

Iranian Cabinet Shuffle — Shah Plays Footsie With Carter

Iran's largest cabinet shakeup in 12 years took place last week — 14 ministers were replaced. Most importantly, Prime Minister Amir Abbas Hoveida, who had held the office longer than any other personality since the Shah took power, was replaced by Oil Minister Jamshid Amouzegar. The shuffle coincides with the development of strains in Iran's relations with the U.S. traditionally its strongest ally — centering around Iran's aggressive energy policy and its improved relations with the Soviet Union.

IRAN

Iran has challenged the Carter Administration's commitment to putting a lid on the development of nuclear fission and fusion power and has stepped up its direct sale of crude oil through the National Iranian Oil Company (NIOC), bypassing the consortium of multinational companies that have in the past handled the bulk of Irani exports.

According to numerous French press sources, former Prime Minister Hoveida was well known for his strong pro-European attitude toward Iran's foreign trade policy. *Le Figaro* expressed concern over the appointment of Amouzegar to the premiership, terming him "pro-U.S." French-Iranian nuclear cooperation has been pivotal to Iran's international energy drive.

In recent months the Carter Administration has used its "human rights" bludgeon against the Shah, and lately has been withholding the promised AWACS airborne radar system — a sale that had been pending Congressional approval — to try to force him into line. When the Shah told Washington last week that, in effect, it could keep its AWACS, this underscored the "growing crisis of confidence" between Iran and the U.S., as the Paris financial daily *Les Echos* termed it.

The Crisis Of Persian Bonapartism

According to a well-placed Iranian government official, the Shah has repeatedly been threatened with assassination, a threat which is known to have originated from the U.S. The Shah, like every other Third World leader, is being asked to accept policies from Washington which are from a sane economic standpoint impossible to implement. For Iran, given its fast rate of population growth and industrial development, not to mention its finite oil resources, has no other choice but to press for a nuclear-based power grid functional by 1990.

In this light the appointment of Amouzegar and nominally pro-U.S. personnel to the cabinet could well be, as *Le Figaro* reported Aug. 8, more of a cosmetic move to "create a climate of confidence" between the U.S. and

Iran previous to the Shah's arrival in Washington for talks with Carter sometime this fall.

According to an official of the International Monetary Fund, the cabinet shuffle — which had been in the wind for months — will not deter Iran from its current energy policy and will likely yield the Shah even tighter control over his complex bureaucracy. The Shah is apparently reasoning that by making gestures of complying with Carter's human rights campaign he can maintain his energy and foreign policies intact.

But the Shah is playing with fire in attempting to "appease" the bankrupt, debt-obsessed Administration.

Numerous statements have emerged both from the notorious Institute for Policy Studies and its European adjunct the Transnational Institute, the major conduits of Carter's "human rights" campaign, warning of a resurgence of tensions in Iran like the riots that swept Teheran in 1963. This human rights campaign is being used to catalyze latent unrest in Iran, which stems from serious economic problems, as a weapon against the Shah.

The End Of The Iranian Boom

Iran is currently caught in an economic crisis which has emerged out of a short-sighted spending spree to promote development following the quadrupling of oil prices following the 1973 oil hoax. Beginning in 1976, the Shah began to enact measures to slowdown the rate of growth but to date Iran still suffers from lack of basic infrastructure — its inefficient power grid, for example, has caused numerous blackouts and short-term industrial shutdowns. Iran still has a serious problem with income distribution — a touchy subject — an enormous uneducated rural peasantry and a severe shortage of skilled labor power.

The Shah has been forced to enact long-overdue measures to build massive transportation, communications and power infrastructure in a hurry — as well as to diversify his economy away from total dependence on oil income. In so doing, Iran's external relationships have taken a new turn.

Through Iran's oil and nuclear policies, it has become a pivotal link in the formation of three-way trade deals between Western Europe and Comecon. For the first time since 1973, the U.S. is no longer Iran's major trading partner, having been surpassed by Japan and West Germany. The end of the U.S.-Iranian superalliance which was the creation of Henry Kissinger, is reflected in the military arena.

During the Kissinger era, Iran was built up as the military gendarme of the Persian Gulf and the Indian Ocean, and fed billions worth of U.S. arms and advisors. But since 1976 that policy began to change. Following the controversial release of a report by Senator H. Hum-

phrey (D-Minn.) in October 1976 calling for a reexamination of the efficiency of Iran's military, the Shah immediately dispatched his Vice-Minister of War, General Toufanian to Moscow where he bought \$500 million worth of armaments, the largest Soviet sale ever.

Another critical indicator of a change in Iran's military posture took place simultaneously with a new diplomatic effort to forge unprecedented trade relations with Iran's Persian Gulf neighbors, most importantly its erstwhile regional allies, Iraq and Saudi Arabia. Just last month, Iran signed the first large trade protocol with Iraq and has begun serious talks with Saudi Arabia through the Saudi Planning Minister Hisham Nazir for economic cooperation. Such diplomacy plus the pull out of Iranian troops in Oman earlier this year indicates that the days of Persian military domination of the Persian Gulf are over. The Shah and his ruling elite have too many pressing concerns over domestic development to continue to be a military outpost for the United States.

The Fight For Nuclear Power

This week the head of Iran's Atomic Energy Organization, Akbar Etamad, met with U.S. officials including the acting head of the Energy Research and Development Agency (ERDA) Robert Frye to discuss Iran's nuclear program and to reopen negotiations for the purchase of eight reactors from the U.S. The official Iranian government newspaper Kayhan editorialized August 7 that the political strings which Carter was attaching to the finalization of the sale — which has been pending since 1975 — undermines Iran's national sovereignty. The Carter Administration is asking Iran to abandon its push for the transfer of spent fuel internationally in return for the sale. According to a Japanese

press source "the issue" of future Iranian-U.S. relations depends on the success of the sale. An Iranian official quoted in the *New York Times* Aug. 1 said, "We got them (nuclear reactors) from the Germans and the French... Why not the Americans our closest allies?" To underscore Iran's commitment to its nuclear development, Etamad spent nine days in Moscow inspecting Soviet nuclear capacity just before arriving in Washington, clearly making the Shah's often stated point that Iran can go "elsewhere" to buy reactors.

How Far Can A Bonapartist Go?

Just days before the cabinet change was announced a suspicious explosion of a pipeline took place on the Iranian-Soviet border. While no public explanation has been put forth for the blast, it follows by days the finalization of a large crude oil barter deal Iran signed with the Soviet Union, a part of a series of large barter deals Iran has signed with the East Bloc aimed at freeing Eastern European dependency on Soviet crude so that the Soviet Union can become a more active force on the international oil market. The explosion is a clear warning to the Shah that he can expect much more pressure from Carter in the future, particularly, if he leaves himself vulnerable by appeasing Washington in the way the recent cabinet shakeup indicates.

An Iranian with close ties to NIOC recently applauded the Shah's "skillfull" means of playing off the superpowers to get what he wants. But such a brand of bonapartism, given recent rumors, that the Shah is at the top of Wall Street's enemies "hit list," indicates Iran should waste no time in working with Europe and the Soviet Union to create a new monetary system.

— Judy Wyer

Will New Cyprus Crisis Follow Makarios's Death?

The death of Archbishop Makarios, President of Cyprus, leaves the eastern Mediterranean dangerously vulnerable to Carter Administration efforts to ignite a new Greek-Turkish crisis over the disputed island.

CYPRUS

The Italian daily *Corriere della Sera* has charged that "U.S. strategic interests are pushing for partition of Cyprus and a crisis in the eastern Mediterranean."

Speaking at a news conference in Nicosia on Aug. 9, the day after Makarios's funeral, Clark Clifford, Carter's personal emissary to the area, criticized the Turks and Turkish Cypriots for their "intransigence." Clifford's attack has, predictably outraged Turkey, and made it nearly impossible for the newly formed government there to make territorial concessions on Cyprus out of fear of "losing face" before the angry Turkish populace.

Makarios: The Stabilizing Factor

Only days before his death, Makarios, who maintained strong ties with both the Soviet Union and the Non-

aligned bloc, publicly endorsed a Soviet proposal to convene an international conference to settle the Cyprus problem. Ever since the NATO-engineered Turkish invasion of the island in 1974 that brought Turkey and Greece to the brink of war, Makarios's support of Soviet peace efforts and his refusal to play along with U.S. delaying tactics have been a key factor in maintaining a fragile stability on the fraction-ridden island and in the region as a whole. Last spring Clifford was dispatched to Greece, Turkey, and Cyprus after an historic meeting between Makarios and his adversary, Turkish Cypriot leader Rauf Denktas, to block any peace arrangement outside NATO's aegis. Makarios attacked Clifford for "meddling" in the region.

Soon after Makarios's death, several papers in Greece and Cyprus claimed that Makarios's "last death-bed wish" was that Cyprus cooperate with the U.S. on a settlement. According to these accounts, Makarios praised the "constructive role" of the Carter Administration, and especially Clark Clifford! *Rizospastis*, the Greek Communist Party daily, exposed this so-called "last wish" as a hoax and called Clifford's latest deployment to Cyprus a "blunt effort by the U.S. to intervene in recent developments" on the island."