

Students Organization, formed in 1954 in London. It now has close ties to Amnesty International, an organization closely linked with the Washington-based Institute for Policy Studies terrorist control center and its European adjunct, the Amsterdam-headquartered Transnational Institute. In this connection recently the Soviet daily *Izvestia* identified the Institute for Policy Studies as having been involved in terrorist activities against the government of Italy.

Over the last 10 years the Iranian Students Organization has increasingly adopted a Maoist anti-industry, zero-growth political profile, and has been responsible for serious damage not only to a number of Iranian university campuses but also industrial sites.

Over the last 12-month period, a number of editorial statements in the Iranian state-owned daily *Kayhan* have directly condemned the British Broadcasting Company (BBC) for broadcasting reports which were designed to incite the population against the government. Most noteworthy, at the end of 1977, a *Kayhan* editorial named British Foreign Secretary David Owen as instrumental in promoting domestic problems in Iran, and at the same time condemned Amnesty International.

The British press today continues to produce exaggerated crisis-mongering reports about the domestic situation in Iran, going so far as to predict a military confrontation between the Iranian military and the rioters, during the upcoming anniversary of the bloody antigovernment riots in Teheran of 1963. The fanatical Khumayni, in an interview with the French daily *Le Monde* of May 10 (see below) predicted that Iran would soon experience a "gigantic explosion," a line

similar to that carried by the London *Financial Times*. In an interview with the French daily *Le Matin* Khumayni's counterpart Madari declared that if the Iranian government does not cease its "drift" toward Westernization and modernization and accept the Islamic "way of wisdom," "the religious movement will take new forms of violence."

Moreover, these Shi'ite fanatics have according to the London Telegraph blackmailed the merchants of Teheran, Qum, and Tabriz into launching a general strike. The Shi'ites have put the merchants and shopkeepers on notice that if they don't obey their stores will be set on fire. As a result, these cities have felt the impact of food shortages and a short-term increase of prices by as much as 20 percent.

During the second week in May the unrest became so intense that the Shah was forced to postpone a trip to Hungary and Bulgaria, in order to take personal command of the military. Under the Shah's personal control, SAVAK, the Iranian secret police broke into the residence of a leading Islamic leader in Qum, the first time ever that Iranian authorities invaded the private dwellings of the Ulema. Shortly thereafter, calm returned to Teheran and the Shah rescheduled his trip to the East bloc for May 16.

The Shah has announced during his visit to Hungary last week that he will make a visit to Romania and East Germany in future months, thus rounding out visits by the Iranian monarch to all the East bloc countries with the exception of the USSR over the last 15 months.

How Iran Will Industrialize

With a view toward future needs, Iran is trying to build an industrial base as an alternative to its present oil-oriented economy. More oil will be used for petrochemical production instead of being exported. Significantly, the program the Iranian government has outlined plans for supplying energy through a program of nuclear power development and use of Iran's natural gas deposits.

At present the Iranian nuclear development policy is considered one of the biggest ventures ever undertaken by an underdeveloped country. Iran has signed a \$4 billion deal with France for the construction of three nuclear power stations. Payments will be made by bartering Iranian oil valued at \$1 billion while the rest will be raised through Eurodollar loans. Iran has turned to West Germany and is negotiating for the purchase of five nuclear stations.

While other countries are enhancing their economic interests in Iran, the U.S.'s own vital concerns there are adversely affected by the Carter Administration's nonproliferation policy. Although the Shah has recently raised the number of nuclear reactors planned for Iran from 22 to 26, the Carter Administration's nonproliferation stance has undercut the U.S. nuclear industry's competitive position.

Nevertheless, Iran continues to offer to purchase up to six reactors from the U.S. pending a change in its

nonproliferation policies. To date, Teheran has purchased over half its quota of reactors from France and West Germany.

Another important element of growth in the Iranian economy is the country's natural gas trade with the Soviet Union. In 1975, Iran, West Germany, and the Soviet Union signed a landmark multibillion dollar deal for large-scale trade of Iranian natural gas to the USSR, where in turn Soviet gas would be piped into Austria, West Germany, Czechoslovakia, and France.

Just last month Soviet trade official S.A. Skachov was in Teheran to finalize an agreement to construct the second section of pipeline to transport the gas which will come on line in 1981. Significantly, Soviet Premier Andrei Kosygin called the agreement the "deal of the century."

Moreover, it is known that the just-concluded summit between Soviet President Leonid Brezhnev and West German Chancellor Helmut Schmidt in Bonn took up the question of joint development of the Less Developed Countries (LDCs) and that Iran was directly involved. Just prior to Brezhnev's arrival in Bonn, Edward Gierek, Czechoslovakian Communist Party chief, led an industrial delegation to West Germany to discuss joint LDC investment, naming Iran as a primary target.