



Forecast

this week: **Iran**

I owe my throne to God, my people, my army -- and to you!

- the Shah of Iran to Kermit Roosevelt, CIA representative in Tehran, ca 1953

School children in few countries can be taught that their place in history stretches back for more than 2,500 years. The effect this has on national coherence should not be underestimated.

The Imperial Past

Iran is a direct descendant of the largest empire of the ancient world, the *Achaemenid* empire (650-323 BC) which was continued administratively intact by *Alexander the Great* and his successors as the *Seleucid* empire (323-60 BC). In more recent times, the **Safavid** empire (1502-1736) took the borders and religious form Iran has today. The regime was based on the Safaviyeh **Sufi** thread of **Shi'a** Islam and for centuries, the capital Esfahan (Isfahan) was the centre of the Shi'a world just as Baghdad in the **Ottoman** empire (1299-1923) was the centre of **Sunni** Islam. The Safavids were strong enough to challenge the Ottomans in the west and the Mughals (Moghals, 1527-1707) in the east.

The People

Throughout waves of invasions by Arabs, Seljuk Turks, Mongols, and Greeks, Iran maintained national identity and remained a distinct ethnic entity. Persians comprise over half the population but *Azeri* comprise an important minority (24%) in the north-west. Both of these groups, together with other groups such as the *Kurds*, speak *Indo-European* languages and are *Aryan* peoples. The most widely held misconception about Iran is that it is an "Arab" country; however, Iran is distinctly non-Arab; Arabs comprise about 3% of the population and there is a tacit distrust between Shi'a Iran and Arab nations which are largely Sunni. For centuries the **Balochi** people have claimed ancestral lands stretching from southern Pakistan across southern Iran (*Balochistan*) and have been troublesome to every government. Similarly, in the north the Kurdish people claim an ancestral domain (*Kurdistan*) that straddles parts of **Turkey**, **Iraq**, and Iran.

Islamic Revolution

The seeds of modern nationhood were sown in 1905 with a nationalist uprising against the absolute rule of the *Qajar* dynasty. This resulted in an elementary *constitution* the next year. In 1908 *oil* was discovered by British interests and extraction was started by the *Anglo-Iranian Oil Co* (AIOC). In 1921 a Cossack officer, *Reza Khan*, seized power from the weak Qajar regime and in 1925 declared himself the first Shah of the *Pahlavi* dynasty. He pursued modernization measures similarly to those of the "young Turks" in **Turkey** at that time, and to bring tribal areas within some degree of central government, a project yet to be fully complete in either Iran, **Afghanistan** or **Pakistan**. In 1941, Britain and the Soviet Union occupied the west of Iran to deny the oil fields to **Germany** and forced the Shah to abdicate in favor of his son, *Mohammad Reza Pahlavi*. By 1951, nationalist sentiment grew under Dr. Mohammed **Mossadegh** (Mossadek) who accused the AIOC of cheating Iran of oil income. AIOC refused to allow the government to audit its accounts and the government nationalized the assets, closed the British Embassy, and demanded compensation for past royalties. Britain refused any arrangement except restoration of the *status quo*, placed an embargo on Iranian state oil exports, and sought US assistance with bringing down the Mossadegh regime. President Truman refused to get involved in the adventure, but President Eisenhower who assumed office in 1953 was an easier mark for British arguments that Iran was in danger, with little hard justification, of joining the Communist bloc. Joint UK-US *operation AJAX* was mounted. Forces for and against the Shah fought in the streets, and the Shah made a short strategic withdrawal to Italy. Finally the military arrested Mossadegh, installed one of their own as Prime Minister



and the Shah returned. For its valuable assistance, the US demanded that the AIOC share its oil monopoly with US interests.

The Shah continued modernization and the economy, driven by oil revenue, grew substantially over the next 20 years. However, polarization also grew. Although there was a free market in a Western sense, individuals were far from free. To maintain order the regime became increasingly repressive and lethal through the Shah's secret police, **Savak**, set up by *General Norman Schwarzkopf Sr.* (father of "Stormin' Norman"). By 1978, there were two clearly defined and opposed forces – the modernizing-, Westernized, secularized and repressive Shah, and growing numbers of angry Islamist nationalists. The Shah saw these social forces massing against him and turned to the US for support. The US administration was divided -- security adviser Brzezinski promised all necessary support; the State Department saw it differently. A deal to install a more popular, more moderate government under the Shah was suddenly overtaken when Ayatollah Ruhollah **Khomeini** returned from exile in France on 01 February 1979. Ten days later, the Shah fled and a popular Islamic Revolution swept aside the forces of the old regime. Khomeini became the first Supreme Leader of an overtly religious **Islamic Republic**. One of the costs of the revolution was an abiding distrust in kings, the West (particularly the **US**), and the merchant middle-class that had prospered under the old regime.

Government

The Iranian system of government since 1979 seems bizarre by Western standards, adding to the general distrust and fear of the country. If the **Vatican** were a state with a population of 69 million, it would be easy to foresee the sort of interplay necessary between the will of the people and the will of God but doubtless it would remain a state with an absolute religious ruler at its head. The legislative *Majles-e-Shura-ye-Eslami* (Consultative Assembly) of 290 members is elected by popular vote for four-years. Similarly, the President is popularly elected but is just one element of a complex executive best understood as a *diarchy* (dyarchy) with the President as the *secular* leader. The *Leader of the Islamic Revolution* is head of state, commander in chief of the armed forces, and *spiritual* leader. The alternative title "Supreme Leader" should not be confused with dictatorships such as **North Korea**. This Supreme Leader is appointed for life by a rough equivalent of a *Central Committee* or *College of Cardinals*, the *Assembly of Experts*, whose 86 popularly elected members also review his performance, and may depose him. The *Council of Guardians of the Constitution* is a rough equivalent of an *Executive Council*, twelve clerics and jurists serving six-year terms who determine whether proposed legislation is constitutional and harmonious with *Sharia*. It is distinct from the Judicial system but the roles obviously overlap on some issues. Importantly the Council also supervises popular elections and determines whether a candidate is "suitable" to stand for election to the *Majles*.

Disagreements and deadlocks between the *Majles* and the *Council of Guardians* could be expected and in **1988** Ayatollah Khomeini created the *Council for Expediency* whose sole role is to resolve legislative deadlocks and to advise the Supreme Leader on matters of high policy – a rough equivalent of a *Privy Council*.

Just as in machinations of the Roman *Curia*, Iranian politics has been a continual ebb-and-flow between reformists and conservatives. A consensus in the *Majles* towards reform in late 1990s triggered a backlash by conservatives and Iran is presently in a cycle of comparatively conservative tone. One effect of this is that certain individuals are seen as not "suitable" to stand for election.

Opposition

Although there are opposition groups antagonistic to the regime such as *Freedom Movement of Iran*, *National Front*, *Marz-e Por Gohar*, *Mujahidin-e Khalq*, *People's Fedayeen*, they have been rendered largely ineffective within Iran. The only possible serious armed challenge (albeit marginal) in the immediate future comes from the *Kurds* in the north-west. Groups such as *Democratic Party of Iranian Kurdistan*, *Komala*, and the *PKK (Partiya Karkerên Kurdistan, Kurdistan Workers' Party)* have found a *de facto Kurdistan* refuge in northern Iraq to the *chagrin* of Turkey, Iran, and Iraq. The Iranian



president's recent call for a student-led revitalization of the Islamic Revolution signals a new vigilance against revisionist groups and probably extends to moderate reformists, or moderate reformists which are a stalking horse for foreign destabilization ([Iran cultural revolution urged](#) [PDB#8620]).

Many opposition groups are socialist or overtly Marxist. Although the US historically has found itself able to work with *any* group for short-term ends, there are intrinsic difficulties in supporting a socialistic revolution in Iran. Similarly, support for overtly monarchist groups is problematic because it would be pointless.

Economy

The Shah's "modernization" began a rapid transition from an agrarian society towards an industrialized economy. The first years of the Revolution saw the 1980-1988 war and periods of low oil prices which hurt every aspect of the economy. Also the highly interventionist nature of the post-Revolution government has been a brake on some aspects of growth in the mixed economy comprising central planning command economy elements, state ownership of strategic assets such as oil, and homestead business. Also, the strongly proletarian flavor of the revolution sidelined or exiled many of the professional middle class and entrepreneurs who were seen as likely monarchists. Since the discovery of oil, Iran's fortunes have depended significantly on world oil prices. The high prices of 2005/2006 have done much to overcome the chronic lack of capital but it is dependent on supply of various raw materials and plant. In this regard, Iran's trading relationship with **Russia** and **China** is of strategic importance. The economy now seems to have passed a tipping point and the pace of growth is increasing with substantial investment from **Europe** and **Asia**, but not the **US**. Apart from oil, Iran has one of the world's largest natural gas reserves, a commodity now as valuable as oil. The government has proceeded with infrastructure projects such as *electrification* and *roads* but *land reform* and substantial *unemployment* and *poverty* levels remain economic and political challenges and are potential drivers of instability.

Energy

Iran has the world's third largest reserves of *oil*, accounting for 80% of export revenue, and large reserves of gas. One of Iran's stated reasons for interest in *nuclear power* is that it does not want to squander this valuable source of foreign exchange on domestic consumption. Although oil-rich, Iran has an urgent need for refining capacity and presently must import *gasoline*.

Transnational Crime

Iran is a key transshipment point for *opium* and *heroin* bound for *Europe* from **Afghanistan** and **Southeast Asia** and there are an estimated two million narcotics addicts in the country. Although there is no direct evidence that this drug transshipment is officially sanctioned (a strategy to undermine the West), there are doubtless corrupted officials that give comfort to the traffickers. Recent UN reports claim that established drug routes and criminal entities such as these almost certainly are also involved in *human trafficking*. Iran presently has no formal measures against *money-laundering*.

Foreign Relations

Many countries in the Middle East distrust Iran's attempt to export its Islamic Revolution, particularly countries with precarious control of zealous elements in their own populations, such as **Egypt** and **Algeria**. The only significant ally is **Syria**, but Iran has worked hard at improving relations with neighbors such as **Saudi Arabia**. Both Iran and Russia believe they have key national interests in Central Asia and the **Caspian** area. **Russia** is a key source of military equipment and a range of technologies. During 2006, Iran made significant diplomatic efforts to seal ties with Non-Aligned nations such as **Venezuela**, and with China. If Iran's foreign policy sometimes seems to blow hot and cold it is because of the intrinsic *dichotomy* in the system – conflicting pragmatic and ideological policy that the *Council for Expediency* was created to overcome.



International Disputes

Iran protests **Afghanistan's** damming of the upper reaches of **Helmand River**; the maritime boundary with **Iraq** is disputed beyond the mouth of the **Shatt al Arab** in the **Persian Gulf** – one of the ostensible reasons for the Iran-Iraq war; some islands in the Gulf are disputed with **UAE**; there is a low-level border dispute with the several **Caspian** littoral states.

US Relations

In the first year of the Islamic Revolution, on 04 November 1979, Islamist students stormed the US Embassy in Tehran and took 52 Americans hostage. On 07 April 1980, Washington formally broke diplomatic relations with Tehran. While negotiations continued for release of the hostages, in September 1980, **Iraq** invaded Iran, ostensibly in disagreement over the maritime border in the Gulf but really through Iraq's barely hidden desire to overthrow the regime which supported the rebellious Shi'a minority in Iraq's south. The 1980-1988 war was bitter, costly and finally without gain on either side. The US supplied arms to Iraq and was involved in some clashes in the Gulf with Iranian forces in 1987/1988. The embassy hostages were released 444 days after their capture when a Byzantine possibly unlawful deal was struck by the incoming administration, on the day President **Reagan** took office, 20 January 1981.

The Iranian authorities have made certain that few citizens forget Operation Ajax of 1953 or US support for Iraq in the war. Added to this is the perceived US "war" on Islam throughout the world. Even the overthrow of Iran's loathed enemy in Iraq is overtaken by offence at the occupation of a neighbor and an Islamic country. In response, the US designates Iran as a "state sponsor of terrorism" for supporting Islamic Revolution elsewhere and specifically for support for **Hizballah** (Hizbollah), **Hamas**, **Palestinian Islamic Jihad**, and the **PFLP**, all groups to varying degrees a threat to **Israel**. To this day the US has an embargo on almost all trade with Iran.

The top issue in US-Iran relations is Iran's adventures into nuclear power, and possibly weapons. Iran has been highly provocative in handling the issue and has made little attempt to calm US (or Israeli) fears. In August 2006 it test-fired submarine-to-surface missiles, inaugurated the next stage of its heavy-water reactor project, mentioned that Tel Aviv was within its 2,000km missile capability, and invited western participation in construction of two new nuclear power plants. Although, the US (and Israel) have left "on the table" the option of military degradation of Iran's nuclear programs, the House Subcommittee on Intelligence Policy notes there is little reliable intelligence on Iran's CBRN capability, including precisely where the assets are located. Israel adds the sobering note that it would be likely the target of retaliation if any strike were made against Iran. Iran feels the US position on the nuclear issue is at best confused. Iran is a party to the NPT -- **India**, **Israel**, and **Pakistan** are not and have "unlawfully" obtained nuclear weapons. The US accuses Iran of supporting terrorism but **Saudi Arabia** – a plainly corrupt, oppressive and undemocratic regime -- by inaction seems to support groups engaged in world-wide terrorism. In all events, experts believe Iran has many options for defeating any attempt to curb any nuclear weapons ambitions it has. A diplomatic resolution of the issue seems to be the only option.

An estimated 148 Iranian nationals were killed in 9/11 attack on the WTC. Iran was the only country in the Middle East to hold public commiseration in the event -- a candlelight vigil in Tehran on 18 September 2001.



NEAR-TERM

Basic understanding of the true nature of Iran – a “Vatican” with 69 million citizens -- will assist in shaping useful diplomacy or, at least, may prevent howling errors. A fundamental charge against the West throughout the Islamic world, underpinning even the **Palestine** issue, is **interference** in the affairs of Islamic states. Iran felt this interference first-hand more than most. Although US public opinion has Iran as a bizarre and extreme Islamic nation with no reason to “hate” the US except intrinsic evil, informed opinion knows the truth is different. US diplomacy is not guided by public opinion but it should appear to be better informed in the eyes of the world on where the unhelpful state of US-Iran relations originated.

Mid-Term

The median age in Iran is 25 years. It is foolish to think this alone guarantees that the mullahs will fail and the population will crave a Western-life-style. An assessment of the operation in **Iraq** – a grateful population greeting the liberators with flowers (memories of France sixty years ago) – proved to be quite wrong. A similar assessment on Iran – grateful youth swapping rule by the *mullahs* for a pair of Levis – is just as dangerously simplistic. That scenario will fail – as it did in Iraq – if it underestimates Iranian **nationalism** and the genuinely religious persuasion of much of the population. Although a constitutional theocracy is not to the taste of many, Iran’s system for the present is better than that prevailing in **Iraq** or **Afghanistan**, and is no less free than **China**..

Long-Term

The Islam of Iran – Shi’ite with a strong historical **Sufi** element – has none of the anti-intellectualism of the mad-dog, **Salifis** which are the backbone of the most familiar Islamist terrorists actions. Salifis detest any Sufi tradition. If the West understands this it could win a priceless strategic partner in the non-Arab Islamic world. Iran and **Indonesia** together form almost half of the Islamic world, both Sunni and Shi’a. Strategic alliance with these two, together with maintained relations with countries such as **Jordan** would go considerably towards marginalizing Islamist extremism. However, no such world future is possible without “outing” **Israel**’s nuclear capability and a more even-handed US foreign policy in relation to Israel.

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World Crises [based on monthly assessments by *International Crisis Group*]

| | | |
|-----|---------------------|---|
| !!! | Alert | DR Congo, Lebanon, Pakistan, Somalia, Sudan |
| ↓ | Deteriorated | Burundi, Iran, Kuril Islands/Northern Territories (Russia/Japan), North Korea, Pakistan, Sri Lanka, Sudan, Taiwan Strait |
| ↑ | Improved | Angola, Lebanon, Togo, Uganda [resolution opportunity] |

<http://www.crisisgroup.org/home/index.cfm?id=4296>

LEGEND

| Hazard Level | Change Codes |
|--------------|----------------|
| | ↓ Deteriorated |
| | • Steady |
| | ↑ Improved |
| | !!! Alert |
| | |



Public Daily Brief



Threats

Summary

see daily items on the web at

<http://meta2.com/PDB/pdbDetail.asp?THREATS>

| | |
|-----------------------------|---|
| Poverty | <ul style="list-style-type: none"> • <i>Negative aid</i>: The UN Population Fund (UNFPA) annual report stressed the problems caused to countries who can least afford it in the outflow of professionals, particularly in the health sector, from developed countries to the West. |
| Infectious Disease | <ul style="list-style-type: none"> • [nothing significant to report] |
| Environment | <ul style="list-style-type: none"> ↓ <i>Methane</i>, a greenhouse gas, released as the <i>permafrost</i> melt may trigger an ever faster chain-reaction of <i>global warming</i>. |
| Inter-State Conflict | <ul style="list-style-type: none"> ↓ The NATO commander in Afghanistan expressed surprise at the intensity of Taliban attacks and called for more troops — the Canadian defense minister said it is “<i>Impossible to defeat Taliban militarily</i>”. The Government of Iraq took control of its armed forces — although <i>oil-rich</i> Iraq has a dire lack of oil refining capacity and must import <i>gasoline</i>. Qatar Airways defied Israel’s blockade and resumed services to Beirut days before the blockade was finally lifted. |
| Civil War | <ul style="list-style-type: none"> • UK media claim evidence of US-supported mercenary operations in Somalia. |
| Genocide | <ul style="list-style-type: none"> ↓ The Sudanese government has dramatically intensified the war in Darfur ... to beat the arrival of any impending UN peacekeeping force. |
| Other Atrocities | <ul style="list-style-type: none"> • The UN Population Fund has said that governments should look among the 95 million women migrating across borders each year for <i>human trafficking</i> (sex slavery) — the International Organization for Migration estimates from 600,000 to several million may be victims of trafficking and the routes used are often the same as those used for <i>opium</i> and <i>heroin</i>. The Pentagon has issued new policy reverting to the <i>Geneva Convention</i> protocols for treatment of <i>prisoners</i>. |
| Proliferation | <ul style="list-style-type: none"> • Five Central Asian states have signed agreements against <i>nuclear weapons</i> at the Semipalatinsk one-time Soviet test site. Australia has reassured Indonesia that any future enriching of <i>uranium</i> would <i>not</i> be involved with acquisition of nuclear weapons. |
| Terrorism | <ul style="list-style-type: none"> • In what may be the final word on the matter, a Senate Committee says there were <i>no al-Qaeda / Iraq</i> links — the White House has recognized al-Qaeda-led threats has morphed into a more dangerous al-Qaeda-inspired threat, and that Palestine is the single most-important issue — US attorneys reject 91% of terrorism-related cases forwarded to them; of cases prosecuted, only 5% of convictions receive more than 5 years jail — Chatham House says that today’s situation with al-Qaeda is mixed -- more moderate groups are appearing in the pan-Islam world, but more local crises are identifying with pan-Islam. |
| Transnational Crime | <ul style="list-style-type: none"> • [nothing significant to report] |

↓ deteriorated

• steady

↑ improved

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Public Daily Brief



Policy Summary

see daily items on the web at
<http://meta2.com/PDB/pdbDetail.asp?POLICY>

| | | |
|--|---|--|
| Agriculture | • | [nothing significant to report] |
| Debt | • | [nothing significant to report] |
| Diplomacy | ↓ | 77% of Europeans now disapprove of the way President Bush has handled international affairs — <i>Foreign Affairs</i> magazine said 9/11 was not a “clash of civilizations” ... it was failed US foreign policy. |
| Economy | • | US consumers are backing off on <i>spending</i> – this eases fears of <i>inflation</i> but threatens <i>growth</i> . |
| Education | ↓ | 80% of DC’s schools are below academic standard on the new <i>standardized test</i> , including some "high-performing" schools. |
| Energy | ↑ | A newly-proven <i>oil</i> field 270 miles southwest of New Orleans could yield 11% of U.S. output by 2012-14 |
| Family | • | [nothing significant to report] |
| Immigration | • | [nothing significant to report] |
| Justice | ↑ | A debate continues in the Senate and elsewhere on whether Guantanamo accused should have a right to know the <i>evidence</i> against them — consistent with repeated UN demands, 14 detainees in "secret" custody have now been transferred to military custody at Guantanamo Bay . |
| Security | • | <p>Singapore launched the <i>Cyber-Watchcentre</i> (CWC) which will monitor <i>cyber-threats</i> to government networks round-the-clock — the Dutch tested a <i>cellular local-area broadcast</i> method for use in emergencies.</p> <p>A study of <i>cybercrime</i> 1999-2006 in the US shows the average loss was over \$3M, and in many cases would have been preventable.</p> <p>The American Chemical Council stresses the need for a uniform national standard for secure handling of a range of <i>chemicals</i> throughout the US — Republicans debating the <i>wiretapping</i> issue wrestled with "the balance between congressional oversight and executive-branch latitude" — some observed that counter-terrorism measures are patchy, often misdirected, and not up to meeting known threats, such as shoulder-launched <i>missiles</i>.</p> |
| Social Security | ↓ | New York child <i>poverty</i> – expressed as both <i>hunger</i> and <i>obesity</i> -- is 50% higher than the US average — worker productivity is rising but CEOs are among the few who have seen an increase in <i>wages</i> — the US spends more on <i>health care</i> than all other nations but ranks 31st in life expectancy and 40th in childhood survival until age five. |
| Water | ↓ | 1.1 billion people world-wide still have no access to <i>safe drinking water</i> and 2.6 billion lack the associated utility of reasonable <i>sanitation</i> . |
| <p>↓ deteriorated • steady ↑ improved !!! ALERT</p> | | |



Challengers

Summary

see daily items on the web at

<http://meta2.com/PDB/pdbDetail.asp?CHALLENGERS>

| | | | |
|--------------------|---|------------|-----------|
| Brazil | <ul style="list-style-type: none"> • Far from being a radical, Lulu has been very conservative -- too conservative -- with the opportunity he has had. | | |
| China | <p>↓ A research report concludes that <i>environmental pollution</i> cost the country more than \$80 billion in 2004 — more than half of China’s cities suffer from air pollution and over one third have no centralized <i>sewage</i> treatment — gross dereliction of environmental standards has engulfed an entire village in <i>toxic sludge</i>.</p> <p>Australia’s estimates its <i>uranium</i> exports to China may be worth US\$187 per year — China has tripled its <i>ship-building</i> capacity in the last 5 years.</p> <p>In a further measure to ensure that the Chinese people hear only about communist successes, <i>foreign news agencies</i> may now distribute news only through the State news agency, <i>Xinhua</i>.</p> | | |
| India | <ul style="list-style-type: none"> • There was a <i>Hindu</i> bomb attack on <i>Muslims</i> in Maharashtra [western India] — Russia will help India make modernized <i>engines</i> for the MiG-29 fighters of the Indian Air Force under a USD 250 million deal. | | |
| Indonesia | <ul style="list-style-type: none"> • Indonesia is confident of being elected to a UN Security Council seat — analysts remarked that Indonesia’s relative success in <i>anti-terrorism</i> is that has been “scrupulous” in abiding by the rule of law. | | |
| Iran | <p>↓ The Iranian president’s call for “<i>cultural revolution</i>”, echoing the 1979 Islamic revolution, is probably a bid to weaken moderate factions — experts said Iran has many options for defeating attempts to curb any <i>nuclear weapons</i> ambitions it has.</p> | | |
| Russia | <p>↓ President Putin has visited South Africa, the first Russian head of state to visit the country — by opening a third plant, Russia hopes to eliminate 20% of <i>its chemical arsenal</i> by April 2007.</p> <p>Following abiding public disagreements analysts are less optimistic that a deal with the US can be reached this year — sudden cancellation of a joint US-Russia military <i>exercise</i> may be a symptom of growing Russian nationalist antipathy to the US.</p> | | |
| Venezuela | <ul style="list-style-type: none"> • As Castro’s star fades, Chavez readies to play a leading role in NAM -- his country’s place in OPEC and a possible UN Security Council seat will help — China and Venezuela have established a \$5B fund for infrastructure projects in Venezuela — it may go down to a General Assembly secret ballot whether Venezuela or US-backed Guatemala will win a Security Council (rotating) seat. | | |
| [wild-card] | <p>↓ [nothing significant to report]</p> | | |
| ↓ deteriorated | • steady | ↑ improved | !!! ALERT |

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