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ACTION

April 18, 1985

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: DONALD R. FORTIER

SUBJECT: Iran

Introduction

I've read Howard's paper at Tab A, which provides a good summary of U.S. interests in Iran, the political environment there, and the strengths and weaknesses of the current regime. This latest paper reflects the thinking of Howard's earlier NSSD.

I think it will also help us clarify our thinking if we focus on three basic policy choices:

- Do we want to influence Iranian internal politics?
- Do we want to prevent the Soviets from influencing Iranian internal politics?
- Do we want to do more to influence Iranian external politics?

I. Influencing Iranian Internal Politics

If we could influence Iranian domestic politics, we might set some ambitious goals for ourselves: a government more friendly to the U.S. However, as far as we can see, we have little knowledge of Iran's internal politics today and less ability to influence it.

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II. Blocking Soviet interference in Iranian Internal Politics

Even if we can do nothing positive to bring about a regime more to our liking, we could try and prevent the worse case outcome by preventing or defeating Soviet attempts to influence Iranian politics in favor of the Soviets. The Soviets appear to have two ways of doing this. They could:

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U.S. military or diplomatic posturing would be futile as long as the Soviets could deny our accusations. After a government emerged that was more friendly to the Soviet Union, we could try to put pressure on it, but we would have already lost the first round.

Soviets may have been able to build new networks since then. We have no way of knowing. The

### III. Influencing Iranian Foreign Policy

If we decide that we can do little to influence Iranian internal politics or to block Soviet interference, we must rely more on influencing the external behavior of Iran after a post-Khomeini government emerges. Any such government will have several

What can the U.S. do to induce Iran to abandon terrorism, negotiate an end to the war, remain neutral, and sell oil? We could position ourselves better to play a role in ending the war once Khomeini is out of the picture. U.S. statements condemning Iraqi chemical warfare have been noticed in Iran, and further statements along these lines would be consistent with basic U.S. policy and could increase our credibility in Iran as a mediator. We could search for alternative mediators, perhaps non-Arab Islamic states. Limited packages of assistance for Iran need to be thought through.

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[illegible]

#### IV. Conclusion

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## V. Recommendation

Disapprove\_\_\_\_\_

Tab B      Draft NSDD

Our minimum policy objective in Iran is to block any Soviet action to increase its influence in Iran after the death of Khomeini. The Soviets are likely to utilize clandestine contacts and programs in Iran to try and increase their influence, and it is necessary to develop ways of countering this.

Our maximum policy objective is to bring about a government in Iran more friendly to the United States.

The first step toward reaching both our minimum and maximum objectives is to improve our knowledge of and contacts with a broad range of political actors in Iran. In order to do this the following program objectives are established.

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These requirements should be addressed in two phases. First, an effort to satisfy them promptly must be made in order to prepare ourselves as best we can in the event that Khomeini dies in the

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next 60 days. This short-term effort will rely primarily on existing assets and whatever expedient measures are available.

Second, planning should begin now on the assumption that Khomeini does not die within the next 60 days in order to develop programs that use the extra available time to satisfy the requirements listed above more fully. This planning should be complete and ready for presentation to the PCG within 30 days.

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U.S. Policy Toward Iran

The war between Iraq and Iran, growing Iranian internal dissent, and the growing likelihood of Ayatollah Khomeini's death in the near future, combine to create potential opportunities for the United States to try to restore a position of influence in Iran. The independent emergence of an Iran more compatible with American interests is likely to take place only gradually, if at all. Soviet efforts to reinforce Iran's anti-Americanism and further penetrate Iranian society, (possibly reflecting their own analysis that "the ripe fruit is ready to be plucked") seem to be increasing, thus reducing the likelihood of independent Iranian socio-political development. In this environment, it is essential for the U.S. Government to undertake a broad review of (1) its interests in Iran, and (2) the evolving situation in and around Iran. This analysis should serve as the basis for the development of a strategy to promote and protect American interests.

Western Interests

Within the U.S. policy community, interagency consensus has been reached on U.S. and Western interests in Iran.

Broad U.S. interests are:

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- (1) Prevention of confrontation between the United States and the Soviet Union over Iran while containing Soviet influence in an oil-rich, strategically located major country;
- (2) Iran's resumption of a moderate and constructive role as a member respectively of the non-communist political community, of its region, and of the world petroleum economy;
- (3) maintenance of Iran's internal cohesion and territorial integrity.

Specific major U.S. and Western interests include:

- (4) Iran's emergence, as steadily and as soon as possible, from the extremism of its fundamentalist revolution and from its attachment to state-sponsored terrorism as a tool of policy;
- (5) open access to Iranian and Persian Gulf oil, including unimpeded transit of the Strait of Hormuz;
- (6) continued Iranian resistance to the expansion of Soviet power in general, and to the Soviet occupation of Afghanistan in particular;
- (7) an early end to the Iran-Iraq war which does not fundamentally alter the balance of power in the region;

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- (8) an end to the Iranian government's sponsorship of terrorism, and its attempts to destabilize governments of other regional states;
- (9) elimination of Iran's flagrant abuses of human rights;
- (10) a balanced and less hostile post-war relationship between Iran and the Arab states of the Gulf, as well as between Iran and Iraq;
- (11) movement toward eventual normalization of U.S.-Iranian diplomatic consular and cultural relations, and bilateral trade/commercial activities;
- (12) resolution of American legal and financial claims through the Hague Tribunal; and
- (13) Iranian moderation on OPEC pricing policy.

#### Present Iranian Political Environment

Ayatollah Khomeini's regime remains in power with no effective opposition. The regime, however, exhibits several weaknesses, including ideological splits within the clerical establishment, deep-seated economic problems, a too-rapidly growing urban population and an increasingly costly war.

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Because the clerical regime's strengths nonetheless outweigh its weaknesses, a relatively smooth transition after Khomeini's death is likely. The clerics will retain their hold on power and install a successor from their ranks. Yet there is a good chance that such a regime will be essentially transitional and collective in nature, giving way eventually, perhaps after a period of chaos and factional struggle, to a single strong leader -- a figure most likely to come from the Revolutionary Guard or, less likely, from the regular military.

#### The Regime's Strengths

- Legitimacy. Although much of the Revolution's legitimacy resides within the person of Ayatollah Khomeini, some of it has been transferred to the clerical regime. While much of this aura will dissipate in the months following the Ayatollah's death, the regime will be able to capitalize on its power in the immediate post-Khomeini period.
- A monopoly of control on various instruments of power. These instruments include the media, oil revenues, the Revolutionary Guard (discussed below), and of course the religious establishment which reaches down to the grass-roots level. Cash resources can be channeled to key political groups and leaders, while control of the media permits the regime to restrict and shape much (but not all) of the information reaching the masses.

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- The Revolutionary Guard. The numerical strength of the Guard is roughly equal to that of the army. The Guard has assumed a pivotal political/military position and will have a decisive role in the immediate post-Khomeini period. Key political leaders in the regime probably can count on the Guard to maintain order and control on its behalf in the days following Khomeini's death.
  
- Opposition disarray. Neither the Shah's son nor any other Iranian exile leader or group now possesses the necessary domestic assets to make a successful bid for control immediately after Khomeini's death. The regular military continues to be purged of officers suspected of anti-regime sentiments and most regular army units are at the war front. Iranian minorities desire only autonomy from Tehran and do not aspire to political control. Leftist parties, such as the Tudeh and Mujahidin, have been suppressed, but not eliminated, and could resume activity quickly after Khomeini's death.
  
- Flexibility. Several leaders within the inner ruling clique -- most notably Majlis speaker Rafsanjani -- have the ability to flow with the political current, yet maintain the appearance of ideological and revolutionary purity.

Weaknesses of the Regime

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Generally speaking, the regime's weaknesses are structural and do not automatically constitute acute and immediate threats.

However, they have the potential for becoming so, particularly after Khomeini dies, as Iran moves further from the Ayatollah's residual influence. Among the principal weaknesses, we discern:

- Divisions within the clerical establishment. There is no sign that any meaningful compromises have been reached on the deep philosophical/theological cleavages within the clerical leadership, particularly over the role of the clergy in politics and the role of the government in the economy. Moreover, clerical maneuvering over the future of the war is expanding the divisions among the clerical leadership. Further military failures could prompt open dissent against Khomeini by several leading Ayatollahs.
- The economy. The Iranian economy continues to falter, beset by unemployment, high inflation, inefficiency and waste. Long-term development of both industry and agriculture is languishing, hostage to factional disagreements and the high cost of the war. Meanwhile, oil revenues are down, a consequence of the tanker war in the Gulf, the slack world oil market, and Iran's need to discount prices to sustain weakened demand.
- Population migration. The population of Tehran is now reportedly eight to ten million people, nearly 150 percent

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of its size when urban mobs were in part responsible for the Shah's downfall. The Islamic Republic could be riding the same population tiger if it fails to satisfy the urban poor, who represent the largest base of support for the regime.

-- The war with Iraq. Although the war has long had a dual effect, recently it has become a net political liability internally since the onus is on Iran to agree to negotiate. War weariness is reflected in declining civilian morale. War expenditures may consume as much as 40 percent of the government budget, intensifying an already difficult economic situation.

-- A single-leader political culture. Historically, the key prerequisite for the achievement of political stability in Iran is the emergence of a single, recognized political leader. The Revolution has not reversed this apparent political imperative. There is as yet, however, no such identifiable individual-capable of assuming Khomeini's mantle.

#### U.S. Policy

In this highly charged and fluid environment, the U.S. policy should be designed:

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- to restore a normal working relationship between Washington and Tehran;
- to counter growing Soviet influence and complicate Moscow's policy calculus in Iran;
- to devise means to establish links with key clerical, Army and Bazaar leaders;
- to support the evolution of elements opposed to Khomeini and his clique; and
- to the maximum extent possible, restore U.S. influence on the ground in Iran.

Analytical Support

In order to safeguard the interests of the U.S. in Southwest Asia should the death of the Ayatollah Khomeini create the possibility of shifts in the internal politics or foreign policies of Iran, the following [REDACTED] should be satisfied:

-- [REDACTED]

- Information on Soviet activities to encourage, support or

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