Chapter - II

Post - Revolution Iranian Gulf Policy
The revolution in Iran in 1978-79 was not only a great social and political event, having a profound impact on the relationship between regional states including Iran and the West, but also a great ideological upheaval that almost unexpectedly exploded on the world scene leaving in its wake new and heightened aspirations, fears and insecurities. It is, in fact, unique in the annals of modern history in that it brought to power for the first time in modern times a "traditional clergy armed with mosque pulpits and claiming the divine right to supervise all temporal authorities, even the country's highest elected representative." It was a challenge not only to conservative monarchical regimes, particularly in the region, but also to the powerful West - their whole set of systems, values and standards. It was the first experiment of a Islamic state within the framework of a world order overwhelmingly dominated by Western concepts.

The revolution provided a new inspiration for the Muslims all over the world. It set in motion a new wave of Islamic resurgence throughout the world. The consolidation of the revolution, subsequent domestic managements and firm handling of problems with great power points to the success of Islam as an ideology of the Islamic Republic of Iran. Despite the fact that its appeal faded and its constituencies shrank with the growing pronouncements of the

revolution's Shiite undertones, the Iranian way still remains a model for many Muslims all over the world. Thus Islam, as an ideology, became the main plank on which the Iranian leadership built their domestic as well as foreign policies. Therefore, it is of great significance to understand the religious factor (ideology) in the Iranian revolution and the role it played in the creation of an Islamic republic by putting into perspective a combination of certain unique elements which transformed Iranian society and politics.

i) Impact of Ideological Islam on Iran's Political Process

The religio-political dimension of the Iranian revolution not only continue to shape the political process of the Islamic Republic of Iran, but has also affected the geopolitics of the region by condemning the existing international order as being exploitative and imperialist in design.

Professor R.K. Ramazani, in an attempt to explain why at times Iran's political behaviour is seen as incomprehensible, has said "If (one) fails to acknowledge, for example, the religious influence of the calvinist cast of mind on Woodrow Wilson's concept of world order, how can (one) possibly understand Khomeini's concept of an Islamic World Order?"2

It is precisely for this reason that the secular interpretation of ideological transformation which took place in Iran and the religious or Islamic aspect of the actual government which was ushered in following the 1979 revolution has to be put into perspective.

The role of ideology in the political transformation of a society can be viewed as problematic. The "middle class" has many ideas but no ideology of its own. It sets out to revolutionise the dominant ideology (usually dependent capitalism) by means of borrowed ideology (usually nationalism or native religion). This existing dominant ideology is generally conservative and tends to fix or otherwise distort the real essence of the existing order. Thus, the emerging dominant ideology must not only offer a more objective analysis of reality but must also engender change. In addition it must also be able to create a melange between theory and practice. Dogmatism and rigidity are the common enemies of such an ideology, which needs to be open and critical. In Iran two parallel developments marked the ideological transformation. First, the delegitimisation of the old dominant ideology and second, the adaptation of the borrowed but all persuasive ideology.

to the specific needs and interests of the "middle class"\textsuperscript{4}. The borrowed ideology here was Islam. Although Islam was all embracing as a religion long before the revolution in Iran, its subsequent adaptation as an ideology of the state followed only after the displacement of the Pahlavi monarchy.

The revolution was initially supported by a coalition of groups having different and even opposing backgrounds, goals and ideologies. But soon the Islamic or clerical element of the revolution gained the upper hand over the secular elements, comprising nationalists, socialists, leftists, and liberals. In the ensuing struggle for power, groups helped to crush each other only to become victims themselves. For example, all groups helped to fight Mehdi Bazargan, Khomeini's first appointed Prime Minister; those who remained joined in disqualifying a prominent cleric Ayatollah Kazem Shariatmadari\textsuperscript{5}, leader of the five million Turkish Azeri speaking Iranians. The clerics were helped by others in bringing down Abolhassan Bani Sadr, the President of the Islamic Republic, and with him came the downfall of the Mojahedeen. The remaining contenders were instrumental in the removal of the foreign minister, Sadeq Qotbzadeh who
\textsuperscript{4} The middle class in Iran has been described as the prime mover in the Iranian revolution in 1979. This has been attributed to their superiority in numbers and also because a majority of the Iranian intelligentsia critical of the Shah's policies were among the middle class. For details see Hossein Bashiriyeh, \textit{The State and Revolution in Iran} (London: Croom Helar, 1986).
\textsuperscript{5} Ayatollah Shariatmadari was one of the early opponents of the clergy's participation in politics as well as in the institution of the Vilayat-e-faqih (government of the jurisconsult). The clerical community in Qoam (holy city in Iran) then convened and stripped Shariatmadrari of the title of Ayatollah in 1982.
was later executed. The remainder - and among them Hujjatiyyeh (the most strictly orthodox religious grouping) helped in the crackdown on the Tudeh (Communist Party) in the spring of 1983. Finally, in 1983, the Khomeini factor gained the upper hand when they eliminated the Hujjatiyyeh. Thus, from what started out as working within a political alliance, Khomeini's supporters gradually achieved exclusive power in Iran.

The clerics, having come to power, set about the task of consolidation, institutionalization and, if possible, perpetuation of clerical rule. To implement Khomeinis's revolutionary ideology a popular fronts was set up which actively supported the clerics and maintained a critical level of revolutionary zeal. Power was concentrated within revolutionary institutions and active and potential opposition was kept at a minimum level.

However, this task was not easy. In realizing these goals, the leadership faced many a hurdle on various levels. First, given that Islam is cross class in nature, its interests naturally extended beyond the interests of any one class; this resulted in inter class and intra class conflicts. The fragmentation of Iranian society due to this conflict into several factions, each with different interests and motivations, rendered Islam problematic as an all embracing ideology.

At a more general level, centralism, corruption, etc. all legacy of the Pahlavi regime -- continued to pose problems for the leadership. There were demands for the rectification of these errors and for popular participation\(^7\). The inability of the revolutionary government to decentralize decision making, planning and formulation of policy outside of a few "Revolutionary Institutions" \((\text{Nichadha-ye-Enghelabi})\) has been a pointer to the fact that the old military (opposed to federal) and sectoral (opposed to regional) structure of the state remains largely intact\(^8\).

The impact of the religio-political revolution in Iran in 1979 was most felt upon the foreign policy of the Islamic Republic. In the words of Shireen. T. Hunter, Iran's foreign policy since the revolution:

> has been more deeply affected than before by ideological considerations, as a relatively well-defined set of beliefs has guided its actions. The Iranian leadership has been divided over the

\(^7\) The most outspoken critic of the Islamic Government in Iran was the ex-President of the Islamic Republic of Iran Abolhassan Bani-Sadr. Through his newspaper, \textit{Islamic Revolution}, in a column titled "President’s Diary", he condemned corruption and equated the Islamic Republic Party (IRP) with the Shah’s Rastakhiz Party. In the period before being removed from office, Bani Sadr sent a letter to Khomeini warning that the latter’s trust in IRP amounted to committing suicide. See Dilip Hero, \textit{Iran under the Ayatollah’s} (London: Routledge and Regan Paul, 1985), pp. 179-85.

interpretation of different components of this broad ideology, but no key political figure has challenged the validity of the basic framework. Because of its principal motivations, the Islamic regime has seen itself as representing not just Iran's state interests but also those of a much broader Islamic movement. Thus in the process, it has acted not only as a state but often as the spokesman of a cause.

It is to this effect that Khomeini saw himself as the leader of the world-wide revolutionary movement. "Muslim nations of the world who are oppressed arise!" he declaimed. Khomeini, as he proclaimed himself to be, had not only become the leader of 100 million Shiis in the world, he had been designated by the Ithna Ashari theory of government as the leader of all the 800 million Muslims in the world comprising both Sunnis and Shiis. Giving credence to this theory Article 10 of the constitution of the Islamic Republic states: "All Muslims form a single nation and the Government of the Islamic Republic of Iran has the duty of formulating its general policies with a view to the merging and union of all Muslim people and it must constantly strive to bring about a political economic and cultural unity in

Ayatollah Khomeini's world view consisted of establishing an Islamic world order, the basis of which would be an integrated Ummah (Congregation of believers). The role of Iran in this Islamic world order is based on its commitment to providing the necessary material and spiritual guidance to Muslims in their struggle to replace the world imperialist government with a just and divine government of the meek. Accordingly Article 3, Section 16 of the constitution of the Islamic Republic states that "the Islamic government of Iran would engage all provisions to realise the formulation of a foreign policy based upon Islamic criteria, brotherly commitment to all Muslims and unqualified protection of all the deprived of the world."

This theocratic world view amounted to a rejection of the contemporary international system as it existed. To deal with that system, Iran had brought about "a deliberate transformation of the major alignments of Iran's foreign relations as they existed previously." According to Ramazani, Khomeini's world view was based on six general principals: 1) no dependence on East or West; 2) a belief that the US was the main enemy; 3) Continuous struggle against the Zionist power; 4) the liberation of Jerusalem;

5) anti imperialism and 6) support for all oppressed people everywhere, particularly for Muslims\textsuperscript{13}.

One of the direct consequences of the internal political system and the external perception and objectives of Tehran in terms of policy towards other states, especially in the region, has been the export of the revolution. In the Iranian view these states had deviated from true Islam. From the very outset, Ayatollah Montazeri, Khomeini's one time religious successor, explained Iran's attitude to other Muslims as follows:

One of the characteristics of Iran's Islamic Revolution is the its mundane scope cannot be confined to certain geographical and continental areas. Indeed, our evolution is an Islamic revolution, not an Iranian revolution.

.... Final victory will be achieved when there is no trace of colonialism and exploitation left throughout the entire Islamic world.... All Muslims and defenseless persons in the world who are living under dictatorship and colonialism have certain expectations from the Muslim nation of Iran, and our glorious revolution is duty bound to these people.

The Iranian government and people, to the extent they can, must give material and psychological support and assistance to all freedom movement, especially to the Palestinian revolution\textsuperscript{14}.

Consequently, clandestine Ithna Ashari cells were established in a number of Gulf countries, and between 1979 and 1981 emissaries from the Islamic Republic of Iran visited a number of Arab littoral states in an attempt to foment trouble for the government of these states. The rulers of the Gulf states, who have substantial Shi\textsuperscript{i} population -- 30 - 40 percent in Kuwait, 30 percent in Dubai, 20 percent in Qat\textsuperscript{r}, 50 percent in Oman, 60 percent in Iraq, 75 percent in Bahrain-- were unnerved by this highly aggressive posture adopted by Tehran which threatened to export the revolution to the neighbourhood. To all the Shi\textsuperscript{i} elements Iran made repeated calls to rise in revolt against their illegitimate" Sunni governments. This had two fold purpose: to destablise the political situation in those areas and create a hostile environment for Western interests and, in addition, Iran, an Islamic revolutionary state of Shiite political persuasion, was primarily interested in liberating its Shi\textsuperscript{i} brethren in the Gulf States, Lebanon and Iraq, which continue to suffer deprivation under the predominantly Sunni ruling classes. For Iran, Western interests which were in favour of maintaining the status quo

\textsuperscript{14} \textit{Iran Voice}, 3 September, 1979, p. 1.
in the name of political stability and an uninterrupted supply of oil to the West, meant continued political deprivation and oppression.

Use of terror tactics against the French and US embassies in Lebanon and the taking of hostages were also motivated by the above factors. Yet another, socio-political dimension of Iran's involvement in Lebanon emerged when Mohsen Rafiqdoost, Minister of the Revolutionary Guards, in a conversation with Robin Wright, a journalist, told her: "We wanted to transfer our culture to Muslims in Lebanon. I saw the corrupted culture there. We started to show Muslims in Lebanon our way of living and our way of fighting". On Iran's involvement in suicidal bombing of the American Marines and hostage taking in Lebanon he said: "We only trained the Lebanese (Shiites) to defend their country. When we heard about the bomb which killed two hundred and forty one American troops -- we were happy. But we did not plan it. It was their right. Ask yourself why were the Americans in Lebanon?"15

The export of the revolution being an integral part of Iran's revolutionary foreign necessitated the formulation of both short and long term strategies by the leadership. In the first instance, supporters were encouraged to demonstrate against the ruling cliques which, if monarchical or involving hereditary succession, were condemned as being

anti Islamic and invalid. Some of these protests in the Gulf countries did result in serious breaches of internal security and obliged governments to adopt repressive measures\textsuperscript{16}. Long term strategies involved steps to radicalize the entire Muslims ummah against what was considered as their illegitimate governments and rulers and against Western, especially American, domination of the affairs of the Middle East and the Muslims World.

Giving concrete shape to this policy Khomeini argued that the annual pilgrimage to Mecca (Haj), was not only to be considered as an act affirming devotion to God, but an opportunity for Muslims to demonstrate and rid the Muslim world of dominatio. This resulted in violent clashes between Iranian pilgrims and Saudi militia in July 1987 causing death to several hundred pilgrims. On the international level this led to mutual recriminations and cutting off of all diplomatic ties between the two countries\textsuperscript{17}.

Another aspect of ideological Islam on Iran's foreign policy process was manifested in its allegiance to the principles of non-alignment. On the one hand revolutionary Iran remained within the movement, while on the other it questioned the concept of non-alignment and its functions. Non alignment, which is generally understood as a positive

\textsuperscript{17} Ibid.
concept based on passive resistance to super power politics was not fully acceptable to Iranian regime. Iran sought to revolutionize this philosophy and saw the movement as a platform for direct confrontation with the superpowers. Professor A.H.H. Abidi states that "According to the Iranians, the tendency of alignment/ non alignment is the external manifestation of the state of mind of a given ruling elite. True no-alignment is possible only when the thought process of people and leaders are completely emancipated from political oppression, economic exploitation, cultural manipulation, mental slavery, and all other causes of fear and alienation. From the Islamic perspective, this is possible when one is subservient only to God and to no other power on earth".18 In this context, Prime Minister Hossein Musavi has stated that many countries and people "regard the Islamic Revolution as a historical experience and model for revolt against the Western and Eastern imperialists".19

Iran's policy of "neither East nor West" is, in fact, a revival of Mossadeq's "negative equilibrium". This has been used by Iran in conducting its foreign relations by preserving the principal of non compromise. Prime Minister Hossein Musavi described the foreign policy system of the Islamic Republic as one which "negates compromise ... despite various pressures and crises imposed by imperialism ...".20

In practice, however, maintaining the "neither East nor West" policy strictly led to certain ambiguities in Iran's foreign policy formulation. Ahmad Azizi, the Under Secretary on economic relations, in an interview, stated that in establishing relations his country "would give priority to those who do not have ties with the superpowers or tend to impose their economic or political views on Iran. Although Iran was constantly trying not to have any special tendency towards any certain blocs ...... economic ties with the Eastern bloc are to the extent that we can call them rational and reasonable". 21.

A lack of proper mix of ideology and pragmatism made Iran's approach to non alignment politically enviable. Prof. Abidi, in presenting a non religious analysis of Iran's perception of the Non-Aligned Movement, states "the Iranians show a lack of understanding of the socio politico dynamics of the diverse societies of the Third World. Non alignment cannot be seen only in black and while terms but within the wider context of the hard realities of international politics." He concludes by saying that "they are not prepared to rise above religion in order to tackle the intricacies of politics or economics. Their approach is emotional rather than rational". 22.

ii) ISLAMIC REPUBLIC'S FOREIGN POLICY IN THE GULF

The Gulf Arabs' initial reaction to the Iranian revolution was a mixture of apprehension and expectation.

21. Ibid.
22. Abidi, no. 18, p. 361.
Pragmatism had brought Iran and Iraq together, and with the other Gulf states, there had emerged a recognition of the need to exclude outside powers and assume regional security themselves. The Gulf Arab states had also benefited from Iran's stabilizing role under the Shah, but they had also resented Iran's tendency to act as the regional great power. Thus the declaration by the transitional government of Mehdi Bazargan that Iran would no longer play the role of the regional gendarme was appealing to them. Interdependence—economically as oil suppliers, and geographically as neighbours in a small combustible region—had contributed to this softening of attitude. Revolutionary Iran's new anti-Israel and pro-Palestinian stand raised the hope that Iran would return to Arab sovereignty the three disputed islands.

But the revolution in Iran with all its ideological content replaced Iran, guardian of the region, with Iran disruptor of the region. By claiming for itself the right to judge the Islamic credentials of its neighbours and by implication their fate—the new regime unnerved its smaller Muslim brothers. The revolution unravelled the existing security consensus and made it virtually impossible to substitute another. Events such as the seizure of the Grand Mosque in Mecca in November 1979 and the Shii riots in Saudi Arabia, Kuwait and Bahrain in 1980 and 1981 brought the threat of Islamic revolution dangerously close to the Arab side of the Gulf. Talk of export of the revolution and the negative balance strategy of "Neither East Nor West" was as much directed towards the ideological mobilization of the people behind the regime as it was intended to serve as
foreign policy. Both these elements caused a high degree of alarm amongst Iran's Persian Gulf neighbours\textsuperscript{23}. Iranian propaganda further exacerbated these fears.

It seemed in 1980 that Iran was demonstrating undisguised hostility towards the conservative Persian Gulf states, Iraq and the moderate Arab countries\textsuperscript{24}. Meanwhile Tehran went out of its way to appease other (politically radical and ideologically secular) Arab states. If the intention was a realignment with the Progressive Arab forces, then the alienation of (equally radical Iraq -- a powerful and useful Gulf partner for an unwelcome government such as Tehran's -- signals a contradictory strategy. This in fact was done with a motive to create a psychological resonance so that it could embolden opponents of governments everywhere to resort to mass appeals. It could thus spread the contagion of revolution throughout the Gulf. A revolution that included anti-Western and anti modernization themes was bound to affect Iran's neighbours directly. However, Iran, throughout this early period (and beyond) maintained close ties with its non-Arab Muslim neighbours, despite its defection from CENTO and the latter countries' close association with Western economic and politico-military pacts.

It emerged, therefore, that the new regimes regional


strategy was not confined to siding with the radicals in the puritanical radical-moderate poles of the Arab World. Tehran’s regional policy reflected complex outlook and application of a set of principles designed to satisfy the republic’s more immediate needs rather than the adaptation of a military yardstick for displaying the country’s new revolutionary Islamic attitudes.

For practical purpose, the new Iranian leadership had initiated a multi dimensional regional policy, based on four principles:

a) Close collaboration with selected members of the Arab Steadfastness Front.

b) Correct and pragmatic relations with Turkey and Pakistan, based on mutual respect, non interference in each other’s internal affairs (particularly as far as the common "Kurdish problem" of Iran and Turkey was concerned) and fruitful economic relations.

c) Opposition to the Gulf Arab monarchies and the moderate Arab camp.

d) Rhetorical opposition to Israel but practical collaboration (particularly in the military field) with the Jewish state so long as the war with Iraq lasted.

Adjustments in the country’s international relations also occurred. The shah had frequently been criticised by

Arab commentators for his arms build up, for relations with Israel, and for Iran's alignment with the West. These (it was alleged) made it difficult for Iran to enjoy close relations with the Arab world. Khomeini came to power vowing to reverse all three: By the end of 1980 Iran had cancelled $9 billion worth of arms contracts with the Western countries severed its formal diplomatic links with Israel and South Africa. The ties with Israel were quickly substituted with ties with PLO, left CENTI, and became a full member of the Non Aligned Movement. As early as February 1979, Iran established diplomatic relations with communist North Korea, and had expressed its desire to expand trading ties with the Third World countries in general. According to Foreign Ministry information, Iran had established 17 new diplomatic missions between 1979 and 1986, 12 of which were in Africa. By contrast, it had broken off diplomatic relations with Egypt, Jordan and Morocco and had revised Tehran's policy towards Oman shortly after the revolution. Despite all this, Iran's relations with the Arab World since 1979 deteriorated appreciably. Thus, the fear of Islamic revolution and efforts to contain it became the guiding principle of the Gulf Arabs regional policy and their approach towards Iran. Until the outbreak of the Iran Iraq war, the Gulf Arabs' approach towards Iran was a mixture of firmness and efforts to continue dealing with Iran as normally as possible.

Thus, in 1979, the Kuwaiti and Bahraini governments expelled two Iranian revolutionary clerics, Hodjat-al-Islam Hadi Mudarrisi and Abbas Muhri, who were agitating among their Shii populations and enticing them to establish Islamic Republics. Meanwhile, however, they kept the channels of communication with Iran open.

However, the Islamic revolution transformed Iran, marginally involved in Arab politics into an Iran militarily insistent on a central role in Islam—a constituency it emphasized above any secular formulations such as Arab or Persian nationalism or even individual state nationalism. By claiming the right and duty to expand its revolution to purify Islam, foil Western oppression, and bring back justice for the Palestinians and other dispossessed peoples, Tehran posed a clear threat to its neighbours, particularly the secular Baath government in Iraq which administered a state whose largest group comprised Shiiis. Since the revolution relations with Iraq was on a downward slide. Virulent propaganda war between the two countries had led to mounting tensions in diplomatic relations. While the Iranian regime denounced the Baathists as atheists and urged the people of Iraq and the Iraqi armed forces to overthrow it, the Iraqi called Ayatollah Khomeini a "turbaned Shah" and projected their struggle with Iran as an Arab struggle. The revival of the claim on Khuzestan and Abu Musa and the two Tumb islands was a pointer to the ongoing struggle.

27. For details see Ramazani, no. 2, pp. 118-119.
between the two. There were reports of the Iranians using
the Shii groups in Iraq, especially the Dawa Party against
the Baathist regime. The Iraqis, on the other hand, allowed
the anti Khomeini groups to operate from Iraq.
Simultaneously the border dispute and frequent military
clashes using heavy artillery, armour and aircraft grew into
a full scale invasion of Iran, especially when it had made
major purges in its armed forces. Imam Khomeini, in his
first Iranian New Year Speech, remarked:

We should try hard to export our revolution to
the world, and should set aside thoughts that
we do not export our revolution, because Islam
does not regard various Islamic countries
differently and is supporter of all the
oppressed... If we remain in an enclosed
environment we shall definitely face defeat.
We should clearly settle our accounts with the
powers and superpowers and should demonstrate
to them that ... we (shall) confront the world
with our ideology. 28.

These two notions, the export of the revolution and the
scope of its particular message found substance and vigour
in the conflict with Iraq 29 which had invaded Iran, in the
wake of the threat Iran posed to its regime and the large

28. Khomeinis first Iranian New Year Speech, FBIS, 24 March,
1980.
29. Ramazani, n. 13, p. 22.
scale reduction in its armed forces, both for preventive reasons and to capitalize on the opportunity to make a mark on the politics of the Gulf thereby fulfilling a long time desire to assume the leadership of the Persian Gulf. The war was initiated in response to Tehran's combinations of provocation and military weakness by a country that would never have contemplated such an action in earlier times.

The Iran Iraq war also presented the Gulf states with a dilemma. On the one hand, Arab nationalists hoped that Iraq would succeed in dislodging the Islamic regime or blunt the revolutionary zeal; they also welcomed the prospect of the so-called liberation of Khuzistan. On the other hand, they were concerned that Iraq might become too powerful. However, the combined effect of fear and Arab nationalism led them to support Iraq. But the Gulf states that supported Iraq to a lesser degree risked confrontation with Iran. Rather, a number of Gulf states -- such as Oman, the United Arab Emirates (UAE), and even Qatar -- maintained good relations with Iran, even at some risk to their ties with Iraq. For example, the Iraqis accused Dubai of being a traitor to the Arab nation because it maintained extensive trade links with Iran. This, in turn, reflected not only the differences in the Gulf states' perceptions regarding their security needs, but also their political divisions and rivalries, as well as aspects of their domestic political conditions.

However, the prolonged war saw a split develop within the Arab world between Iraq, Jordan, Kuwait, Egypt, Saudi
Arabia and Morocco on one side, and Syria, and Libya on the other.

In the case of Kuwait, for example, the Iranian challenge was exacerbated by the existence of a large number of Shiis, including those of Iranian origin; fear of Iraqi intentions and reactions played a vital role in its assistance to Iraq. Moreover, the existence of a large and influential Palestinian community with extreme Arab nationalist, and to some extent pro Iraqi, tendencies contributed to Kuwaiti's decision to provide all out support for Iraq.

In the case of Saudi Arabia, intensive anti Shii and anti Persian feelings (partly a function of Wahabism), as well as Saudi Arabia's own regional power ambitions, played important roles. In the case of Bahrain, in addition to its Shiis problem and the legacy of Iran's historic claim, Saudi Arabia's overwhelming influence over the islands policies determined their stand vis-a-vis Iran and the war.

By contrast, Oman and the UAE, which had always had good relations with Iran, continued to pursue a more even handed policy. It is interesting, in the case of UAE, the existence of large Iranian community and a significant number of Shiis helped rather than hindered the goal of keeping some measure of normalcy in relations with Iran. 30

The outbreak of the Iran Iraq war in September 1980 provided them with needed breathing space to consider a more concerted response. In May 1981 the Gulf states announced the formation of a Gulf cooperation council (GCC), which included Saudi Arabia, Kuwait, Bahrain, Qatar and the United Arab Emirates (UAE). Excluded from this organization were Iran and Iraq, and the two Yemens. Its creation had been in many ways a direct response to the challenge of the day in the region, Chief among which were the influence of the Steadfastness Front, the weakening of the moderate camp, the Soviet invasion of Afghanistan, the Iran Iraq war, the powerful Israeli war machine and of course the Iranian revolution. The aim of the grouping was largely self defence, and security issues -- internal and external were a priority in the coordination of policies.

The war caught Iran off balance, and it soon became Tehran’s primary foreign policy concern. By treating all the Gulf states in an undifferentiated manner as adversaries, Tehran virtually ensured their forming a common front with Iraq, and their organization of a security arrangement in opposition to Iran. As the war progressed and the revolution became radicalized, Iran’s propensity for activism is the Gulf states grew. Within Iran, the war increased the power and influence of the Revolutionary Guards (Pasdaran), who created units of assistance for liberation movements. Opposition to the conservative Arab governments increased apace, and this was exacerbated by reports of Gulf oil states’ cash and credit contribution to Iraq’s war efforts. With Iran’s expulsion of Iraqi forces
from its territory in mid 1982, the revolutionary regime gained renewed public support, and with it came the attachment of greater priority to export the revolution. Iran's war aims in this period reflected its conception of the future of the Gulf states. After the collapse of Saddam Hussein's regime, Iraq would be absorbed into Iran or administered as an independent (vassal) Shii state. The Gulf states were expected to sue for peace and line up to await their conversion into Islamic republics\textsuperscript{31}.

It was the Gulf Arabs' position regarding the Iran Iraq war, in turn, that, more than anything else, determined Iran's attitude towards them. The GCC states, in rallying around the Iraqi war efforts, gave vent to their fears over the expansionist character of the Islamic revolution\textsuperscript{32}. Their new found resolve to defend their "patch" was in tune with the responses to the war not only of the moderate states like themselves but also of radical actors like the PLO. Jordan led the way in open support of Iraq in November 1980, followed by Egypt, Morocco, Tunisia and the PLO. Syria, however, condemned King Hussains call for volunteers to fight on Iraq's side "a worthless political stunt designed to distract attention from the Arab Israeli conflict"\textsuperscript{33}. While Iran maintained reasonably good

\textsuperscript{31} Despite this extraordinary confidence, not to mention naivete, Khoemini would say in September 1982 after the first failed offensive: "By exportation of Islam we mean that Islam be spread everywhere. We have no intention of interfering militarily in any part of the world."\textit{Tehran Times}, 30 September 1987.

\textsuperscript{32} Ramazani, n. 2, p. 75.

\textsuperscript{33} \textit{The Guardian}, (Manchester), 1 February 1982.
relations with the UAE, Oman and Qatar, its relations with Saudi Arabia and Kuwait soured. Urging the GCC states to stop bankrolling Iraq in its War with Iran, the Iranian President Ali Khameini, said:

We urge them (the GCC state) to put pressure on Iraq to stop its warmongering in the Gulf or to stop supporting Iraq if it will not listen. We have nothing against them and do not wish to fight them... Iran would not be indifferent if they helped Iraq. 34.

Despite this the Saudis and the Kuwaitis not only provided financial assistance but also supplied Iraq with intelligence information and made its AWACs available. Both Kuwait and Saudi Arabia allowed their territory to be used for transfer of war materials to Iraq and by the Iraqi airforce to strike against Iranian targets. The Saudi "engineered" oil glut in 1986 helped by Kuwait and encouraged by the US reduced oil prices from around $28 p/b to below $10 p/b had a devastating impact on the Iranian economy.

Yet, on several occasions, Iran did try to separate the issue of war with Iraq from the broader issue of Gulf Security, and offered to reach mutually acceptable arrangements. In response, it expected the Gulf Arabs to halt their assistance to Iraq.

However, neither Saudi Arabia nor Kuwait were willing to end their support for Iraq unless Iran accepted a negotiated peace. The reason is that they could not be confident that Iran would not try to subvert them more vigorously once it defeated Iraq.

Iran's activities in the Gulf states have run the gamut from propaganda to support for subversion, terrorism, and opposition group ranging from the coup attempt in Bahrain in December 1981, through to the terrorist bombing in Kuwait in December 1983, to clashes with the Saudi police at the time of the Haj in 1983. However, much has been made of Iranian subversion in Kuwait and Saudi Arabia. Given he extensive involvement of these regimes in the war, the Iranian response was not as strong as might have been expected. For example, there were no suicide attacks against vital energy and economic sections of either country. There was always the fear of Western intervention looming large over Iran.35

Iran had depended on a variety of instruments for influencing the Gulf States. Its general model has been its own experience which it has sought to duplicate in these countries. Combining propaganda couched in populist Islamic terms and focused on the disadvantaged elements in society. Tehran has also cultivated the network of mosques and politically conscious shiis in these countries as the potential spear head for future revolution. It has provided

sanctuary, training, and other assistance to a variety of liberation fronts and opposition forces operating in the Gulf, Lebanon and else where in the Arab world.

Iran, though formidable, felt a severe strain on its power and influence in the Gulf. One of the main reasons why the Iranian style of protest did not develop into a wider revolutionary movement in the region was because it was Irani Shii centric. Moreover, the infighting within the clerical ranks in Iran demoted the infallible nature of the revolution into a mere political movement in the eyes of many Muslims. The long dawn war with Iraq further impaired Iran's capability by the inevitable drain on its energies. Even the domestic situation was far from comfortable. There was high inflation; rampant corruption had reached an intolerable level; food, fuel and electricity were in short supply; and defections and treasons in the military were numerous. The situation was further aggravated by the fierce power struggle in the government between moderates and hard-liners, between the supporters of deposed Ayatollah Montazeri and Hojjatolislam Hashemi Rafsanjani. The situation had become so preposterous that led the more moderate Rafsanjani to publicly declare:

There are at present two relatively powerful factions in our country with difference of view on how the country should be run and on the role of the government and that of the private sector in affairs. These two tendencies also exist in the Majlis, in the
government, within the clergy, within the universities and across society as a whole.... They may in fact be regarded as two parties without names\textsuperscript{36}.

It was at this precarious juncture that the American decision to throw in its lot behind Iraq virtually put Iran in a tight spot. The Iranians were aware that Iran simply could not confront the US fleet directly. The leadership began looking for ways to extricate Iran out of the War. The destruction of an Iran Air Bus by US naval vessels missile in early July 1988 provided a convenient occasion for the announcement of the decision to accept the cease-fire. It gave Iran's leadership precisely the moral cover of martyrdown and suffering in the face of an unjust superior force to comonflage the comprehensive defeat of their political goals.

The cease-fire ushered in an era of internal change based on reforming the system and avoiding any catalytic external engagements by adopting a conciliating foreign policy\textsuperscript{37}. In fact, even before the official implementation of the cease-fire, the realists were busy mending fences with many of those countries that they had managed to alienate\textsuperscript{38}. As a result of this pragmatism the Omani Foreign Minister paid a one day visit to Tehran and met

\textsuperscript{36. FBIS, South Asia, "11 June, 1986; Cited by Gary Sick, "Iran's Quest for Superpower Status," \textit{Foreign Affairs}, Vol. 65, no. 4, Spring 1987, p. 704.}
\textsuperscript{37. Shireen T. Hunter, n. 9, p. 95.}
\textsuperscript{38. R.K. Ramazani, "Iran's foreign policy : Contending orientation", \textit{The Middle East Journal}, vol. 43, no. 2, Spring 1989, pp.202-17}
Rafsanjani and the Prime Minister to discuss regional security and post war relations between Iran and its southern Gulf neighbours. In return Iran, as a good will gesture, announced that it would welcome GCC assistance and participation in the clearing of Iranian laid mines in the Persian Gulf.  

By the middle of September 1988 Iran had upgraded its diplomatic relations with both Kuwait and Bahrain and had held extensive secret discussions with Saudi officials about improving bilateral relations and other regional issues, A month later relations with Britain, the "Little Satan" were normalized. Iran also accepted equal OPEC production and export quotas with its erstwhile enemy Iraq.

In a low key statement in December, Rafsanjani set out Iran 's new strategy towards its GCC neighbours. On relations with Saudi Arabia he said : "We and they both have the desire to resolve problems pertaining to bilateral relations. In my opinion, our relations will be normalized in the not too distant future". More generately he added :

We did not have expansionist intentions from the beginning, just us our southern neighbours do not have aggressive designs.... We urge our southern neighbours ...... to cooperate with as in order to resolve existing issues concerning the oil market, maritime law and Resolutions 598 (i.e. relations with Iraq).

40. SWB, ME/0341, 22 December 1988.
It is perhaps an irony that since Khomeini's death Iran's new leadership has sought to re-establish as far as possible the economic (as well as some of the politico-military) ties that existed between Iran and the West during the Shah's reign\textsuperscript{41}.

The modernization of revolutionary features of Islamic foreign policy has led to the general reduction in Iran's hostile and anti Arab propaganda since September 1989. But it has frustrated the Iranian hard-liners so much so that they have sought their own independent avenues of criticism of the new policies. Prominent among them is Mohtashemi who, in his maiden speech to the Majlis, strongly attacked the new leadership and its policies, branding them as "new hypocrites" whose real aim was to re-establish relations with the "American lackeys" in the region and to "weaken the policies defined by Imam Khomeini"\textsuperscript{42}. However, the new leadership, motivated by the real need to relocate Iran to its regional environment, has pursued a more even handed policy based on good neighbourly relations.

\textit{iii) Iran and the Super Powers Politics in the Gulf}

Despite being nominally non aligned nation, for most of the cold war period, Iran remained an ally of the West and used the US Soviet rivalry to its strategic advantage in political and economic spheres. The "negative equilibrium" \textsuperscript{41} Ehteshami, n. 25, p. 140. \textsuperscript{42} SWB, ME/0821, 20 July 1990.
policy of Dr. Mohammad Mossadegh in the early 1950s, which grew out of Iran's experience with rivalling Russo British interests in the 19th and early 20th centuries, was once again revived by Mehdi Bazargan, the nationalists Prime Minister of Revolutionary Iran, as foreign policy imperative. He believed that Iran's policy towards the great powers, to use his own words, "should be the same as the policy of (Mossadegh)."43. Though the Shah, a loyal ally of the West, evolved the "Third Power Policy" to counter Dr. Mossadegh, but he continued to use the concept of "negative equilibrium" as foreign policy guide with some moderation. This was done because Iran as a "strategic buffer zone" enjoyed significant, though mostly titular, autonomy to manoeuvre between the East and the West and, a position that afforded it to make demands on both sides and get relief from pressures that would have otherwise handicapped its domestic and foreign policies.

However, with the entrenchment of Ayatollah Khomeini as the supreme leader of the Islamic Republic of Iran it was natural that the policies of the Shah, especially those related to the relations with the West, particularly the US, were rejected. In its place Khomeini's world view of "Neither East Nor West" was espoused which amounted to a rejection of the contemporary international system as it existed. America was identified as the main enemy and it was quite logical that the post revolutionary Iran followed a

43. For the Original Text of this important interview with al Dastur in Arabic, See the December 23-24, 1979 issue or the translation in FBIS-MEA, Washington, D.C., 3 January 1980, p. 25.
totally antagonistic policy towards the American regime as anti American image was one of the main components of the Islamic Revolution. Indeed, the "Neither East, Nor West" posture in the foreign policy of the new regime came to be viewed as non cooperative and conflictual version of the pre-revolutionary policy of "both East and West".\(^{44}\) This idealistic revolutionary foreign policy based on transnational ideals or what Ramazani calls an "Islamic World Order"\(^{45}\) led to the sharp and dangerous deterioration in the Iran-US relations.

The seizure of the American Embassy on 4 November 1979 and the 444 day hostage dispute was the first reflection of this idealistic confrontation between Tehran and Washington. Inside and outside Iran, even after the resolution of the "hostage crisis", Tehran continued to call America as the "Great Satan".\(^{46}\) The "Student captors" of the US hostages came to be regarded the original architects of this confrontational foreign policy, of course having the backing of Ayatollah Khomeini.

Imam Khomeini’s endorsement of the embassy seizure


\(^{45}\) Ramazani, n. 38, p. 206.

reflected both internal and external concerns. The erection of a fāqih ruled Islamic republic being his overriding goal, he calculated that his support of the students' action would ensure the realization of his vision. At the same time, their action was emotionally popular and seemed to have a mass support base. Another reason for the seizure of the American embassy in Tehran by the "Muslim students following the Imams line" was to delink the liberal elements from the power structure and to demonstrate the whatever the radical Islamic elements had in mind would be implemented.

Thus, in the aftermath of the revolution in Iran, the US political and military dominance in the Gulf was, for the first time, directly challenged by one littoral state. The period also witnessed a general decline in the US influence in the region, particularly due to the American inability to protect her allies in crisis and a US backed Camp David accord universally condemned by the Arabs. Even Saudi Arabia, one of the twin pillars of the US security "started demanding that the United States presence should be over the horizon and not on its soil". The CENTO was disbanded by about this time and and US connection had started to be looked upon as an anathema in the Gulf. The Carter administration's admission of the Shah to the US triggered a massive anti-American demonstration. Concerned with Carter administrations anti-revolutionary attitude and its

scrambling to find a substitute US surrogate for the Shah's regime in the Persian Gulf, Khomeini was suspicious of every move Washington made in the realm of Gulf security and stability. These moves included Secretary of Defence Harold Brown's visit to the Middle East in February 1979 which took place at the time of revolutionary seizure of power and his unprecedented statement that the US would itself, defend its vital interests in Gulf oil supplies by military force "if appropriate". They also included the US negotiations with Oman, Somalia and Kenya for military facilities and the strengthening of the small US naval force in the Gulf itself.48 As a result the American naval power in the Indian Ocean was increased, the US Rapid Deployment Joint Task Force (RDF) was made stronger, which in January 1983, was renamed the US Central Command or USCENTOCOM -- with a power projection second only to NATO in Europe. Search for base facilities began in or near the region that would be available for use by the US force.49

This demonstration of American anxiety, coupled with the hostage crisis and the Soviet invasion of Afghanistan in December 1979 led to the enunciation of the Carter Doctrine in 1980 in which the vital US interests in the Gulf were expounded. The Doctrine, motivated more by geopolitics than economics, continued to be the rendering of support to Israel, denying the Soviet Union a dominant role in the Gulf

48. Secretary Brown's visit to the Middle East was keenly followed in Iran. Iran had also put its navy on alert around the Strait of Hormuz. See R.K. Ramazani "The Genesis of the Carter Doctrine", in George S. Wise and Charlse Issawi (eds.) Middle East Perspective (Princeton : The Darwin Press, 1982), pp. 165-180.
region, bolstering the security of friendly Arab state in the region, and maintaining safe passage through the Gulf for the ships of the United States and its European and Middle Eastern allies. Because much of the tirade of revolutionaries was directed against the US and its Middle Eastern allies, this last objective led to a greatly enhanced US naval presence in the Gulf region.

The "hostage crisis" proved to be a litmus test for the confrontational foreign policy of the revolutionary Iranian regime. The settlement of the hostage dispute, far from ending Iran's confrontational foreign policy, actually intensified it. The increased activities of the United States in the Persian Gulf, mentioned above, beginning as early as February 1979, were perceived by Tehran as directed at the containment and ultimate destruction of the revolutionary regime. Based on this premise, at the outbreak of the Iran Iraq war, the Iranians saw the United States as the real instigator of the Iraqi invasion of Iran on 22 September 1980. Montazeri characterized it as having been imposed by the US "deputy" Saddam Hussain to annihilate the Islamic Republic.50

The revolutionary idealists suspected the United States of supporting the Iraqi war efforts. On its part, America, while reacting to the Iranian posture by enlisting Iran among the group of 'terrorist countries' and lending

50. The Devil's War Against Islamic Iran, Islamic Revolution Guards Corps (n.p., n.d.), p. 4.
extensive support to the Gulf states, found it difficult to resist the Iranian attack in the ideological realm by the usual pattern of labelling it as "the communist in disguise" because of the Islamic ideology in Iran.\textsuperscript{51}

The Soviet Union, on the other hand, was viewed as unwilling, if not incapable, of direct intervention in Iranian affairs for such intervention had to be supported by domestic political forces. Moreover, just as the Soviets would not tolerate a US occupation of Iran, the Islamic Republic was convinced that the United States would not permit a Soviet invasion. However, because of the anti-American posture and the possibilities thus made available, "Moscow has gone out of its way to condone the Revolution in Iran".\textsuperscript{52} This was reflected in the remark made by Lenoid Brezhnev in the Central Committee report to the twenty sixth Congress of the CPSU. He said:

\begin{quote}
The people of Iran are looking for their own road to freedom and prosperity. We sincerely wish them success in this, and are prepared to develop good relations with Iran on the principles of equality and of course, reciprocity\textsuperscript{53}.
\end{quote}

But the Soviet willingness to have good relations with Tehran was jeopardized considerably due to the developments

\begin{itemize}
\item \textsuperscript{51} Hiro, n. 7, pp. 330-31.
\item \textsuperscript{52} Yaccov Ro'ii, "The Impact of the Islamic Fundamentalist Revival of the Late 1970s on the Soviet View of Islam", in Yaccov Ro'ii (ed.), The USSR and the Muslim World (London, 1984), p. 149.
\item \textsuperscript{53} L.I. Brezhnev, "Reports of the Central Committee of the CPSU to the 26th Congress of the Communist Party of the Soviet Union and the Immediate Task of the Party in Home and Foreign Policy.". (Moscow 1981), p. 23.
\end{itemize}
in the neighbouring Afghanistan. Tehran leadership found the events there propitious for Iran as the guardian of Islamic ummah and as a golden opportunity to let loose its anti-communist euphoria. It was stated that the invasion of Afghanistan was the Russian reaction to the success of Islamic ideology over Marxist ideology. Fear was expressed that the Russians may use it (Afghanistan) as a base to block the way to the Islamic Renaissance.

The crusade to export the revolution, furthermore, aggravated the difficulties in Iran’s relation with the Soviet Union. The ethnic and geographical proximity of the two countries fuelled the USSR’s concern about the possible contagion of the Islamic revolution among Soviet Muslims. In a real sense, both the United States and the USSR sought to contain Iran’s destabilizing export of the Islamic revolution. To be sure the Soviet invasion of Afghanistan and especially the resumption of Soviet arms supply to Iraq in 1982 were the more influential factors in the troubled Soviet Iranian relations, but Iran’s campaign to propagate its revolution was a major factor in Moscow’s view of Iran’s "anti--Sovietism". Yet, despite Soviet policy of accommodating Islam and rehabilitating the Muslim communities of the Central Asian republics deteriorated. Even the economic relations between the two countries were affected and didn’t improve until 1986, by which time Iran’s

idealist confrontational foreign policy had been significantly tempered. 56

The American regime, despite the hiccups caused during the hostage crisis and the threat to its Middle Eastern allies by the Islamic revolutions, reassessed its Iran policy. The basic premise was the stability of the Islamic regime and the relationship with it. American policy makers were realistic enough to recognize the strategic importance of Iran in the region. Economic relations began to improve at a low key. The Iranian regime won this respectability on account of its determined survival over a series of domestic crisis, its refusal to fall into the Soviet lap and military victories over Iraq. From the American point of view, Iran was useful insofar as it kept the Soviet Union at bay. But the United States did not like a revolutionary and Islamic Iran lording over the Gulf. In fact, in the short term, the existing scenario in Iran favored the US scheme of security in the Gulf.

At the outbreak of the Gulf war both the US and the Soviet Union maintained neutrality towards the belligerents, though Soviet Union still remained the largest arms supplier to Baghdad. The US voiced concerns and warned against any "dismemberment" of Iran. It also strongly opposed the seizure of Iran's oil-rich province of Khuzestan by Iraq. The US considered the cohesion and integration of Iranian

nationhood essential for regional peace and stability. Infact, during the initial phase of both Soviet invasion of Afghanistan and the Gulf war many an American scholar advocated supporting Tehran emphasizing its strategic importance. "If we do not have to love Khomeini we ought to realize that our vital interests are at sake in the continued viability of Iran."57

However, this was not to continue for long, for Khomeini’s counter offensive in 1982 provided the possibility of the war spilling over into the lower Gulf and the Strait of Hormuz through which the bulk of the Gulf oil is transported. The possibility of United States’ most vital interests in West Asia, namely oil and recycling of petrodollars, being threatened led the US officials to take better stock of the situation. Whereas the United States’ own imports of oil from the Gulf hardly exceed 5 percent of the total, its allies depend much more on Gulf oil. Thus Western Europe buys 40 percent of its oil from the Gulf, and Japan as much as 60 percent. At the same time, the United States is the biggest seller of weapons as well as capital and consumer goods to the Gulf Arab states. The Gulf market is thus of immense help to the United States in coping with its endemic balance of payment deficit.

The American policy of neutrality gave way to a pro Iraqi posture in the ongoing Iran Iraq war mainly for two

reasons: 1) Washington in the beginning had assumed that with the oil Sheikhs and Sultans contributing a billion dollars a month to its war efforts, Iraq would not buckle under and that a military strain draining both sides was in the American interest. But it soon realized that a permanent stalemate was not certain and that a war of attrition favored Iran in the long run. 2) Besides, Iraq could be used as a lever against radical Syria, on the one hand, and as a means to forestall a Tehran Damascus territorial link-up which would bring Khomeini’s forces right up to the shores of the Mediterranean, on the other.

Saddam Hussain was more than willing. He, in fact, overcame his pan Arab sentiments and endorsed Reagan’s proposal for West Asian settlement which was nothing but an updated version of the Camp David Accords. Reacting to this Tehran Times cuttingly wrote that the event vindicated what Iran had said on the very first day of the Iraqi attack in the autumn of 1980, that is, Saddam has "started the proxy war and the United States was behind him."

Though the Soviet Union publicly maintained its neutrality, it saw in Iran’s anti-American stance a golden opportunity to cultivate the Iranian regime. In adopting a line sympathetic to Tehran vis-a-vis the Iranian seizure of American embassy, a correspondent wrote in Pravda: "To be sure, the seizure of the American embassy in and itself does

58. See M.S. Agwani, "West Asia: Humiliation Far From Home", World Focus (New Delhi), no. 61, January 1985, p. 31.

not conform to international convention concerning respect for diplomatic privileges and immunity. However, one cannot pull this act out of the overall context of American-Iranian relations." Regarding the war the Soviets stressed that it benefited only the imperialists and the Zionists. The Soviets, on the one hand, held up the free flow of arms to Baghdad, allowing occasional shipment through its Warsaw Pact allies, on the other hand it stepped up its military assistance to Tehran through Libya and Syria.

However, this warming up of the Soviet towards Iran did not provide and tangible results because of its continuing occupation of Afghanistan. Moreover, a potential obstacle to US Iranian rapprochement was removed after the settlement of the hostage crisis. In February 1981 Prime Minister Raja’i chided the USSR for not condemning the initial Iraqi attack. And in addition to the Iranian rhetoric that labeled the USSR "the lesser Satan," press reports in Tehran began to evince a distinctly anti-Soviet flavour.

The 1982 Iranian offensive saw an endangered Iraq declaring a unilateral cease-fire and agreed to withdraw from Iranian territories. Baghdad also announced its readiness to negotiate without conditions. The Soviet fears of an Iranian victory in the war led to the free flow of arms to the Iraqi regime. Coupled with this, the public

60. A. Petrov, "Display Prudence and Restraint", Pravda, 5 December, 1979, p. 5.
applause by the USSR for Iraq’s willingness to negotiate an end to the war, enraged Khomeini who cracked down on the pro-Soviet Tudeh party and expelled eighteen Soviet diplomats.

Iran fought the war with both hands tied: Without dependable or rich allies, without access to weapon system compatible with those in its inventory, and without benefit of its own best, trained minds. With the growing entanglement of the Soviets on Iraq’s side, the US, following a period of rapprochement with Iraq during the mid-eighties, tilted towards Iran leading to the arms supply to Iran in exchange of American hostages held in Lebanon in 1986. The disclosure of this infamous Iran-Contra arms scandal greatly embarrassed the Washington regime. Nevertheless this once again proved the vital strategic importance of Iran to the US security perceptions in the Gulf. This was particularly highlighted in President Reagon’s remark: "America’s long standing goals in the region have been to help preserve Iran’s independence from the Soviet domination". 61

The uncovering of the Iran Contra affair was to dramatically shift the US policy on the Gulf War. On 23 January 1987, President Reagon announced a new two-track policy of exerting diplomatic pressure on Iran to sue for peace and bolstering the US military support for the Arab

Gulf States. Most important, the President announced that
the United States was determined to bring the war "to the
promptest possible negotiated end, without victor or
vanquished". Another fall out of the disclosure of this
fiasco resulted in three developments which were disastrous
for the pursuit of strategic objectives of Iran in the War.
First, it brought about an abrupt end to the policy of
rapprochement and Iran lost a source for the purchase of
quality weapons. Second in the aftermath of the disclosure,
the Reagon administration reinvigorated, on a systematic
basis, its endeavors to close all international source of
arms sale to Iran. Third, and most important, the United
States, in an attempt to re-establish its credibility with
the Gulf countries, was forced to take such actions as
providing satellite intelligence to Iraq on the Iranian
troop deployment, encouraging France to sell sophisticated
arms to Iraq.

The Americans, in pursuit of this policy, simultaneously
launched hectic diplomacy in the UN, which culminated in
the UN Security Council Resolution 598 on 20th July 1987 to
bring the war to an end and "Operation Staunch" in an
attempt to halt world wide weapons sale to Iran. This was
resisted by the Soviet Union, which argued for more time to
press Iran to accept the Resolution 598. But behind the
scenes, the Soviet Union in order to gain some foothold in
the war, issued a proposal to the Reagon administration
according to which both the Soviets and the Americans would
enforce the embargo under UN auspices, primarily by
blockading the entire Gulf region. The White House rejected
the idea on the grounds that it involved an increased Soviet presence in the Gulf, thus possibly threatening US interests.62.

The tough posture adopted by Washington in the Gulf war not merely symbolic. The US navy became actively involved in the mine sweeping operations, in escorting the reflagged Kuwaiti tankers and in issuing periodic warnings to the Iranian navy to refrain from aggressive actions. As evidence of its toughness, the US navy engaged Iran in a limited military action on 21 September 1987. On that day, an American helicopter attacked and disabled an Iranian vessel that was allegedly laying mines in the Gulf. In retaliation to the destruction of an American ship due to mine explosion the Americans destroyed two Iranian oil platforms.

As the war deteriorated for Iran after the Iranians were driven from the strategic Fao peninsula and the growing American hostility towards Iran, Iran began to feel cornered and was looking for a way to get out of the war honourably. On the one hand Iraq had gained an upper hand in the war mainly because of direct American assistance, and ostracized by the international community on the other. Iran further realized that it could not confront the US fleet directly. In an attempt to break Iran’s international isolation, Rafsanjani set about garnering sympathy for the

Iranian causes as the victim of US aggression, saying that Iran had often made enemies needlessly. The sad destruction of the Iranian airliner by the US cruiser Vincennes in July 1988 provided a convenient way out for Iran precisely because it provided a moral cover of martyrdom and suffering in the face of an unjust superior. Iran accepted the UN Security council Resolution 598 on 18th July 1988 and with that the war officially came to an end.

In the aftermath of the war there lay the daunting task of reconstruction of the economy ravaged by the war and to mend fences with its neighbours and the West, particularly the United States.

One of the first steps which the Iranian leadership took after the war was to initiate domestic reforms so as to improve its image abroad and to break its isolation. Since the late 1980s, Iran's foreign policy displayed traces of realism, moderation, caution and activism. There was relative diminution of religious thrust in official pronouncements and actions. Rafsanjani emphasized the need for developing friendly relations with estranged states stating that "one of the many things we did in the revolutionary atmosphere was constantly to make enemies".63

The general Iranian approach was that if foreign countries do not attempt to subvert Iran's political and economic independence there was no problem in improving relations

63. The Times, 1 August, 1988
with them. Underlining this eagerness was the need to forge new relationship with Western countries but they preferred trade relations more than political relations. Despite Iran's serious efforts it was not able to make any dent in the US European solidarity vis-a-vis itself because of US dominance of the group and its own breach with the US.

However, a few of Rafsanjani's gestures does corroborate the new government's intentions to mend fences with the West. First, Rafsanjani's opposition to Iran's support for terrorist activity and his government's commitment to recognize international norms based on humanitarian principles did attract the attention of the West. Second, in the wake of the deadly earthquake in 1990 the new leadership did not try to project Iran as being self sufficient to stand on its own. Rafsanjani, appealing to the international community said "the catastrophe is so serious that international help is required". In response international help poured in, many of which came from Iran's enemies in the West including aid worth $630,000 from the US government. Rafsanjani, while thanking the West for the help in a Friday prayer, chided the radicals, within Iran who were opposed to the aid received from the West, thus being a hurdle in a breakthrough in Iran-West relations.

On its part, Iran made certain studied overtures to the United States in the Lebanon and elsewhere. A senior presidential adviser, Javed Larijani, even reflected he government mind when he stated that there could be a "marriage of convenience" between Iran and the United States because they shared an interest in a peaceful and stable Persian Gulf region and in reliable oil markets\(^67\). Yet, these moves yielded little chances of reconciliation. Certain acrimonious and complex issues had to be resolved before any Iran-US rapprochement could be contemplated from the Iranian perspective, it wanted the West to reduce its naval presence in the Gulf and refrain from future military intervention in the Gulf. It also sought the release of assets worth $11 billion frozen by the US; on its part, the US expressed concern about Iran's ambitions, regional security, armaments and nuclear programme of the Islamic Republic.

While Iran's relation with the US remained on the cool footing, there was a palpable breakthrough in its rapprochement with the Soviet Union. Rafsanjani's historic visit to Moscow seemed to have brought about this much needed breakthrough. Through this rapprochement the Soviet Union sought to influence the Iranian policy towards Afghanistan, particularly the political position of the Iran-based eight party alliance of the Mujahideen. The Soviet Union is also reported to have extracted an assurance from Iran not to interfere in the affairs of its Muslims.

republics bordering northern Iran. The Iranian restrained reaction to the January 1990 turmoil in Azerbaijan should be looked into in this context. On the other hand the Iranian political calculations in improving ties with the Soviet Union had been wide. First, the diplomatic initiative was taken with the hope that pressure would be brought on Iraq by the Soviet Union to implement the UN Resolution 598. Second, in a contention for power and supremacy in the region between Iraq, Saudi Arabia and itself, Iran would be in a utterly disadvantageous position without the backing of a superpower. Third, Iran was expected to use this relationship to bargain with the West in general and the US in particular.

As a follow up of the diplomatic initiative a wide ranging economic and trade agreements were concluded including resumption of sales of Iranian gas to the USSR. Moscow also announced that it would aid Iran in strengthening defence capabilities under a friendly cooperation agreement of a type normally reserved between its close allies 68.

Despite all this, Iran continued to be the pariah in the region. There was no sign of warming of relations with the West. At this juncture the Kuwaiti crisis, dealt in a following chapter, brought unexpected gains for Iran.

iv) Politics of Oil Policy of the Islamic Republic:

Iran's oil and regional policies have been intertwined

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ever since revenue from oil export became a major source for economic growth in the 1950s. Formation of Organization of Petroleum Exporting Countries (OPEC), globalization of oil, and intensification of regional hostilities in subsequent decades braced the link by further integrating Iran into world political economy. In such a condition foreign policy emerged as a reflection of its domestic policy where balancing economic and security interests became complicated for they are often contradictory.

With the economic boom in the 1960s, it is not difficult to discern that oil became Iran’s economic and security lifeline. Over 95 percent of the foreign exchange earning of Iran comes from oil which pays for its sizeable imports of industrial inputs, defence procurements and food. Considering the 60 million population that is growing at 3.2 percent a year and an economy that experienced a 50 percent decline in per capita income between 1979-1989 the economy, for a zero growth level, needs some $17 billion to $18 billion a year. Another $7 billion to $8 billion is required for 5 to 6 percent economic growth. In 1991, Iran’s total imports bill reached $28 billion, resulting in an economic growth of about 8 percent\(^69\).

Recognizing the importance of oil, the Shah adopted a linkage policy wherein his government linked oil, regional politics and economic growth within a single policy framework. Oil was used to finance both economic growth and

\(^{69}\) Ehteshami, n. 25, p. 116.
military build up, which were in turn used to sustain sizeable oil exports and near dominant leadership within OPEC and in regional security affairs. Iran's friendship with the US and accommodation of oil companies and the Shah's carrot and-stick policy toward the Arab states contributed to the success of this linkage policy approach.

Armed with patent Islamic ideology, the Revolutionary leaders of the Islamic Republic delinked Iran's oil, economic growth and security interest. In its place they ushered in a combative policy based on primary of ideology and revolutionary zeal. The Ayatollah himself used to say, the Islamic revolutionaries would fight imperialist powers by their "fist". Thus, oil revenue and economic growth were de-recognized as security tools and military strength was considered insignificant. Instead, attention was focused on exporting the revolution, challenging the superpowers within a "Neither East Nor West" foreign policy, contesting OPEC's production and pricing policies and expanding spot oil markets. There was erosion of international oil regime due to Iran's termination of oil production and marketing contracts with a number of Western oil companies.

Iran's efforts to export the revolution along with the war with Iraq and the American hostage crisis soon brought the Islamic Republic in direct conflict with all major players in the oil and security markets. With the destruction of its economy caused by the war and the realignment of forces regionally as well as at international level, including the formation of Gulf cooperation council
(GCC), the Islamic Republic's confrontational policy soon lost its teeth and need was felt for moderation. Thus the Islamic Republic gradually began to move away from its initial ideologically based oil and security policy towards a more pragmatic and depoliticised one. This trend was accentuated in the aftermath of Khomeini's death in June 1989 when post-war reconstruction became a priority. However, a total shift was visible only in the aftermath of the Kuwaiti crisis in 1991. The crisis was to radically change the Islamic Republic's perception of its security, making it keener toward developing a deterrent military force. Thus completing a full cycle of linkage, delinkage and again linkage policy of oil, regional politics and economic growth, the Islamic Republic, as under the shah, began to use oil revenues to spur economic growth and military strength aimed at ensuring a leading role for the Islamic Republic within OPEC and in regional security matters.

To give concrete shape to the linkage policy Tehran manifested a more accommodative attitude towards the major players in oil and regional security markets and initiated a reconstruction plan heavily dependent on oil revenue which could be used to earn the much needed foreign exchange and technology for economic reconstruction and military build up. Under such a situation revenue predictability and price stability became of great importance to the Tehran regime.

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For this a sustained producer - consumer cooperation, regional political stability and good neighbourly relations were essential.

Under the banner of stability, unity and solidarity Iran organised a conference on the Persian Gulf in 1988 to underline Iran’s quest for friendship with its Arab neighbours on the other side of the Gulf. However it was in the May 1991 Conference on "Oil and Gas in the 1990s: Prospect for Cooperation" in Isfahan that Tehran promulgated the new oil policy. Among the participants of that conference were seven oil ministers including the Saudi oil minister, 60 executives of major Western oil companies and representatives of Western media. Iranian participants included minister of foreign affairs, oil and economy and finance, directors of the Central bank and Plan and Budget Organizations, and a special message from the President.

However, the Saudi persistence to maintain a high level of production and the disintegration of the Soviet Union and the intensification of Islamic revivalism in the Central Asian Republics, Egypt, Turkey led the Iranian leadership to rethink its foreign policy of moving away from ideology. But it seems pragmatism has prevailed over radicalism as the leadership has been able to contain the effects of re-ideologization on Iran’s oil policy. Tehran continues to

71. For the proceedings of the Conference see The Iranian Journal of International Affairs, vol. ii, no. 1 (Spring), 1990.
cooperate with the Saudis within the OPEC and is agreeable to prices and quotes set by the Organization. Tehran is also honouring its commitments to its oil partners.

The new oil policy of the Islamic Republic is based on a number of considerations. First, price stability and revenue predictability constitute a major area of concern. To achieve this the OPEC must cooperate with markets forces in determining a fair price for oil and Iran must cooperate with the Saudis and oil companies (consumers). Second policy concept is "reciprocal supply security". This means security of supply for consumers and security of demand for producers. This, otherwise also known as "energy security", has been an important part of the OPEC's constitution since its inception. Ironically it was not acceptable to Iran prior to 1990. In order to achieve this it is required that the OPEC guarantee adequate flow of oil at fair prices to its consumers, particularly at times of crisis. Another component of this energy security is that the oil producing countries should have easy access to stable markets at fair prices and the consumer country's governments should not limit this demand unless well planned in accordance with revenue needs and production levels of oil producers. For example, in 1990 the West imposed an additional gasoline tax at the rate of $49 on a barrel of oil. This led to their net receipts from taxation of oil products to be higher than the export earnings of oil exporting countries.

Third, elimination of "Spontaneous Chaos" formed a part of Iran's oil policy. This is usually created by
competition between short term and long term interests of the OPEC producers leading to tension within the organization.

Finally, the most important component of Iran's policy is the re-integration of international oil markets by recognizing the growing interdependence producers and buyers segments of oil markets.

Underlining the new oil policy is new marketing strategy which envisages selling of oil in stable markets rather than in spot markets or markets with less predictability of demand preferably for hard currency whenever possible or where oil money can be used to buy modern technology and knowhow. For this Iran has targeted Western markets and has made available large quantities of oil in storage close to these markets in Rotterdam and a port in France74.

Tehran has also attempted to open up to the American market. Exxon Corporation has emerged as the largest US buye of crude oil, purchasing about 250,000 barrels a day worth $ 1.8 billion on an annual basis75. Many other American companies besides Exxnon have entered the fray and are buying Iranian crude on "terms contract" ranging from six months to a year. Most of these contracts were signed in 1991 after the Persian Gulf War.

Thus considering the vital importance of oil, the

74. Amirahmadi, n. 70, p. 387.
politics of oil policy will continue to occupy centre stage in the future of the Persian Gulf. Iran and Saudi Arabia, by virtue of being the major producers, will remain vulnerable to global oil politics as also to rivalry within the OPEC. Moreover, the Iranian oil policy's linkage to Tehran's armaments programme is of great concern to both the Saudi regime and Washington and has all the potential of Iran-Saudi conflict developing sooner or later.