soviets might well find themselves shoring up an unpopular regime and seeking to control, with weak Iranian armed forces, a variety of ethnic, political, and religious dissidents. Only if they succeeded could they assure themselves a supply of oil, and this would probably require assistance on a scale equivalent to military intervention.

27. Successful establishment of a Soviet-oriented Iran would provide a base for extension of Soviet influence in, and ultimately denial of Western access to the Gulf states. It would provide the USSR with the oil and foreign exchange it needs. As such a solution would directly attack vital U.S. interests, confrontation would be unavoidable. While the flow of Iranian oil to the West would in the short run be in the interest of the regime, in the longer run it would be integrated into the petroleum economy of Eastern Europe. Subject to the demands of Soviet policy, however, a net, but smaller, flow to the West might continue.

28. If such an Iran were to "fail," that is, not to achieve a measure of popular support and reconstitute Iran as a unitary state, it could neither project its influence abroad nor reorient its petroleum economy northward. However, the existence of strong popular resistance

movements to a Soviet-oriented regime, on territory in which the U.S. has a vital interest, could well lead to confrontation. There could be no confidence that Iranian oil would flow to the West.

29. A most difficult situation for the U.S. would arise, however, if an ostensibly leftist-nationalist regime were coopted from within by Communist cadres. That this had happened might not be all obvious for many months and the movement of Iran into the Soviet sphere of influence might be very gradual. No clear break-point would ever be presented. Under such circumstances, U.S. initiatives would be hobbled by the ambiguity of the political situation and the international unpopularity of hostility toward a seemingly nationalist government.

30. This government would initially partake of the same strengths and weaknesses as a true nationalist one and its policies initially would be much the same, except in its greater willingness to accept assistance from the USSR. Internally, it would gradually become more authoritarian and more orthodox in its Marxism; it would rapidly reconstitute the armed forces and suppress separatism. While the achievement of Soviet goals would be slower, it would be surer.

#### D. Disintegration

31. Weakness in Tehran has already encouraged a resurgence of separatism, notably among the Kurds and Arabs. Similar tendencies undoubtedly exist among the Azerbaijani, Baluchi, and perhaps others; we are unclear how far these movements have coalesced. It is virtually certain, however, that separatism will grow in the absence of strength and will in Tehran.

32. After a certain point these movements will become independent rather than autonomous. They will seek, and will find, assistance from Iran's neighbors or from the West. Moscow will be quick to advance its interests. The Azerbaijani in particular will look to the USSR. The Kurds will accept arms from anyone, and Moscow is fully capable of sustaining a viable Kurdish independence movement in Iran. Others would look to Iraq, Saudi Arabia, Pakistan, the U.S. and the UK. The risk of civil war would be high, especially if those controlling Tehran considered themselves the government of a unitary state.

33. A divided Iran would of course be weak, and would not be a threat to its Gulf neighbors. It would, however, remain both vulnerable and tempting to a petroleum-thirsty Moscow, unless Khuzistan were in the hands of a government clearly guaranteed by the West (and/or Iraq?).

On this, avoidance of confrontation would essentially depend. A functioning government in Khuzistan, whether oriented toward the West or Iraq, would presumably need to maintain the oil flow.

34. So divided, Iran would not threaten U.S. interests and its disintegration might advance them, but only if support to non-Communist elements were aggressively provided. Such an Iran would nevertheless be racked by instability and guerrilla war. It would be most difficult to maintain a stable partition and in the longer run centripetal forces might well overcome centrifugal ones.

#### E. Civil War

35. Civil war might in itself be desirable for the U.S., if it could be continued indefinitely, whatever the combination of forces.

Export of revolution would be improbable. While export of oil southward would be impaired or halted, export northward would be impossible.

Civil war could not be sustained indefinitely, however, and the survivor is likely to be the most ruthless party and the one most effectively supported from outside. Geography, predisposition, and the apparent absence of any effective pro-Western elements favor the Soviets. The support of moderate Arabs and Pakistan favor the West. Iranian xenophobia, factionalism, and general bloody-mindedness favor no one.

36. If civil war cannot be maintained indefinitely, it will lead to unpredictable and therefore dangerous outcomes. The requirement -- on all sides -- to intervene, to control, to avoid the more unpleasant consequences, will become overwhelming. It will lead to escalation and to confrontation in situations where neither U.S. nor USSR have full control of their surrogates. Victory for a Soviet-backed movement under such circumstances would be as dangerous as in the third case above. The new government would be strong and firmly based in at least part of the population, and it would have the will and the means to intimidate the rest. Civil war appears to provide both a greater opportunity to secure U.S. national interests and a greater danger that they may be irretrievably damaged.

F. A Rightist Regime

37. A right or center-right government, in the remote chance that it came to power, could command the support of a portion of the educated elite and what was left of the army. It would, however, be anathema to large segments of the body politic and would, even more than a Communist equivalent, be a prisoner of the revolution. It would have to be holier

than the Pope in its anti-US stance to have a chance for survival, thus alienating itself from its most essential source of support.

38. This Iran would want a stable Gulf and a constant flow of oil to the West, and would of course not be receptive to Soviet approaches. Whether it would be strong enough to achieve these goals and resist the Soviets is questionable. Unless it could rapidly broaden its base by achievement of a measure of prosperity -- an unlikely accomplishment -- it is likely to be unstable and short-lived. In effect, it too would represent a transition phase to something else. It is difficult to see how U.S. purposes could be served by such an interlude. Indeed, U.S. identification with or support for a weak rightist government, if it were accepted, would surely damage any chance of restoring a measure of influence in any subsequent Iran that might emerge.

#### VI. Conclusions

39. As long as Iran remains in chaos, it will be a source of political instability in the Middle East and uncontrollable economic fluctuation throughout the non-Communist world. As long as it remains weak, and Western attitudes are not defined, it will present temptation to a USSR that may well become desperate for energy. These statements, and the four U.S. national interests discussed above, suggest a policy for the U.S. once the hostage issue is behind us. First, define Western attitudes, lest the Soviet Union miscalculate. Second, take concrete steps with our allies to make this position credible. Third, take measures with them to shield the Gulf States from subversion and military action. Fourth, work toward a degree of strength and stability at least

in strategic areas of Iran. Fifth, prevent the extension of Soviet power and influence in these areas.

40. The discussion above suggests that among possible lines of development in Iran one, the extension of Soviet influence behind a shield of nationalism, offers a greater threat to U.S. interests than any other. Two, however, offer greater promise of protection for major U.S. interests than the others. These are: 1) emergence of a strong left-nationalist regime; 2) disintegration of Iran, leaving a relatively stable Khuzistan protected from Soviet influence. A choice as to which of these goals to pursue, and of the means to achieve it, is beyond the scope of this analysis.

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John Waller

APPROACH TO THE IRAN PROBLEM:  
AN ANNOTATED GUIDE TO ANALYSIS

INTRODUCTION

This paper attempts to pose certain key questions about Iran which should, as far as possible, be systematically examined and answered as a guide to making policy decisions and taking diplomatic, economic, military or covert action in support of such decisions. These questions -- a check list in effect -- should be examined by CIA analysts, but also by State Department, Defense and NSC analysts as well. I would, moreover, suggest that some if not all of these key questions be simultaneously addressed by certain allies, such as the British, the Israelis, the Saudis and the French, and by certain Iranian exiles in whose judgement we have confidence. Knowledgeable Americans in the private sector should also be queried. We shall find, I believe, that we know more about Iran than we think we do and can see a basis on which to test policy objectives and take various concrete actions, overt and covert, to achieve them. This analysis should also help discover what intelligence gaps remain and need filling.

This paper suggests four categories of possible action -- diplomatic, economic, military and covert -- which should be examined in detail by the appropriate department or agency in coordination with one another and with the benefit of whatever answers to the key questions we have been able to find.

KEY QUESTIONS

1. WHAT AND HOW STRONG IS KHOMEINI'S CONTROL?

Prevailing assumptions tend to portray Khomeini as a demi-God whose will is absolute. But any oracle on a pedestal of mass popularity cannot always translate his charisma into concrete or specific action. The machinery of power, thus, becomes as important, if not more important, than aura. Moreover, Gods who fail are soon forgotten, while Gods who are martyred may remain in force long after they have left their worldly garb. While Khomeini's inchoate power and prestige may prevent others from coming to power, can it become a positive instrument of government?

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a. How widespread and how strong is Khomeini's influence; how can it be exploited by him to get his will done? This should be analyzed on:

- a class basis
- a regional basis
- a vocational basis
- an ethnic/religious basis

b. What actual machinery for exercising power and what specific levers of power does Khomeini have?

- Street organizations in the capital and provincial cities.
- The Ulema, i.e., how much clerical backing does he basically enjoy, does he have rivals, are there hierarchial or parish schisms, jealousies, etc.?
- Economic Institutions. Does Khomeini control oil production and refining in Khuzistan in the face of strong leftist unions, Arab dissidence, etc.? Does he control national transport -- rail and trucking?
- Food Production. Can Khomeini restore agricultural production in Iran by creating procedures to finance seed and fertilizer and provide transport?
- Military Organization. Can or does Khomeini want to reconstitute a strong military loyal to him? This question also applies to the Gendarmerie and police.
- Political Institutions. Can or does Khomeini want to create political, i.e., grass roots, "ward healing," political machinery to support him? Does he want an organized political structure? Does he want any semblance of a democratic system?

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-- Class Groupings. While Khomeini is presumed to be held in awe by the lower classes, which are highly religious, is he respected by educated Iranians, non-Shia sects, less intensely religious tribal groups, etc.?

c. Where, geographically, does Khomeini have control and to what degree?

This is an extremely important subject and should be analyzed province by province. One can probably conclude that Iran cannot be unified or controlled without a strong army.

-- Tehran. While the capital is obviously important, it is not Iran. Iran is a conglomerate which historically has maintained cohesion only to the extent there has been a strong central army. This does not exist today.

-- Azerbaijan. Turkish of origin -- once, in fact, a province of the Ottomans, Azerbaijan is traditionally unsympathetic to Tehran control. With Soviet assistance, it declared itself independent in 1946 and erected all the trappings of autonomy, including a stirring national anthem to the tune of "The Beer Barrel Polka." It has been recently the scene of anti-government outbursts. It is susceptible to Soviet covert action. But who are the indigenous leaders of Tabriz and Azerbaijan? Who holds the key to Tabriz? How does Tabriz feel about the U.S.?

-- Gilan - Mazandaran. Historically the Caspian littoral has also been susceptible to Russian intrigues and blandishments. Is it still? Do these mountain people have the same devotion to Khomeini as the poor people of south Tehran?

-- Northern and Southern Kurdistan. Recent Kurdish activity, particularly in the more rugged northern Kurdistan, speaks for itself. The Kurds have a long-standing urge for independence which goes

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back as far as history. (They are probably identical with the ancient Medes.) It is predictable that the Kurds will erupt against any master when they have guns and feel strong enough to fight. Their combat record against Turks, Iraqis and Iranians proves they cannot be repressed without major military action, now beyond Iran's capability.

-- Khuzistan. Without an operating oil industry in Khuzistan, Iran would soon be bankrupt. There have to date been various indications that Khomeini's control is tenuous among the leftist, unionized oil workers, and certainly the Sunni-Arab lower class is hostile to him. Skilled labor and petty management also contain significant numbers of Turkish-speaking Qashqai tribesmen whose first allegiance is to their tribe (although for the moment they are supporting Khomeini). Iraq's capacity to intrigue with the Khuzistan's Arabs is, of course, considerable and a long-festering border dispute, as well as the inevitable allure of oil, provides motive enough for Iraqi mischief.

-- Fars. The migratory Qashqai tribe, whose winter quarters are in Fars, as well as Khuzistan, have a long record of fighting the central government to retain tribal autonomy. While Qashqai tribal leadership now supports Khomeini as an expediency, its future actions will be determined by self interest. As a hedge against the future, the Qashqai have been actively collecting arms, making friends with the provincial Gendarmerie and seeking tribal alliances throughout south-central Iran.

-- Kerman (Zahedan-Baluchistan). Southeast Iran is Iran's most remote province. But of greatest significance is its inherently dissident Baluchi tribes, which periodically resist central control and always dream of a greater Baluchistan, embracing their brethren in Pakistan and Afghanistan. Natural warriors, the Baluchis are difficult to control in the

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best of times. With virtually no army in the Zahedan region, the Baluchis, like the Qashqai to the west, are now running their own affairs without interference from military, police or tax collectors.

-- Khorassan. Meshed, as a major seat of Shia orthodoxy, should perhaps be assumed to be loyal and supportive to Khomeini. But to the extent there may be rival clerics at the Shrine of Imam Reza in Meshed, who secretly resent Khomeini's preeminence or who traditionally look down on Qum as an inferior Shrine (which it is) is worth exploring. This subject gets at the more basic issue of the extent to which there are real or latent schisms in the Shia clergy which could sap Khomeini's strength. Khorassan also plays host to the Turkish-Mongol Turkmans who earlier this year rose in revolt against Tehran. There are also two different Kurdish tribes along the Soviet border who have no love for the center, although they are not as militant as their western brothers.

## 2: WHAT AND HOW STRONG IS KHOMEINI'S OPPOSITION?

An inventory of the actual or potential opposition to Khomeini would include various types of urban leftists, residual or latent military opposition, actual or potential tribal opposition, opposition from the Tehran Bazaar (important as political funders and as links with lower-class street people), disgruntled landowners, students, unemployed workers, under-capitalized farmers, ethnic/religious minorities, regional nationalists, rival clergy and assorted moderate politicians who are offended by medieval feudalism. Khomeini's strength may to some extent rest on the inability of these disparate forces to ever get together. But, in the main, his strength lies in the hesitancy of any group to contest with a "Saint" whose capacity for government may be nil, but whose capacity to overawe his opposition is tremendous. At the risk of rushing to judgement before adequate intelligence is available, but because we must begin somewhere with working hypotheses, I believe first priority should be given to studying the various shades of the Iranian left.

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- a. Left. That there has been a leftist, secular, generally youthful body of expatriate Iranians who have shown remarkable cohesiveness, organizational strength, consistency of aim and modus operandi, political sophistication and affluence for over 25 years, is a matter of record. Who they are, how factionally splintered they are, what, if any, foreign hand has been behind them, what role they played in the rise and return of Khomeini, are all interesting, historical questions.

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On the assumption that these leftist groups are now in Iran and show themselves as strong street and student leaders, we must be interested in them. If one or more factions of these zealots enjoy Soviet, PLO, Libyan or other foreign assistance, they probably represent the greatest threat facing Khomeini today. We should strive to discover what faction is gaining leftist leadership, what arms they hold and what their strategy is. Will the left periodically flex its muscles on the street, resort to terrorism, infiltrate the military, infiltrate Khomeini's street groups, but bide its time until some bourgeois plotters draw fire and ire by an ill-conceived contest for power? Has the left been active in stimulating anti-American sentiment, are they intent on provoking the U.S. to take actions which will more permanently alienate it from Iran? Is the successor to Khomeini in Tehran destined to be leftist, if so, will he be a nationalistic leftist or a pro-Soviet leftist? What will be the determining factors?

- b. Center. Centrist, bourgeois plotters will stir restlessly in exile from time to time, presumably stimulated by expatriate Iranian money. Bakhtiar is the most prominent at the moment. Aside from keeping track of such movements, should we take them seriously? What or who is funding Bakhtiar? Who are his allies? Even if he topples Khomeini, is he a match for the left in the aftermath?
- c. Right. Is there any chance that the military, with or without a Pahlavi figurehead, could muster and lead an effective revolt against Khomeini? If so, who would be the most likely leaders, and who would be their allies?
- d. Provincial/Regional. As sketched above, the provinces of Iran are traditionally the least loyal to the center and today, indeed, harbor various aggressive anti-Khomeini factions. With nationalist or autonomy-minded people,

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with a non-governing central government, with the atrophying of the army, with widespread trafficking of arms, and with possible foreign assistance, it is inevitable that Iran will lapse into feudal fiefdoms. At worst, it may be plunged into civil war. A system of uncontrolled, feudal fiefdoms, in fact, already exists. The Kurds are in open rebellion, most of the other tribes pay no taxes and tolerate no law beyond that of the tribe; the central government provides them no protection. Azerbaijan, Khuzistan and Baluchistan have deep-seated separatist instincts which can be easily aroused. In the oil refineries of Khuzistan and the factories of Isfahan, it may be assumed that leftist union strength is strong and could turn against Khomeini if provoked to do so.

If leftist, secular street power represents a significant rival to Khomeini in the capital (and probably Isfahan and Ahwaz, as well), it may probably be said that traditional regional/tribal separatist tendencies threaten him in the provinces. But the question is where and how much and with what external assistance -- current or potential? Perhaps the most important challenge for the United States, faced with a disintegrating Iran, is to analyze accurately the anatomy of Iran's component parts. To continue to view Iran as one nation is simplistic and can lead us surely into errors of analysis. Recognition of Tehran as an erratic, chaotic, city state and the provinces as a collection of mediæval fiefdoms (except for industrial Khuzistan, which represents a separate and unique problem) is important. This must figure prominently in our policy calculations and in any contingency plans which we develop.

### 3. WHAT ARE FOREIGN ATTITUDES AND INTENTIONS?

Central to the problem of Iran is the attitudes and intentions of various countries besides ourself. For analysis purposes, they can perhaps usefully be broken up into four categories: (1) the USSR, as our prime antagonist and Iran's traditional, neighborhood bully, (2) other neighboring countries which have an important stake in Iran's future, (3) regional countries with only slightly less stake in Iran and (4) international powers or groups of powers. How do these countries feel today; how far are they prepared to assist us, attack us or otherwise take advantage of us over this issue and what, if any action -- overt or covert -- can they be expected to take. Dominating the scene, of course, is oil, not only Iran's but that of the Gulf and Arabian Peninsula. A

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close runner-up in importance is the strategic balance of power in which the position of the Soviet Union is our greatest concern, but the roles of certain third-world countries are also important. The Iran situation and our response to it, therefore, should be studied in connection with the views, intentions and consequences to several other countries, categorized for convenience as follows:

-- TRADITIONAL NORTHERN ANTAGONIST

Soviet Union (including East European and possibly Cuban surrogates)

-- NEIGHBORS

Saudi Arabia

Oman

Gulf Sheikhdoms

Iraq

Pakistan

Afghanistan

Turkey

-- REGIONAL

Moderate Arabs: Jordan, Egypt, Sudan, Morocco  
North Yemen

Antagonistic Arabs: Syria, Libya, PLO, South  
Yemen

-- INTERNATIONAL

Close NATO allies: England and Germany

France

Japan

China

Israel

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In terms of priority, the emerging attitude of the Soviet Union, as devined by its diplomacy, public broadcasts, covert actions, is, of course, very important. Also important, obviously, is the attitude of Saudi Arabia.

Perhaps potentially important is China, which has earlier signalled its interest in Iran as a Soviet border state, when it established close relations with the Shah. How does China feel now? As a revolutionary, does it see opportunities in Iran, are any of the leftist groups ideologically pro-Peking? Could China aspire to split the left? Could China promote rural, tribal guerrillas?

Does activist-inclined Israel harbor any plans? Recall its dynamic involvement in the Kurdish revolt in Iraq. Recall its strong support of the Shah. How could Iran affect a Middle East settlement?

Where do the Palestinians figure? They have known leftist connections, but they also have good ties with Khomeini. In a showdown, which side would benefit from their valuable street and guerrilla experience?

Would Iraq be tempted to satisfy its territorial claims in Khuzistan or foment Arab autonomy in that province?

#### ACTION

##### POSSIBLE U.S. LEVERAGE VIS-A-VIS KHOMEINI.

An analysis of what the U.S. can do is an integral part of the equation; our options may be categorized as diplomatic, economic, military and covert action.

If the barriers of imagination were our only constraint, our options would be numerous. But prudence reduces them dramatically.

As a general principle in examining our options, we should differentiate between what will impact on Khomeini on one hand and what will affect lasting attitudes of the Iranian people on the other. The latter is a more precious commodity. It must be accepted that popular Iranian attitudes toward the U.S. have already suffered a serious blow, one from which we shall not recover for some time. But we should not gratuitously aggravate our image. As one example, the cutting off of U.S. foodstuffs to Iran would accomplish little useful, but it would gratuitously enrage innocent people whose good will we may be able to regain.

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Assuming we are able to digest and rationalize as many as possible of the variables in the Iranian problem with an analytical process as suggested above, the question remains, what can we do and what should we do? Action should be determined, assigned and coordinated closely in four main categories:

- Diplomatic
- Economic
- Military
- Covert Action

Each category of action should complement the other. To determine what kind of bureaucratic machinery -- inter-agency task force, NSC working group, etc. -- can best accomplish this is a challenge in itself. And how to protect what must be kept secret is still another challenge.

Under the categories of military and covert action, two parts, contingency and actual, should be designed. This distinction is important since there are various things we can do immediately on a contingency basis,

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a. DIPLOMATIC ACTION:

By the time our hostages are released, we should have made the decision whether or not to continue relations with Iran. Relations at this time may be as undesirable as they may prove to be impossible.

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Another principle which the U.S. should strive for as much as possible is to enlist as much diplomatic support as possible from

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friends, allies or those who otherwise find common interest with us. Our presentations and representations should have as broad a base as possible.

b. ECONOMIC:

It would not be useful to grapple with economic action in this brief outline, but it may be worth noting that Iran proved curiously immune to economic pressures, induced or self generated, during the Mossadegh crisis in 1952. But, a deprivation of oil revenues for a sustained period of time would certainly weaken Khomeini.

c. MILITARY ACTION:

Overt U.S. military action in the oil fields becomes tempting as a situation grows hopeless. But the consequences could be serious. It could provoke another Soviet occupation of Azerbaijan. A division of Iran into a Russian-occupied north and a U.S.-occupied south might have appealed to Lord Curzan in another age. Can we risk it today? Are there alternatives? Are there surrogates which can be used? Are there covert action possibilities in lieu of naked military action? These are the questions which must be addressed in the context of covert action options, the subject of a separate analysis.

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