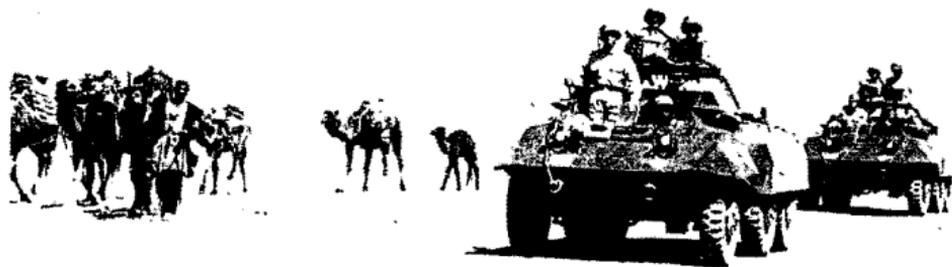


IRAN

KEY TO THE MIDDLE EAST



René Vallet

The article which precedes this one presents a brief summary of the Central Treaty Organization. This article on Iran, the article on "American Alliances With Asian Countries" in the December 1960 issue, and "Turkey and Global Strategy" in the June 1961 issue provide individual discussions of the three countries of CENTO which form the West-oriented tier across the Middle East.—Editor.

RECENT developments in the economic and political field have caused some observers to fear that Iran might once more become one of the major sensitive spots in the East-West conflict and that her membership in the Central Treaty Organization (CENTO)—the alliance which replaced the Baghdad Pact after Iraq's defection—would be seriously impaired.

Iran, crossroad of the world, of people, and of influences, has retained her own true physiognomy through the centuries. Situated between Europe and Asia, she is a hinge which connects many countries. She is bounded on the north by Turkey, the Caspian Sea, and the Soviet Union (the border with the USSR extends over 1,800 kilometers), on the east by Afghanistan and Pakistan, on the south by the Persian Gulf—opposite Saudi Arabia—and the Gulf of Oman, and on the west by Iraq. Her terrain does not facilitate communications to the heart of this vast country of 1,645,000 square kilometers, three times the area of France.

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There are many races on the central plateau, but the Persians are predominant. One finds, beside the Kurds in the west, the Turcomans in the Caspian provinces, the Turks in Azerbaijan, and the Mongols, the Arabs, and the Armenians. The official language is Persian, but most of the greater minorities have retained their own dialects. This diversity is the same

numerous small towns the population is composed of peasants, people living by agriculture. Some 10 years ago the number of villages was estimated at 40,000—each of them counting 300 persons as an average—and the number of settled rural families at 2.7 million. There are from two to three million nomads who live in tents and who, at the approach of the cold sea-



Iran has over 40,000 villages such as this. The houses form an enclosure which serves, among other things, as a pen for the cattle at night.

in religion. The religion of the state is Islam in its Shiite form which differs from the Orthodox Mohammedanism (Sunnite) in some points of dogma. There are many peculiar sects as well as a small number of Christians and Jews.

The population, which increases each year by 500,000, is about 20 million, of which 75 percent live in the country. The rural characteristic is accentuated by the fact that in the

son, leave the mountains to migrate to the lowlands.

The number of townspeople has increased considerably since the end of the 19th century. The population of Tehran has doubled since 1942 and has now reached 1.7 million inhabitants. Tabriz, capital of Azerbaijan, counts 800,000 inhabitants and Isfahan, 270,000.

The spreading of liberal ideas and the weakness of the Kajar dynasty

provoked the revolution of 1906 from which a constitutional monarchy emerged. The last Kajar was dethroned in 1925 and the old Colonel Pahlavi, Minister of War, was proclaimed King with the name Shah Riza. An energetic and intelligent patriot, he did his utmost to abolish the feudal system and to advance the country. In 1941 he abdicated in favor

the oil dispute. In May 1951, Prime Minister Mossadegh had the oil nationalization law passed, in 1952 a law on the reform of agriculture, and at the beginning of 1953 a law nationalizing the Caspian Fisheries. The economic confusion which followed the nationalization of the oil industry led to the fall of Mossadegh one year later. The principle of nationalization



Refinery at Abadan, part of Iran's nationalized oil industry

of his son Mohammed, the present sovereign.

In January 1942 a treaty of alliance was signed with Great Britain and the United States which permitted those countries to move troops and use roads and railroads in Iran in transporting war materiel destined for the USSR.

During the period immediately after the war, the political outlook of Iran was strongly affected by the Soviet's occupation of the province of Azerbaijan and, after their evacuation, by

was maintained, but in 1954 an agreement was reached on the use and control of oil properties which permitted foreign companies, particularly British, to continue operations on a profit-sharing basis. In 1955 Iran joined the Baghdad Pact.

These dates explain the story of Iran's diplomacy in recent years. The geographical position of the country and its place among oil producers obliged Iran to try to protect a certain equilibrium in her foreign relations. A friendship treaty with the

Soviets was signed in 1921. It is under the terms of this treaty and the Guaranty and Neutrality Treaty of 1 October 1922 that the Soviets claimed the right to occupy Iran in 1942. On 15 August 1955, Iran concluded a Friendship and Economic Treaty with the United States. On the other hand, Iran's joining the Baghdad Pact brought about an exchange of notes with the Soviets in 1955. A new agreement between Tehran and Washington in 1958, resulting in the creation of CENTO, caused Moscow to make statements questioning Iran's neighborliness in October and December of that year.

The Government and Politics

The present government of Iran is a constitutional monarchy. The legislative power is executed collectively by the sovereign and the Parliament. Laws must, therefore, be approved by the Parliament and signed by the Shah. Yet, granting appropriations and interpreting laws is the sole responsibility of the Parliament which is composed of two assemblies: the Chamber of 162 members elected by universal suffrage for two years, and the Senate which was not instituted until 1949. Half of the Senate—that is, 30 members—are nominated by the Shah and the other half are elected. All male Iranians over the age of 21 have the right to vote.

The political parties are predominantly influenced by personalities. The Communist Tudeh Party was founded in 1942 but outlawed in 1954. Two new parties founded during recent years are the Nationalist Party, established by Dr. Eghbal, former council president, and the People's Party which maintains a leftist policy. The Shah appoints the ministers, but they are responsible to the Parliament.

The major part of the land is in the hands of the noble families, in spite of the large distribution of lands which formerly belonged to the Crown. Of the 2.7 million rural families, 1.6 million—that is, nearly 60 percent—own no personal property. The majority, some 620,000, own less than one hectare of land, and 5,000 representing the middle class have more than 100 hectares. The peasants must give a large part of their crops to the landholders. The villages, like the land, often belong to a single family, and the mayor represents not the government but the landlords. Owners of 20 to 30 hectares are insignificant in number.

Living Standards

Efforts have been made to improve education. There are 11,000 primary and secondary schools. Advanced instruction is given in the six universities at Tehran, Tabriz, Meshed, Shiraz, Isfahan, and Ahwaz, and in the numerous technical and science schools. France's cultural influence is evident. There are official French educational establishments—the Franco-Iranian Institute, the French secondary school of Tehran—and private institutions such as the St. Louis College. The French language is readily spoken in the well-to-do classes. The Persians have a long tradition of literature and art.

The living standard of the majority of the population, although rising for the last 10 years, is still low. The peasant's share of income from farm work gives him a bare subsistence. Industrial wages are low. Purchasing power has increased but little, because prices have been increasing during the past 20 years. Food prices have increased nearly twelvefold, rent twenty-ninefold, and the average of

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all other commodities, approximately thirteenfold—to cite a few. Social reforms showed some effect only after 1955.

The inadequacy of communications and the necessity to resort to foreign financing pose serious problems for Iran's economy.

Economic Planning

The oil conflict created by Mossadegh upset the provisions of Iran's First Seven-Year Plan; a second plan

deficit in the governmental budget. Nevertheless, the accomplishments have been significant, including the construction of dams, factories, and railroads.

A foreign exchange crisis, which was accentuated in the fall of 1960, could only be resolved by an appeal to the International Monetary Fund and a loan from the United States.

The government of Tehran wanted Iran's position of 1951 to be restored—before the nationalization of the oil



The Persian Gulf port of Khorramshahr is being modernized under Iran's seven-year plan for economic development

was approved by the Parliament in March 1956. It provided for a total expenditure of 70 billion rials, the parity of the rial being fixed at 75 to the dollar. It is this plan which is now in force. The plan is primarily designed to improve the budget and services; the deficit is to be covered by oil revenues. The objectives of the plan have been cut to remedy the

industry she produced 60 percent of the oil of the Middle East. Today, she produces 20 percent and is in third place after Saudi Arabia and Kuwait. With a population approaching 20 million, the Iranian oil revenues are less than 14 pound sterling per person. They amount to 50 pound sterling per person for Iraq and Saudi Arabia, and 2,000 for Kuwait.

Iran's economic problem has been complicated by a quarrel with Iraq concerning navigation rights through the Shatt-al-Arab. The point in question is one of prestige rather than a legal one. The revival of this dispute caused the closing of the oil port of Abadan last February.

After the fall of Mossadegh, Iran received a billion dollars from the United States in various forms of foreign aid. This assistance made it possible for her to maintain an army of 200,000 and to embark on a program of economic improvement.

Communism

The evolution of a middle class constitutes a very important issue. In Iran it is comprised at this time of minor officials, teachers, and intellectuals who have awakened to political life. The liberal professions do not yet play a big role but from this class come 90 percent of the college students, whose influence is growing constantly. These are ardent youths eager for social transformation. Approximately 14,000 students live abroad and when they return to their country they show a will, sometimes aggressive, to achieve rapid reforms in all fields. Naturally, they are targets for the Communist propaganda. The Tudeh Party concentrates its efforts on making them its future cadre.

For 15 years the Communist Party has made an effort to appeal to the agricultural masses and to the urban proletariat. It counts on the latter for its intellectual support, for it is those whose standard of living is improving who are most ardent to demand social reforms.

The boisterous revival of Iran's National Front, which sides openly with Mossadegh, represents a real danger for the Shah at a moment when his

liberal redistribution of land creates numerous adversaries among the landowners.

Current Problems

The present Prime Minister, Amini, does not try to hide the difficulties of his task. He must gain the confidence of the people, galvanize latent energies, reorganize finances, balance the budget, and improve the commercial balance. On 21 May, Mr. Amini confirmed that his country would honor all its international obligations, and that he has no intention of withdrawing from CENTO. He thus rejected the demand of the National Front which called for neutrality and the withdrawal of Iran from this organization.

Iran's situation must be evaluated in the light of conditions in her neighboring countries in the Middle East.

In Iraq the official propaganda forecasts brilliant economic prospects, but the cost of living and unemployment continue to increase. Kassem is caught between the desire to realize big economic plans and a consideration not to run counter to popular demand of the people. The nationalists of the right and the religious leaders reproach him for sparing the Communists and the followers of Nasser. The chiefs of the tribes are hostile to agricultural reform, racial minorities agitate constantly, and the Communists wait.

In Turkey the assembly adopted a new constitution on 27 May with 261 votes and two abstentions. The choice of the date was symbolic, it was one year to the day since General Cemal Gursel seized power. A process of social transformation has been set in motion and the First Five-Year Plan will be initiated next year.

To grasp the importance of the Turkish factor, reference must be



A village mother and child



Above and below, villagers of rural Iran



People of Iran

Right, a student at the Tehran School of
Social Work



All photos courtesy of United Nations

made to the teachings of Jomini which state that success in strategy lies in the control of the lines of communication. The North Atlantic Treaty Organization, it has often been said, will have the power to guard its key to the southern door if it preserves its control of the communication lines, meaning the control of the Mediterranean of which the Dardanelles is the "key."

In Saudi Arabia the structure of the state has been modified, and it was announced that the government will not renew the agreement for United States use of the airbase at Dahrán when the current agreement expires in 1962.

Oil and the Middle East

Finally, on the international exchange scene, the Oil Conference of Beirut in October 1960 substantiated that the Arabian countries wanted to increase their benefits by charging an excessive rate to the European industries that depend upon their production. Naturally, the USSR encourages their demands but takes advantage of the opportunity by selling her own oil on the European market. Greece, Turkey, and Yugoslavia already buy from 25 to 40 percent of their consumption from the Soviet Union; Sweden and Norway from five to 15 percent; Italy 20 percent; and West Germany imported two and one-half million tons in 1960.

The Soviet oil is sold for \$1.10 per barrel f. o. b. at ports of the Black Sea, whereas the Middle East oil sells

for \$1.40 f. o. b. coast of the Eastern Mediterranean. In some cases the Soviet conditions are very favorable. This state of affairs is explained by the fact that the Soviets do not have to pay royalties and that their own oil requirements are relatively low because they are able to satisfy their own industry from immense reserves of natural gas. On the other hand, the production of the USSR passed 37 million tons in 1950, 150 million in 1960. It is expected to reach 280 million by 1965, which would be nearly 30 percent more than the present production of the Middle East.

It is evident that the Western firms must reduce their prices to meet this competition and that the revenues which they pay to the states of the Middle East should be lowered at the same time. Moreover, it is evident that these states have great difficulties in balancing their budgets and that they blame it on the West. At this moment the USSR waits with open arms for them.

Such is the economic and political outlook in the Middle East at the present time. There is hope that Iran, with the traditional qualities of her population, the quality of her new elite, her demography in expansion, and her oil riches and industry, will get to the root of her problems. The manner in which this country has borne the recent crises shows signs of the strength which has made the old Persian Empire the key country of the Middle East.