

October 20, 1989

## **RESPONDING TO THE SOVIET CHALLENGE IN THE PERSIAN GULF**

### **INTRODUCTION**

**The Soviet Union is expanding its political influence in the Persian Gulf, the strategic storehouse for 63 percent of total world oil reserves. Soviet leader Mikhail Gorbachev is seeking to open new doors in the region by eradicating the image of the Soviet Union as a threatening power. He has moved quickly to exploit diplomatically the Soviet troop withdrawal from Afghanistan, completed February 15th, by dispatching Foreign Minister Eduard Shevardnadze to Middle Eastern capitals.**

**By downgrading ideological conflict and stressing mutual economic interests, Moscow is gaining a diplomatic foothold in the conservative Arab states of Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. What is most disturbing to United States interests, the Soviet Union is wooing revolutionary Iran by playing up to Iran's hostility to the West and offering economic, military, diplomatic, and technical assistance.**

**Limits of "New Thinking." Moscow cemented ties with Tehran during the June 20 to 23 visit to the Soviet Union by Iran's top leader, Hojatolislam Hashemi Rafsanjani. During this visit, Rafsanjani and Gorbachev spoke of a "new stage" of Soviet-Iranian relations and signed important agreements committing both states to long-term cooperation on military, economic, and political issues. In contrast to the U.S., Moscow does not insist that Iran renounce sponsorship of terrorism and its attempts to destabilize the Persian Gulf. This reveals the limits of Gorbachev's vaunted "new thinking" in foreign affairs, at least as applied in the Persian Gulf.**

**Soviet gains in the Persian Gulf are particularly worrisome because of the importance of this oil-rich region to Western security. The Gulf states hold an estimated 565 billion barrels of oil, approximately 70 percent of the noncommunist world's oil reserves. Persian Gulf oil exporters supplied**

roughly 10 million barrels per day (mbd) or one-quarter of total world oil consumption in 1988. By 1995, the Gulf is projected to supply up to 45 percent of world oil consumption. The U.S. is expected to become more dependent on Persian Gulf oil as U.S. oil imports rise to a projected 8 mbd to 10 mbd in the 1990s (about half of its annual oil consumption), up from 5.2 mbd (about one-third of its consumption) in 1986.<sup>1</sup>

**Important Buffer.** Iran looms large in U.S. policy considerations because Tehran's efforts to export its revolution make it the chief immediate threat to Persian Gulf stability. In the long run, Iran's 45 million people, military potential, industrial base, and geostrategic location could make it a dominant regional power. In addition, Iran is an important square on the geopolitical chessboard because it remains a buffer between the Soviet Union and the oil-rich Persian Gulf. A pro-Soviet Iran, equipped with Soviet arms, would challenge Western security by jeopardizing Western access to Persian Gulf oil.

To blunt the Soviet diplomatic drive to expand its influence in the Persian Gulf and prevent the emergence of Soviet-Iranian hegemony in the region, the U.S. should:

◆ ◆ **Keep the door open to a U.S.-Iran rapprochement.** This would provide Tehran an alternative to becoming dependent on the Soviet Union and reduce Iran's incentives for close relations with Moscow.

◆ ◆ **Challenge Gorbachev to demonstrate in the Persian Gulf that his "new thinking" will not work against U.S. interests in Iran.** These interests include ending Iranian-sponsored terrorism, assuring regional stability, and protecting the conservative Arab states of the Persian Gulf from Iranian intimidation.

◆ ◆ **Call on Gorbachev to accept Iran's abrogation of the 1921 Soviet-Iranian Treaty of Friendship that the Soviets maintain gives them the right to intervene in Iran.**

◆ ◆ **Seek improved U.S. ties with Iraq, which is disgruntled with Moscow's courtship of Iran.**

◆ ◆ **Emphasize the common interests of the U.S. and Iran in ousting the pro-Soviet communist regime in Afghanistan.**

## **RUSSIAN ENCROACHMENTS ON IRAN**

Although Soviet-Iranian relations have improved recently, the two countries have a long, bitter history of national antagonism, military conflict, and ideological tension. Czarist Russia defeated Persia, in a series of wars in the 19th century, gained hegemony over northern Persia, and annexed Persia's northern territories, including Georgia, Armenia, and part of Azerbaijan. The 1917 Bolshevik revolution added an ideological impetus to Russia's imperial drive to the south.

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1 U.S. Department of Energy, *Energy Security, a Report to the President of the United States*, March 1987, p. 3.

**One-Sided Treaty.** The Soviet strategy toward Iran combined the long-term incremental accumulation of influence through diplomatic and economic initiatives with the seizure of short-term advantages.<sup>2</sup> The Red Army invaded Iran's Gilan province on the Caspian Sea coast in 1920 and set up a Soviet Republic under Kuchek Khan, a local rebel leader. Soviet troops were withdrawn only after Moscow had extracted a one-sided "Treaty of Friendship" from Iran in 1921. Article VI of the treaty gives the Soviets the right to intervene if Iran is occupied by a third party or if Iranian territory is used as a base for "anti-Soviet aggression."<sup>3</sup> Although Iran repeatedly has announced the abrogation of the 1921 treaty, Moscow insists that it remains in force.

Moscow invoked the 1921 Treaty, in fact, to justify occupying northern Iran in August 1941, in collaboration with Britain, which occupied southern Iran. The joint intervention was aimed at keeping German influence out of Iran and maintaining a warm-water supply line for the transport of allied military materiel to the Soviet Union. Although both powers pledged to withdraw their troops after the end of World War II, Moscow failed to honor its obligations and installed puppet governments in Iran's northwestern provinces of Azerbaijan and Kurdistan. This grab for territory provoked one of the first confrontations of the Cold War. The Soviets finally withdrew in May 1946 under strong American diplomatic pressure.<sup>4</sup>

**Moscow and the Iranian Revolution.** The Soviet Union initially adopted a cautious wait-and-see attitude toward the 1978-1979 Iranian revolution. Moscow did not write off Shah Mohammed Reza Pahlavi until late 1978, when it was obvious that he was losing control. Soviet leader Leonid Brezhnev warned the U.S. in November 1978 not to intervene in Iran. Meanwhile, clandestine radio stations broadcasting from Soviet territory launched an inflammatory propaganda campaign to exacerbate anti-American sentiments, and exiled Tudeh (communist) party members returned from the Soviet Union to join the anti-Shah coalition.

After the fall of the Shah, Moscow posed as the protector of the revolution and claimed that Soviet warnings had deterred the U.S. from intervening against the Iranian revolutionaries. Moscow encouraged Iran's anti-Western radicalism and sought to block the normalization of Iran's relations with the West, particularly the U.S. After the November 4, 1979, seizure of the U.S. Embassy in Tehran, the Soviets exploited the ensuing 444-day hostage crisis to ingratiate itself with Iran. Moscow, for example, vetoed a United Nations

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2 See Milan Hauner, "Soviet Eurasian Empire and the Indo-Persian Corridor," *Problems of Communism*, January-February 1987.

3 A subsequent exchange of letters specified that Article VI referred only to anti-Bolshevik "White Russian" forces, but the Soviets have tried relentlessly to widen the interpretation of the treaty to afford themselves a convenient pretext for intervention in Iran.

4 Iran was the first country liberated from Soviet occupation following World War II, when the U.S. replaced an exhausted Britain as the chief counterweight to Soviet expansion toward the Persian Gulf. See James A. Phillips, "A Mounting Soviet Threat to the Northern Tier," Heritage Foundation *Backgrounders* No. 274, July 1, 1983.

Security Council Resolution in January 1980 that called for economic sanctions against Iran. When the U.S. and its European allies imposed sanctions in April 1980, Moscow offered Iran full transit privileges for its imports and exports through Soviet territory and signed a protocol pledging aid to Iran in the event of a naval blockade.

**Exploiting the Hostage Crisis.** Throughout the hostage crisis Soviet radio propaganda denounced the U.S. military buildup in the Persian Gulf, warned of imminent American attack, and promised Iran support in case of an attack. When Iran moved to resolve the hostage crisis, Moscow warned against doing so in an editorial in the Communist Party daily *Pravda*: "The U.S. has rejected Iranian demands and instead has put forth demands which are insulting to your country and are therefore totally unacceptable."<sup>5</sup>

In addition to poisoning Iran's relations with the West, the hostage crisis distracted both Iran and the West from mounting strong or coordinated responses to the December 1979 Soviet invasion of Afghanistan. This aggression reinforced Iran's ingrained anticommunism and distaste for Soviet atheism. Ayatollah Ruhollah Khomeini denounced the invasion and escalated Iranian propaganda attacks on Soviet oppression of the 50 million Muslims in the Soviet Central Asian Republics. Iran gave diplomatic support and limited military aid to the Afghan resistance. This was funneled to radical fundamentalist Afghan groups, primarily Nasr and Pasdaran, whose members are Shiites, a religious sect that makes up only about 15 percent of Afghanistan's population, but 88 percent of Iran's.

## MOSCOW AND THE IRAN-IRAQ WAR

Iranian aid to the Afghan *mujahideen* Freedom Fighters also was constrained by Iran's preoccupation with Iraq, which invaded western Iran on September 22, 1980. The Iran-Iraq war continued until Iran was compelled to accept a cease-fire on July 18, 1988. Moscow earlier had warned Iran secretly of Iraq's impending attack and provided Iran with satellite intelligence on Iraqi military deployments.<sup>6</sup>

Although the Soviet Union had developed close ties with Iraq under their 1972 Treaty of Friendship, Moscow initially was neutral in the Iran-Iraq war. But this neutrality had a pronounced pro-Iran tilt. Moscow, formerly Iraq's chief source of arms (including MiG-25 *Foxbat* fighters, Tu-22 *Blinder* bombers, T-62 tanks, and numerous artillery, missile, and infantry weapons), halted direct arms transfers to Iraq, although it permitted Poland and Czechoslovakia to continue meeting Iraq's military needs. At the same time, Moscow in principle offered to supply arms to Iran. Tehran spurned the offer but bought Soviet-made T-62 tanks, artillery, and small arms from Libya, North Korea, South Yemen, and Syria. Moscow discreetly and indirectly

5 *Pravda*, January 6, 1981. See also Bruce Porter, "The U.S.S.R. and the Hostage Crisis: Scurrilous Propaganda," *Radio Liberty Research*, January 19, 1981.

6 Shahram Chubin, "The Soviet Union and Iran," *Foreign Affairs*, Spring 1983, p. 934.

armed both sides in the war in an effort to cultivate Iran without sacrificing its privileged position in Iraq.

**Tilting from Iran to Iraq.** Soviet-Iranian relations soured in 1982. After the January 1981 resolution of the hostage crisis, Tehran no longer needed a Soviet card to deter a possible U.S. intervention. And Iran grew increasingly critical of the Soviet war in Afghanistan, Soviet support of Iraq's war effort, and Soviet ill-treatment of Central Asian Muslims.

A further cause of Tehran-Moscow friction was the changing Soviet role in the Iran-Iraq war. When Iran invaded Iraqi territory in July 1982, Moscow was confronted with the prospect of an Iranian victory, which would have destroyed a pro-Soviet Iraqi regime and imposed an Islamic fundamentalist regime modeled on Khomeini's Iran. Such a victory would have set a dangerous precedent for Afghanistan and Soviet Central Asia. To prevent this, the Soviet Union tilted back toward Iraq, resuming direct arms shipments that included SCUD surface-to-surface missiles in mid-1982.

**Khomeini Crackdown.** Inside Iran, meanwhile, the communist Tudeh party grew more critical of the Khomeini regime's economic policies and refusal to negotiate a settlement with Iraq, saying that continuing the war only benefited Israel and the U.S. The 1982 defection to Britain of Vladimir Kuzichkin, a Soviet KGB officer stationed in Tehran, yielded information on Soviet spy activities, which was passed on to the Iranian government, exacerbating Soviet-Iranian tension. The Khomeini regime cracked down on Iranian communists in February 1983. More than 1,000 Tudeh party members were arrested; its top leaders confessed to spying for the Soviet Union in televised show trials.

Despite the subsequent chill in Soviet-Iranian relations, however, some 2,000 Soviet technicians and advisers continued to work in Iranian steel mills, power plants, and other heavy industrial projects that had been built with Soviet aid during the Shah's reign. Because of its self-created isolation from the West, Iran became increasingly dependent on Soviet technical assistance to maintain its industrial infrastructure.

## **GORBACHEV AND THE PERSIAN GULF**

The hallmark of Mikhail Gorbachev's foreign policy is a "new thinking" that downgrades the ideological basis of Soviet foreign policy and emphasizes political settlements of regional conflicts, such as those in Afghanistan, Angola, and Cambodia. Apparently, Gorbachev is trying to ease East-West tensions and diminish perceptions of the Soviets as a threat to relax Western support for anti-Soviet liberation movements and dissolve anti-Soviet coalitions, such as the U.S.-Pakistani-Chinese-Saudi-Egyptian *ad hoc* coalition, which successfully contained Soviet expansion in Afghanistan. Most important, Gorbachev needs to reduce tensions to carry out his ambitious domestic economic reforms, which depend on Western loans and technology.

**Public Relations Strategy.** Gorbachev's Persian Gulf policy has been an adept balancing act, in which Moscow has sought to maintain close ties to Iraq while cultivating ties with Iran and with the conservative Arab states of the Persian Gulf, which are threatened to varying degrees by both their northern neighbors. Under Gorbachev, Soviet Persian Gulf policy has boiled down to what one analyst calls "opportunism plus polish."<sup>7</sup> Rather than rely on naked force, as Stalin did in occupying northern Iran in 1941 or as Brezhnev did in Afghanistan in 1979, Gorbachev is exploiting his flair for public relations while stressing economic cooperation, technical assistance, and diplomacy.

Moscow has sought to broaden its options by reaching out to all the Gulf states, proffering carrots rather than sticks. The Soviets sold Kuwait up to \$300 million worth of SAM-7 and SAM-8 anti-aircraft missiles and Frog-7 surface-to-surface missiles in July 1984 after Kuwait's request for U.S.-made *Stinger* anti-aircraft missiles was rejected by Washington.

Moscow accommodated Saudi Arabia in January 1987 by announcing that Soviet oil production would be cut by 7 percent, a move that helped firm up oil prices during the oil glut. The Soviets also cooperated with the Saudis in April 1987 to set up a secret meeting between Syrian leader Hafez Assad and Iraqi leader Saddam Hussein in a failed effort to reduce tensions between Syria and Iraq. High-level Saudi officials have visited Moscow since 1986, and Soviet officials have visited Saudi Arabia, most recently last December to discuss Afghanistan. Although Saudi Arabia continues to reject Soviet requests to restore diplomatic relations, suspended by Moscow in 1938, the Soviet Ambassador to Egypt announced in June 1989 that formal Soviet-Saudi diplomatic ties soon will be resumed.<sup>8</sup>

**Seeking Superpower Protection.** When Gorbachev came to power in March 1985, Iran appeared to be moving relentlessly toward victory in its brutal war with Iraq. This prompted the small Gulf states to upgrade their ties with the Soviet Union as an insurance policy against Iran. Oman opened diplomatic relations with Moscow in September 1985, and the United Arab Emirates followed suit in November.

Kuwait, seeking superpower protection from Iranian attacks against neutral shipping, appealed to both Moscow and Washington for help. Washington dragged its feet, reluctant to jeopardize the possible improvement of relations with Iran. The Soviets, eager to exploit Arab uneasiness over the November 1986 revelation of secret U.S.-Iran contacts and arms sales, responded promptly and allowed Kuwait to charter three Soviet oil tankers. Stung by Moscow's success in gaining an unprecedented role as a guarantor of the West's petroleum jugular vein, Washington agreed to reflag eleven

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7 See Carol Saivetz, *The Soviet Union and the Gulf in the 1980s* (Boulder: Westview Press, 1989), p. 110.

8 *The Times*, London, June 22, 1989.

Kuwaiti oil tankers despite Kuwait's past criticism of the defensive U.S. naval presence in the Gulf.

**Scoring Points in Tehran.** The Soviets deployed a low-profile naval force in the Gulf, consisting of one frigate and a half dozen minesweepers and supply ships. Moscow knew that Iran was unlikely to pick a fight with the Soviet Navy when a confrontation loomed with the U.S. Navy.<sup>9</sup> Soviet propaganda persistently claimed that the U.S. was exploiting the "tanker war" to expand its own naval presence and gain control over Persian Gulf oil. By stressing its opposition to the Western naval presence, Moscow scored points in Tehran.

Rather than participate wholeheartedly in U.N. efforts to jumpstart the Iran-Iraq peace process, the Soviets chose to exploit the war. Despite Gorbachev's "new thinking," Moscow sidetracked the 1987 U.N.-sponsored peace initiative to end the Iran-Iraq war to curry favor with Iran, which then was winning the war. Although the Soviet Union had voted in July 1987 for U.N. Security Council Resolution 598, which called on Iran and Iraq to accept a cease-fire, it stalled U.N. efforts to impose sanctions on Iran to force compliance with that Resolution.<sup>10</sup> Moscow reportedly was rewarded for its efforts on behalf of Iran in the U.N. Security Council by a reduction in Iranian support for the Afghan *mujahideen* and by a toning down of Iranian proselytization directed at Soviet Muslims.<sup>11</sup>

**A Warm-Water Port.** The Soviets also gained when the U.S. threatened a naval blockade of Iran's coast. This forced Iran to consider exporting its oil and importing goods through the Soviet Union. Iran's Prime Minister, Mir Hussein Mousavi, a radical in favor of closer ties with Moscow, announced in July 1987 that Iran and the Soviet Union had negotiated contingency plans for transporting Iranian oil through Soviet territory to the Black Sea for export.<sup>12</sup> And in August, Moscow and Tehran signed an economic agreement, which included a decision in principle to build a new railroad to link the Soviet rail network to Iran's port of Bandar Abbas at the mouth of the Persian Gulf. This would give Moscow its long-sought warm water port to

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9 The Soviets minimized an Iranian attack on a Soviet freighter and the mining of a Soviet oil tanker in May 1987. And when the *U.S.S. Stark* was mistakenly attacked by an Iraqi warplane later that month, Moscow blamed the U.S. for the incident and denounced the "menacing nature" of the U.S. naval presence.

10 Resolution 598 called for Iran and Iraq to accept a cease-fire, withdraw their armies to the border, and negotiate a peace settlement. Failure to comply within ninety days would have triggered a U.N.-sponsored arms embargo against the offending party. Iraq quickly accepted these conditions, but Iran pressed for clarifications as a delaying tactic and made an unsatisfactory counterproposal without explicitly rejecting Resolution 598. When Western and Arab states pressed the U.N. Security Council in fall 1987 to follow through on sanctions against Iran, the Soviet Union stalled efforts to impose the sanctions by muddying the waters with a divisive and unworkable proposal to replace the Western naval forces in the Persian Gulf with a U.N. naval presence.

11 Jim Hoagland, "A Soviet Tilt to Iran," *The Washington Post*, December 2, 1987, p. 2.

12 Dilip Hiro, "Moscow's Double-Dealing in the Gulf," *The Wall Street Journal*, July 30, 1987.

the south, which could free Soviet shipping from bottlenecks at the Turkish straits and the Suez Canal.<sup>13</sup>

Shielded from U.N. sanctions by Moscow's veto of Resolution 598 in the Security Council, Iran continued its costly war against Iraq until it was forced by mounting Iraqi military victories to accept the Resolution in July 1988. Moscow then repeated previous offers to mediate Iraq-Iran peace negotiations, hoping to make the talks a showcase for Soviet diplomacy. Gorbachev presumably was hoping to repeat the Soviet diplomatic triumph of the 1965 Tashkent Declaration. This Soviet-mediated agreement ended the 1965 Indo-Pakistani War, burnishing Moscow's diplomatic prestige by freezing the U.S. out of the peace process.

## MOSCOW'S POST-AFGHANISTAN DIPLOMATIC OFFENSIVE

Less than one week after the February 15, 1989, deadline for Soviet military withdrawal from Afghanistan, Soviet Foreign Minister Eduard Shevardnadze was dispatched to Syria, Jordan, Egypt, Iraq, and Iran. The highest ranking Soviet visitor to Iran since the 1979 revolution, Shevardnadze met with the Ayatollah Khomeini and at a rare public appearance declared: "We welcome your exit from Afghanistan, and we can cooperate against the troublemaking of the West."<sup>14</sup>

Shevardnadze hailed the visit as a "turning point" in Soviet-Iran relations. Despite the uproar over Khomeini's February 14 death threat against author Salman Rushdie, which led Western European nations to recall their ambassadors from Tehran, Shevardnadze said nothing publicly about the issue, content that Moscow was expanding its influence in Tehran while Iran's relations with the West again deteriorated.

Then this June 20 to 23, Iranian parliamentary speaker Hojatolislam Hashemi Rafsanjani visited the Soviet Union. He did not postpone his trip even though it fell within the official 40-day mourning period for the June 3 death of Ayatollah Khomeini. This was a sign of the importance that Iran's foremost power broker attached to the visit.

**Massive Economic Reconstruction.** While in Moscow, Rafsanjani signed a package of long-term political, economic, and military agreements with the Soviets. Although a joint communique hailed a "new stage" in Soviet-Iranian relations, pledged noninterference in internal affairs, ruled out the use of force, and called for exchanges of religious leaders, the details of the agreements were sketchy.

According to Iranian reports, one agreement commits Moscow to participate in a \$15 billion economic reconstruction program in Iran. The Soviets are expected to send hundreds of advisers and technicians to boost

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13 Milan Hauner and John Roberts, "Moscow's Iran Gambit: Railroading a Friendship," *The Washington Post*, August 16, 1987, p. D2.

14 *The Washington Post*, February 27, 1989, p. A14.



Iranian coal, iron ore, and steel production; help operate Iranian dams, power stations, and natural gas pipelines; complete a 100-mile rail link between the Soviet border and the city of Masshad in northeastern Iran; staff a joint oil development program in the Caspian Sea; and assist Iran in harnessing the "peaceful use of atomic energy." Iran is scheduled to resume natural gas exports to the Soviet Union, interrupted since 1980 by a bitter price dispute, at a rate of 3 billion cubic meters per day.<sup>15</sup> Since much of this natural gas apparently will be bartered for Soviet arms and technology, it will allow Moscow to increase its own exports of natural gas and oil, thereby bolstering the Soviets' chief source of hard currency earnings.

**Ignoring U.S. Appeals.** The Soviet Union also agreed to sell Iran unspecified arms estimated to be worth up to \$3 billion. This comes despite U.S. appeals to other countries, including the USSR, not to arm a state that sponsors terrorism and prolongs the captivity of the sixteen Westerners held hostage in Lebanon by pro-Iranian terrorist groups. Just prior to Rafsanjani's visit to Moscow, American officials warned Soviet Middle East policy makers that any major arms sales to Iran would make U.S.-Soviet relations "more difficult."<sup>16</sup> This appeal went unheeded. And so far, Washington has not made good its threat to Moscow to make U.S.-Soviet relations "more difficult."

The Soviets downplayed the arms sales, maintaining that the arms would be "defensive" and modest in quantity. They refused, however, to divulge which arms would be provided. Iran's highest priority is to rebuild its air force, whose aging U.S.-supplied F-4 *Phantoms* and F-14 *Tomcats* have been disabled by lack of maintenance and spare parts. Iranian officials sought sophisticated Soviet MiG-29 *Fulcrum* warplanes, although the Soviets promised Iraq that "no new systems" would be sold to Iran. In addition to aircraft, the Soviet arms package for Iran is believed to include anti-tank and anti-aircraft missiles.

Rafsanjani, elected Iran's president on July 28, was welcomed warmly by Gorbachev who proclaimed: "We are ready to go ahead as far as Iran is ready to go toward us." When Rafsanjani appeared impressed by a visit to Star City, the Soviet space training center outside Moscow, Gorbachev ordered Soviet officials to consider a future joint flight by Soviet and Iranian astronauts. Gorbachev sought to capitalize on Iran's need for technology in the military, economic, and scientific fields, which has been exacerbated by Iran's isolation from the West.

**Driving a Wedge.** Gorbachev also pressed Rafsanjani to persuade Iran-supported Shiite Afghan *mujahideen* to open direct talks with the Soviet-backed Najibullah regime in Afghanistan. Although Rafsanjani

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15 Maria Kielmas, "The Soviet-Iranian Deal: More Words Than Substance," *Middle East International*, July 21, 1989, p. 16.

16 *The Washington Post*, June 21, 1989, p. A19.

praised the *mujahideen* as heroic "defenders of Islam," the Soviet news agency *Tass* quoted Rafsanjani as also saying that Iran and the Soviet Union had similar views about Afghanistan's future as a an "independent, nonaligned, neutral country which is friendly toward all its neighbors."<sup>17</sup> This suggests that Moscow is attempting to drive a wedge between Afghan Shiites and Sunnis by exploiting Iran's distrust of American, Pakistani, and Saudi influence in Afghanistan. Moscow knows that, as a predominantly Shiite nation, Iran distrusts Saudi Arabia, the self-proclaimed protector of Sunni Islamic orthodoxy, and that it distrusts Pakistan because of its ties to the U.S.

## THE U.S. RESPONSE TO GORBACHEV'S PERSIAN GULF POLICY

While Iran remains an important bulwark in the long-term containment of Soviet expansion toward the Persian Gulf, the Iranian revolution poses the chief threat to Persian Gulf stability and U.S. interests in the region. The challenge to the U.S. is to tame the Iranian revolution in the short run, while preserving Iran as a long-term barrier to Soviet expansion.

Iran's harsh anti-American bias, its self-imposed isolation from the West, and the lingering hostage problem give Moscow an advantage over the U.S. in constructing a working relationship with revolutionary Iran. Unlike Washington, Moscow enjoys diplomatic relations with Tehran and is increasingly involved in rebuilding the Iranian economy.

What is needed now is not a blind rush into competition with Moscow for Iran's favor, but a long-term policy of patient pressure and calibrated rewards that will lead Iran to abandon terrorism and seek accommodation with the West and lead Moscow to reconsider and mute its attempts to enhance its influence in Iran at the expense of the West. To accomplish this, Washington should:

◆ ◆ **Maintain its strong naval presence in the Persian Gulf.**

The U.S. deploys approximately fourteen warships, including six minesweepers and an amphibious landing ship, in the Persian Gulf. This strong U.S. naval presence not only deters Iranian terrorism and constrains Iran's ability to destabilize its Gulf neighbors, it reassures Arab states that the U.S. is a dependable ally against Iran, thereby limiting their incentive to seek Soviet support to guard against Iranian aggression. Since Iran wants to reduce the U.S. naval presence, Washington could offer to do so only if Iran were to cease to intimidate its neighbors and release the Western hostages held by pro-Iranian groups in Lebanon.

◆ ◆ **Keep the door open to improved U.S.-Iran relations.**

Gorbachev's courtship of Iran has succeeded to a great degree because Tehran has few alternatives to Soviet economic and technical assistance. Khomeini burned Iran's many bridges to the U.S. because he feared the return of U.S. influence. He denounced America as the "Great Satan,"

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<sup>17</sup> *The New York Times*, June 21, 1989.

calling the Soviet Union only the "Lesser Satan." In the last months of his life, he leaned more toward the Soviet Union, which unlike the U.S. did not pose a threat to his cultural revolution because of the ideological bankruptcy and lack of popular appeal of communism. Early this year he even exchanged personal letters with Gorbachev.

Khomeini's successors have strong reasons to rebuild bridges to the West, including the U.S. Iran's postwar reconstruction will cost up to \$150 billion. Although Iran has shunned foreign loans in the past, it will come under growing pressure to borrow from the West since Iran's oil revenues have fallen from \$20 billion in 1983 to \$12 billion to \$13 billion this year.<sup>18</sup> Rafsanjani has staked his political future on Iran's economic recovery. Undoubtedly, therefore, he realizes that the Soviets cannot provide the loans that Iran needs. Such loans can come only from Western and Japanese banks or governments. To obtain the loans, Rafsanjani will have to moderate Iran's revolutionary foreign policy and reduce tensions with the West.

Washington should work for a united front with Japanese and West European governments, which insists that Iran abandon its support for terrorism and its violent efforts to export its revolution before it receives any loans. If Iran were to do so, the U.S. could offer technical assistance in rebuilding Iranian industries, particularly its crucial oil production and export facilities, where Western technology is sorely needed.<sup>19</sup> Washington immediately should inform Tehran privately that it will end efforts to block Western loans to Iran and will offer technical assistance as soon as Western hostages are released from Lebanon and Iran suspends its support for terrorism.

◆ ◆ Challenge Gorbachev to follow through on his "new thinking."

Washington should call on Gorbachev to stop exploiting Western tension with Iran over the hostages, the Western naval presence in the Persian Gulf, and the Rushdie affair. Gorbachev should be pressed to put his "new thinking" into practice by refusing to sell arms to Iran as long as it supports terrorism. Although Iran now threatens pro-Western states, in the long run Iran poses a challenge to Soviet control over 50 million Muslims in Soviet Central Asia. Washington should point out that Soviet policies antithetical to U.S. interests in the Persian Gulf region will sour bilateral superpower relations and harden U.S. resolve to maintain East-West trade barriers and to exclude Moscow from Western financial institutions such as the World Bank. It should remind Moscow that the success of Gorbachev's *perestroika*, like Rafsanjani's, depends on Western assistance. Such assistance will not be forthcoming unless Gorbachev's "new thinking" applies to regional conflicts outside of Europe.

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18 *Financial Times*, August 31, 1989.

19 See James A. Phillips, "Planning for a Post-Khomeini Iran," Heritage Foundation *Backgrounders* No. 625, December 27, 1987.

◆ ◆ **Call on Gorbachev to renounce the 1921 Treaty.**

Washington should urge Moscow to accept Iran's repeated claims that the 1921 Treaty of Friendship is null and void. This treaty is similar to the one that Moscow used as a pretext for its 1979 invasion of Afghanistan. Washington should press Gorbachev to demonstrate his good intentions by accepting Iran's abrogation of this treaty that was imposed by Soviet force. Failure to do so would reveal the hollowness of Gorbachev's "new thinking" in the Persian Gulf.

◆ ◆ **Improve relations with Iraq.**

Washington should exploit Baghdad's anxiety over Moscow's courting of Iran to raise the diplomatic costs of the Soviet tilt to Iran. Iraq's conflict with Iran has led to a convergence of U.S.-Iraqi interests in many areas. Preoccupied by the long-term threat of its bigger neighbor Iran, Baghdad seeks to avoid another Arab-Israeli war, which would divert Arab attention from the Iranian threat. Iraq quietly has supported every peace initiative on the Arab-Israeli question since 1982. It has aligned itself with moderate Arab states friendly to the U.S. such as Egypt, Jordan, and Saudi Arabia. The end of the Iran-Iraq war eased Iraqi dependence on Moscow and sparked increased Iraqi interest in securing Western aid and trade. The U.S. could help Iraq recover from the war by providing technical assistance for rebuilding Iraq's oil export facilities, agricultural credits, and perhaps weapons if the Soviet-Iranian rapprochement becomes an open alliance.

◆ ◆ **Emphasize common U.S.-Iran interests in a noncommunist Afghanistan.**

Washington should stress the interests that it shares with Tehran in removing the communist regime in Kabul. In particular, the U.S. should press the Afghan interim government, formed by Pakistani-based *mujahideen*, to reach out to Shiite *mujahideen* based in Iran and give them a role in determining Afghanistan's future. Afghan Shiites should be given roughly 15 percent of the positions in the interim government, corresponding to their share of the total population.

## CONCLUSION

Despite his rhetoric about superpower cooperation in regional conflicts, Gorbachev has sought to maximize Soviet influence in the Persian Gulf at the expense of the U.S. Gorbachev has continued his predecessors' policy of exploiting to the hilt Iranian tensions with the West. Moscow denounced the Western naval presence in the Persian Gulf despite the fact that Western navies, like the Soviet Navy, were responding to Kuwaiti appeals for protection. Now Gorbachev has begun arming Iran even though it still refuses to free Western hostages. Washington must convince Moscow that such behavior will impose a heavy cost to bilateral relations.

**True Threat to Gulf.** Washington should insist that Gorbachev's "new thinking" be applied to the Persian Gulf, not just Europe. At the same time, Washington must be more innovative in dealing with Iran and Iraq.

**In the long run, the great threat to the Persian Gulf is not Iran. It is the Soviet Union. What may be a new Soviet reasonableness in some areas of the world and in some old theaters of U.S.-Soviet confrontation should not mask what is happening in the Persian Gulf. There, Gorbachev challenges America. And America needs a policy to meet this challenge.**

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