

Iran, Saudi Arabia on collision course

by Thierry Lalevée

Saudi Arabia's decision to break diplomatic relations with Iran on April 28 may keep the Iranian regime from taking Saudi diplomats as hostages, as they did in August 1987, but will not prevent an expected showdown between the two countries. The confrontation is expected to peak during this year's Hajj, in July-August, when Muslim pilgrims from all over the world gather in Mecca and Medina.

The Saudi decision was slow in coming. After last year's clashes with Iranian pilgrims in Mecca, and the killing of a Saudi diplomat in Teheran when a mob ransacked the embassy, Riyadh only downgraded relations to the level of *chargé d'affaires*. Moreover, Iraq itself only broke diplomatic relations with Iran at the end of 1987. For the past eight years, Saudi Arabia has been Iraq's ally in the Iran-Iraq war, and its tankers have been attacked repeatedly by Iranian gunboats.

Local intelligence sources say Saudi Arabia was prompted to make its move now by three sets of events: confirmation that Iran had no wish to abide by Riyadh's decision to impose a quota on each nation's pilgrims—40,000 for Iran instead of 150,000 last year; confirmation that Iran is set on a radicalized course internally, which is expected to spill over to the region; and the fact that the Iranian *chargé d'affaires* in the Kingdom was caught red-handed trying to organize anti-Saudi riots in the Shi'ite-dominated Eastern Province.

There may be a link between the break in relations and the March 28 bombing which set the Jubail Petrochemical plant afire. First covered up, the fire was later termed "accidental" after a report mentioning a "terror bombing" was denied. If there is a link, the confrontation between the two countries could break out well before the Hajj.

Iranian terror operations are expected to escalate. On April 29, a bomb destroyed the Saudi Airlines office in Kuwait. Intelligence reports indicate that some of the Chinese-made CSS-2 missiles have been transported to the eastern coasts of Saudi Arabia, to better target Teheran and other key Iranian cities. Saudi Arabia's army has gone on alert, and its own Special Forces, under European military advisers, are rapidly being created. Saudi citizens have been warned not to travel abroad during the summer holidays.

Iran's challenge

Iran's sudden burst of militancy in the Gulf, after months of quiet but official negotiations between Iran and the Gulf Cooperation Council countries, may look strange. As recently as April 11, Foreign Minister Ali Akhbar Velayati was touring the Emirates and Oman ratifying new economic cooperation accords. A week later, Iranian gunboats destroyed an oil platform and a tanker belonging to the Emirates on the same day.

Iran's new militancy may be traced to its abysmal economic situation which dominated debate in the first round of the parliamentary elections in April. Though Iran's oil income increased from \$5 billion in 1986-87 to \$8 billion in 1987-88, it faces a \$15 billion deficit this year, and has barely \$1.5 billion foreign currency reserves. By summer at the latest, Iran may have to go on the international market to borrow, for the first time since 1979. As a result, a half-dozen food protests have already been held, and significantly, the Pasdarans (Revolutionary Guards) are reported to have made no arrests.

The new political mood was mirrored in Ruhollah Khomeini's advice to the voters: "Vote for those in favor of an Islam of the poor, not for an American-style Islam." Habib Shirazi, secretary of the central bank, announced on election day that the new parliament will vote for "establishing a socialist economy, tempered by Islamic considerations." This means the government is set on a collision course with Iran's main economic bloc, the Bazaar, a showdown barely avoided in June 1986, when Prime Minister Musawi advocated such a "socialization" of the economy. Khomeini intervened and called on the government to leave the Bazaar "free of government interference." Now, the government is already working on measures to strengthen the public sector and increasing taxes on private businesses, i.e., the Bazaar, by 50-100%.

Economic radicalization has pushed to the fore the most extreme Islamic elements. The rising star is said to be Interior Minister Hojatessalam Ali Akbar Mohtashemi, the former ambassador to Syria. He has been increasingly seen as the brains behind the hijacking of the Kuwaiti airliner, which local sources report was a joint project of the Interior Ministry, the Office of the Prime Minister, and the Ministry of Security and Information of Mohammedi Reyshahri, with the full knowledge of Ahmad Khomeini, the ayatollah's son. Parliamentary Speaker Hashemi-Rafsanjani, who was attacked during the election campaign by Mohtashemi for his own private business deals, is reported to have joined that new political grouping.

While the Bazaaris can be expected to be scapegoated for Iran's internal problems, a new crisis between Iran and the Gulf countries, internationalizing the conflict, is on Teheran's agenda. The Iranian mullahs run certain risks: They know that it was the Bazaar, not them, which actually brought down the Shah. Furthermore, Saudi Arabia, which is Iran's most wanted target, has shown its readiness to fight.