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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

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MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Graham E. Fuller  
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SUBJECT: Iran/Iraq War: The Worst Prospects

1. The most immediate concern of the US government over the escalating Gulf war situation relates to the danger of massive disruption of oil flow to the West. I must defer to oil and economic specialist in this area (NIO/ECON is preparing a separate memo) but the Community consensus is that while limited disruption could occur, significant disruption with major economic impact is rather unlikely. Even if oil facilities are attacked they are unlikely to be extensive enough in nature to cause meaningful long-term decrease in the oil flow.

2. The great danger in my estimation is that of major instability in the Gulf region as a whole. I am inclined to give significant weight to Iran's stated determination to visit the war upon all moderate Gulf regimes if Iraq strikes at vital Iranian facilities. As we have noted before, the Iranians are likely to employ an increasing degree of terrorism against Gulf regimes in an effort to destabilize and intimidate them. While we doubt the Iranians have the capability of sparking instant coups which would lead to the establishment of Islamic Republics in these countries, a terrorist campaign and growing Gulf regime jitters could be a serious source of mid-term instability in the region. We cannot predict with certainty that, faced with a major terrorist campaign, many Gulf regimes might not turn to accommodation with Iran rather than closer ties with the West. The collapse of Baghdad, of course, would have an extremely negative impact on the entire Middle East.

3. I am even more concerned at what I believe to be a small but constant growth of anti-American feeling--Shia or Sunni--which perceives the US as irrevocably linked to Israel strategically in an anti-Muslim policy. This gradual shift of sentiment throughout most of the Arab world does not spring from any single incident but reflects a growing feeling that the US is increasingly antipathetic to Islamic culture and aspirations in the region.

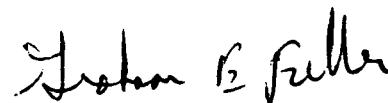
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4. We cannot predict at what point this growing shift of sentiment will turn the corner sufficiently to lead to the overthrow of regimes friendly to the US. It will depend very much on local factors in individual countries. It can probably be contained in many countries by local rulers who will simply distance themselves from the US out of a concern for self-protection. Rising Islamic sentiment in the Gulf will be in part affected by US actions elsewhere; it will almost certainly not explode in the very near term in several countries at once. It is Iran's ability to stimulate and crystalize a sentiment which is developing independently of Iran which is the greatest long-term threat to the stability of the Gulf, and to the perpetuation of regimes relatively well disposed to the US. The threat of an escalating Gulf war is greatest of all in this area.



Graham E. Fuller

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