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16 February 1979

MEMORANDUM

SUBJECT: Regional Impact of Iranian Revolution; the Smaller States

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The unfinished revolution in Iran has already had a major impact on Persian Gulf governments, and its ultimate consequences are still to be felt. Regionally, it has disrupted the power balance among the three principal Gulf powers--Iran, Saudi Arabia, and Iraq--and dislocated the unofficial security system in effect since the withdrawal of British forces in 1971. It is not yet clear what arrangement will take the place of the US's two-pillar policy, but it is clear that Saudi Arabia, alone, cannot take up the slack.

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AS is typical of weak governments, the smaller states can be expected to maximize their political options and avoid angering powerful neighbors, especially by bilateral alliances.

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