Lessons from the Past: The Saudi-Iranian Crisis in Historical Perspective

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In January of 2016, Saudi Arabia broke off diplomatic ties with Iran after a crowd of angry demonstrators attacked the Saudi embassy in Tehran. The dispute looked similar to the situation in 1987, when Tehran severed relations with Riyadh after approximately 450 pilgrims were killed while attending the annual Hajj pilgrimage in Saudi Arabia. Just like 1987, the dispute followed an incident at the Hajj. This time approximately 2000 pilgrims were killed in a stampede. The similarities are not mere coincidence, the current crisis in Iranian-Saudi relations is not a discrete conflict, but rather another phase in a long complex rivalry. While its intensity has waxed and waned, many of the issues are the same, as is much of the rhetoric and behavior.

The purpose of this paper will be to identify consistent patterns in the relationship that will help us understand the most important factors driving the competition, and perhaps what we can expect or hope for in the future. Obviously, the Middle East has changed a great deal in the last six years. Therefore, the paper will also discuss how the lessons drawn from the past apply in today’s post-Arab-Spring, post-JCPOA world.

The first part of the paper will look at the historical development of the rivalry covering the period between 1970 and the start of the Arab Spring. Given the limitations of this paper, the historical discussion will have to be brief, but it will try to identify the different dimensions of the rivalry and how they interact with and reinforce each other. One of the main points that will be made in this discussion is that while the differences between Iran and Saudi Arabia run deep, the two states have been able to manage their rivalry quite effectively at times. The current conflict is therefore not the product of primordial religious or ethnic hatreds. Rather, the argument that will be made here is that the rivalry is about power politics and the complex balance of power that exists in the Persian Gulf. The second part of the paper will focus on four lessons that can be drawn from the earlier phases of the rivalry. First, it will argue that the intensity of the rivalry has been driven by events in the positional dimension of their rivalry, that is to say, the competition between them for power, influence and security. Second, it will suggest that Iran is the most willing to negotiate a de-escalation -not because it is more peaceful, but because it suits Iran’s security interests. Third, given the depth of the differences between the two states, the paper will argue that it is unrealistic to expect real rivalry termination in the foreseeable future. Rather it will be argued the best we can hope for is that the two states manage their rivalry more carefully to reduce tensions and minimize conflict. Finally, it will be argued that while the rivalry is essentially hard-wired into the two states’ relationship, individuals have played an important role in the shaping events.
The Iranian-Saudi Rivalry: 1970s to the Arab-Spring

The Iranian-Saudi rivalry has three main dimensions. It is in part a positional rivalry, wherein both states compete for political/military power and influence in the Persian Gulf and greater Middle East. It is also a rivalry between two competing identities, revolutionary-Shi’a-Persian (Iran) versus conservative-Wahhabi-Arab (Saudi Arabia). And finally, it is an economic rivalry between two of the globe’s major oil producers. Each dimension has its own issues and logic, but they are also interrelated. Tensions and conflict in one dimension spill-over into the others. The intensity of this rivalry has waxed and waned over its lifetime. It peaked in the late 1980s, gradually stabilized over the 1990s, and then began to heat up again prior to the Arab Spring. It is now as intense as it was during the worst of the 80s, if not more so.

The Iranian revolution is often seen as the beginning of the rivalry, however there was a significant degree of mistrust and competition between the two states dating back at least to the British withdrawal from the Persian Gulf in December 1971. With a power vacuum in the region, the Shah laid claim to Bahrain and assumed the role of ‘Gendarme’ of the Persian Gulf. During the Dhofar insurgency, for example, the Shah sent troops to Oman to help combat a communist uprising. The Saudis, for their part, backed the smaller Arab states in their territorial disputes with Iran and tried to organize them into an alliance with Riyadh at the center. This pattern of behavior fits William Thompson’s definition of a positional rivalry. The two states did not compete for territory, but they did compete for influence and control in the Persian Gulf and the surrounding region.

The two states moderated their competition during the 1970s though, because they were both aligned with United States, and because they both feared the growing power of Iraq. However, after the revolution they no longer shared a common superpower patron, and of course, the competition for regional influence was amplified and complicated by ideological conflicts. Saudi Arabia remained a conservative monarchy but the new Iranian regime was anti-western, anti-monarchical, and militantly Shi’a. By the time Iraq invaded Iran, Saddam Hussein was seen by Riyadh as the lesser of two evils. Saudi Arabia eventually provided Iraq with economic aid and moral support, thus linking the rivalry to Iran’s eight-year war with Iraq.

In the aftermath of the revolution, the two also competed for status and influence in the Islamic world. Part of this competition has been a battle to dominate Islamic discourse. Saudi Arabia presented itself as the guardians of the holy shrines in Mecca and Medina. Iran argued that the al Saud practiced “American Islam” and had sold their souls to the west. When Ayatollah Khomeini last will and testament was read in 1988, he identified the al Saud as his greatest enemy:

“In this age of oppression of Muslim nations is the work of the USA and the USS.R and their local lackeys such as the al-Saud (Family of Saud and rulers of Hijaz), these traitors to the House of God, the Great Divine Sanctuary, who deserve the most potent damnation by Allah, His Angels and Prophets”.
Finally, the two states have also competed within OPEC, although Iran has always been significantly weaker in this dimension of the rivalry. Because the Saudis have such vast resources, they have typically preferred a lower price for oil, and focused their concern on the long-term security of their markets. Iran, on the other hand, has relatively less petroleum reserves. The Iranian economy has also been under more pressure, first because it needed to bank-roll the war with Iraq, then after because it needed to rebuild. Tehran has therefore favored higher prices and demanded a larger share of OPEC’s production quota. The situation came to a head in 1986 when Saudi Arabia flooded the market with cheap oil to punish those states that had violated their production quotas. The Iranians perceived this as a direct attack an attempt to undermine their position in the war.\(^6\)

While each of the rivalry’s three dimensions involves differences over specific sets of issues, they feed into each other. The ideological dimension of the rivalry exacerbated positional competition by intensifying the perception on both sides that the other was hostile and could not be trusted. Similarly, the positional dimension of the rivalry exacerbated ideological competition because ideology became a political weapon, particularly for the Iranians. Tehran was able to instrumentally use its rhetoric and support for opposition groups to pressure its neighbors on foreign policy issues. Over time, Iran was also able to build-up a complex network of ideologically based alliances. These have provided the Islamic Republic with a non-conventional deterrent capability. If Iran was attacked by the United States or Israel, Iran has threatened to destabilize the region through groups such as Hezbollah, Islamic Jihad in Palestine and so on.

The positional and ideological dimensions of the rivalry also overlap because they have important implications for regime security. The Saudis, for instance, have wanted to keep the Persian Gulf safe for conservative monarchies. This has meant checking the spread of revolutionary ideas in the region and bolstering similar regimes. This is no more apparent than in the Gulf Cooperation Council, which acts in many ways as an anti-Iranian alliance. Rather than military or economic cooperation, its foundation has been cooperation on internal security matters\(^7\). From the Iranian perspective, it has been necessary to keep the regime safe from ‘reactionary’ forces opposed to their revolution. In the 1980s they tried to achieve this by exporting the revolution to neighboring states with the hope/expectation that they would create new allies. Eventually, as this strategy proved counterproductive, Tehran shifted its efforts to maintaining its deterrent capability and limiting the influence of its primary enemies, Iraq and the United States.

The economic dimension of the rivalry has also become entangled in the other two. The price of oil dropped in the 1980s from close to $30 a barrel to $16 dollars, just as the war was putting increasing pressure on the Iranian economy. Not only did the Islamic Republic need higher oil prices to maintain its military capabilities, it needed to bolster the domestic economy and soothe growing political dissatisfaction at home. Even after the war was over, the connection between the positional and economic dimensions of the rivalry remained. The Persian Gulf is the main conduit for Saudi and Iranian oil. Moreover, most of both country’s energy resources are located in and around the Persian Gulf. In Saudi Arabia, for instance, the bulk of the country’s oil reserves are in its Eastern Province, which borders the Persian Gulf and is close to Bahrain with its Shi’a
majority population. It is also the home of Saudi Arabia’s restive Shi’a community. The economic security of both countries therefore depended on maintaining position within the Persian Gulf.

As noted above, the intensity of the rivalry has varied over time. During the 1980s it nearly became a militarized. In 1984, an Iranian F-4 was shot down over Saudi airspace. During the so-called ‘Tanker war’ phase of the Iran-Iraq war, Iran began targeting neutral shipping, including Saudi tankers. Riyadh responded by supporting US efforts to patrol the Persian Gulf and re-flag Kuwaiti tankers. Nevertheless, the conflict remained more political than military. The tipping point came in 1987 at the Hajj, when confrontations between Iranian pilgrims and Saudi security forces left over 450 dead. In the aftermath Iran broke off diplomatic relations with Riyadh.

There were some signs of improvement in October 1988, when both Iranian and Saudi officials expressed a desire to improve relations and settle their differences. However, relations with Saudi Arabia were deadlocked until the invasion of Kuwait. While Iran remained officially neutral, its policies tilted toward the western coalition. Iran did not interfere in the conflict, it was only mildly critical of the US presence and it acquiesced to the Saudi’s preferences in OPEC. Consequently, diplomatic ties were reestablished and Iranian pilgrims were allowed to return to the Hajj.

The rapprochement was short lived, however. Iran and Saudi Arabia soon began squabbling in OPEC, as well as over post-Desert-Storm regional security arrangements. In 1992, the situation came to a point over the disposition of several small islands in the Persian Gulf, Abu Musa and the Greater and Lesser Tunbs. The GCC accused Iran of occupying the Islands while Tehran claimed it was only enforcing a previous agreement. Regardless of who was right, the rhetorical attacks escalated leading then Iranian President, Hashemi Rafsanjani, to declare that a “sea of blood” would have to be crossed to reach the islands.

The next attempt at accommodation came in 1997. Just prior to the election of Muhammad Khatami, Saudi Crown prince Abdullah approached outgoing President Rafsanjani while he attended the celebration for Pakistan’s independence day. Shortly after the elections, the Saudis attended the OIC meeting in Tehran and an Iranian delegation headed by Rafsanjani visited Saudi Arabia. The talks in Saudi Arabia were wide ranging and according to former Iranian Deputy Foreign Minister Mahmoud Vaezi, who was in attendance, “almost all obstacles were removed.”

The 1997 diplomatic break-through produced an accommodation that survived until the Arab-Spring demonstrations in 2011. However, contrary to what Vaezi’s statement would suggest, the two states did not solve their problems so much as agree to disagree within certain issue areas and to moderate their behavior in others. For instance, Iran still objected to the presence of US forces in the Persian Gulf, but Tehran muted its criticism of the Saudi’s relationship with Washington. Iran also reassured Saudi Arabia that it would not interfere in its domestic affairs or provide support for Hizbullah al-Hijaz. The Abu Musa situation was not addressed, but the Saudis downplayed issue at GCC meetings. Riyadh also rejected American assertions that Iran was involved in the 1995 bombing of the Khobar Towers. The two sides continued to disagree
about Iran’s long term relationship with the GCC, but they were both willing to put their differences aside while they made progress in lesser security issues such as crime and smuggling.\(^\text{15}\)

Ideological issues were dealt with in much the same way. At the Hajj, Iran’s pilgrim quota was increased by almost 60%. The two sides also agreed to arrangements that would allow Iranian pilgrims to perform contentious religious ceremonies, such as stoning the devil, without causing political incidents.\(^\text{16}\) Tehran also refrained from criticizing the way the al-Saud performed their duties as custodians of the holy sites and generally, both sides put an end to the rhetorical attacks in the media.

Their differences in OPEC were complicated by the Asian economic collapse of the late 1990s which reduced world demand for oil. The price of oil therefore remained low regardless of the cartel’s policies. However, Iran remained quiet in the first years of the accommodation when its demands within OPEC were not being met. Later, when the price of oil began to rebound, the Saudis were more sensitive to Iranian demands. In 2000, the Saudis agreed to a price-band mechanism, which would keep the average price of oil at $24/barrel and within the upper and lower bounds of $22 and $28.\(^\text{17}\)

After 2000, the accommodation they had achieved came under increasing strain due to regional events. Initially, the September 11th attacks on the US and the subsequent war in Afghanistan eased tensions between them. Iran condemned the attack, stayed out of the way while the Taliban were deposed and provided diplomatic help while the Karzai government was installed. However, George W. Bush’s “Axis-of-Evil” speech made the US-Saudi military alliance much more difficult for Iran to tolerate. Iranian-Saudi relations were further complicated by the invasion of Iraq. Though neither Tehran nor Riyadh were sorry to see Saddam Hussein go, the invasion upended the sectarian balance of power in Iraq, leaving the Shi’a as the dominant political community.

Nevertheless, the two states continued to consult on security matters, and Iran refrained from directly criticizing Riyadh or attacking Saudi policies, even when there were significant differences between them. In November of 2001, shortly after the 9/11 attacks, the first meeting of the working committee for Saudi-Iranian security was held in Riyadh.\(^\text{18}\) In January of 2002, the two states issued a joint communiqué, which emphasized the continued importance of their security agreement, and expressed satisfaction at the state of their bilateral ties. In September of 2002, Khatami met Prince Abdullah in Saudi Arabia to discuss regional matters, including the possibility of a US invasion of Iraq as well as the situation in Palestine.\(^\text{19}\) Iran also repatriated a significant number Saudi nationals connected to the Taliban and/or Al Qaeda.

The relationship was further strained by the deteriorating situation in Lebanon. In 2005, the two states were pitted against each other by the Cedar Revolution, which was sparked by the assassination of former Lebanese Prime Minister Rafik Hariri. Both Lebanon’s Sunni and Christian populations came together to protest Syria’s political and military dominance over the country.
Riyadh backed the anti-Syrian forces, however Iran supported pro-Syrian Hezbollah, and maintained a close relationship with Assad regime itself. The situation was worsened by the Hezbollah-Israeli war a year later. Iran, which had been positioning itself as the leader of the resistance-front backed Hezbollah. The Saudis, on the other hand, criticized the Shi’a militia, claiming they had unnecessarily provoked the confrontation. When the fighting was over, Iran had scored a major public relations victory. Israel’s heavy-handed conduct and Hezbollah’s ability to stand-up to the Israeli Defense Forces boosted Iran’s regional status and undermined that of Saudi Arabia. Between this outcome, and the growing dominance of Iraq’s Shi’a population, Sunni Arab leaders began talking of a “Shi’a crescent” rising between the Persian Gulf and Mediterranean coast.

The accommodation did not break down immediately after the two Lebanese shocks. In 2007 Tehran and Riyadh helped broker a deal between Hezbollah, and the anti-Syrian March 14th Alliance. The negotiations reportedly involved Prince Bandar bin Sultan of Saudi Arabia and Ali Larijani, secretary of Iran’s Supreme National Security Council. Even as late as 2010 the two sides were still trying to manage tensions. After wikileaks exposed a number of inflammatory Saudi quotes about Iran, the government in Tehran dismissed the whole issue as psychological warfare. The intensity of the rivalry, however, was clearly escalating. The Saudis increased their support for their allies across the region and threatened to start providing arms to Sunni groups inside Iraq. They also urged the US to take a tougher stand against Iranian expansion, famously urging Washington to “cut the head off the (Iranian) snake.”

Since the onset of the Arab-Spring, there has been little effort to moderate the rivalry. In 2011, the Saudis openly blamed Iran for the demonstrations in Bahrain and in its own Eastern Province, where its Shi’a population resides. Iran reciprocated by criticizing the Saudi’s crack-down on Shi’a opposition movements in both countries. As the situations in Syria and Yemen deteriorated, the two have squared-off in their respective civil wars. Since the price of oil collapsed in 2014, Riyadh and Tehran have also renewed their squabbles in OPEC. While the Saudis have been trying to organize a decrease in production to shore-up prices, Iran has been expanding production to recapture the market share it lost under pre-JCPOA sanctions. As noted earlier, a stampede at the 2015 Hajj left more than 2000 people dead. Iran, not surprisingly, condemned the Saudi government for its handling of the situation. The Iranian-Saudi relationship finally broke down completely when Saudi Arabia executed Shi’a opposition figure Shaykh Nimr Baqir al-Nimr. The execution was condemned by numerous members of the Iranian political elite and demonstrators attacked the Saudi embassy in Tehran. Saudi Arabia subsequently broke-off diplomatic relations with Iran.

What Have We Learned?
There are a number of lessons we can take from looking at how the Iranian-Saudi rivalry played itself out prior to the Arab Spring. For the sake of brevity, the following discussion will focus on four in particular.
Lesson 1
Changes in the rivalry’s intensity are driven mostly by changes in the regional environment that impact the rivalry’s positional dimension. The revolution certainly amplified the mistrust between the two states, and set them on a collision course. However, it was the Iran-Iraq war that ratcheted-up the tensions between them. The war forced the Saudis into a de facto alliance with Iraq they would have otherwise tried to avoid. The war also created the conditions necessary for the formation of the GCC, which the Saudis have used to keep Iran diplomatically isolated. By supporting Iraq, the Saudis also made themselves far more threatening to Iran than would have otherwise been the case.

The first attempts to de-escalate the rivalry in October 1988 are also consistent with this pattern. Iran began approaching the Saudis and the other GCC states as its position in the Persian Gulf began to deteriorate. In the aftermath of the 1987 Hajj catastrophe, Iran found itself more isolated than ever. Even Syria, which had been Iran’s primary ally during the war, took the Saudis side on the issue. As the tanker-war escalated, the US navy had also moved in the Persian Gulf, tilting the regional balance of power decisively against Iran. Finally, a series of Iraqi military offences in 1988 crippled the Iranian military and forced Tehran to accept UNSCR 598, which brought the fighting to an end. Iran had no choice but to admit escalation would not work and it had to change tack.

The Saudi response to Iran’s overtures fits this pattern as well. Riyadh initially ignored Tehran’s diplomatic appeals. However, after Iraq invaded Kuwait, the Saudis resumed diplomatic contact with Iran and the two states began discussing OPEC issues and the return of Iranian pilgrims to the Hajj. Once Iraq was defeated, however, the honeymoon was over. The war eliminated Iraq from the regional power and much to the Saudi’s distress, left Iran the apparent benefactor. It was also unclear how the US was going to position itself in the Persian Gulf over the long term. The uncertainty of the situation was underlined in 1992 when Iran took control over Abu Musa and the Greater and Lesser Tunbs, a series of small but strategically important islands in the Persian Gulf. This was interpreted by the Saudis as evidence of Iran’s aggressive intentions. Rather than continue the diplomatic track with Tehran, Riyadh signed a series of bilateral defense deals with the US and Britain. It was not until 1997 that Riyadh was willing to fully re-engage Tehran. By then it was clear that the US was going to be a permanent presence in the region, containing both Iraq and Iran.

The reescalation of the rivalry also seemed to be driven by regional events. As discussed above, the relationship was strained first by the invasion of Iraq in 2003 and then by the two Lebanese crises of 2005 and 2006. These events put pressure on both states. The invasion of Iraq appeared to be a precursor for the invasion of Iran or perhaps Syria. Either way Iran had to make sure a Shi’i government was installed so that the country could not be used as a staging ground for further US military expansion. This of course was extremely threatening to the Saudis. Not only did it upset the sectarian balance of power between Sunnis and Shi’a, it threatened to change the Persian Gulf from a Saudi-dominant two-power system into a three power system dominated by an Iranian-Iraqi alliance.
Similarly, the crises in Lebanon threatened both the Iranian and the Saudi positions. Because the Cedar Revolution targeted Syria’s presence in Lebanon, it threatened to cut Iran off from Hezbollah. The 2006 war with Israel embarrassed the Saudis regionally, and weakened the position of its Lebanese allies relative to Hezbollah. Further, these crises exacerbated tensions between Hezbollah and the various Sunni-Christian blocs that have formed since Hariri’s death. Tehran and Riyadh have taken steps to moderate the conflict, but they have not been able to end it. They have therefore had to choose between protecting their accommodation, or defending their Lebanese allies and interests.

The Arab Spring was the final straw. Between the rise of the Shi’a in Iraq and the growing Shi’a unrest on the Arabian Peninsula, the Saudis feel as if they are being encircled. Similarly, the civil war in Syria again threatened Iran’s alliance structure and its deterrent capacity vis-à-vis the US and Israel. It is not surprising under these circumstances that Iran would send money, weapons and troops to bolster the Syrian regime. Nor is it surprising that Saudi Arabia would try take advantage of the opportunity by supporting the various Sunni opposition groups inside Syria.

Lesson 2

Of the two parties, Iran is likely to be the most interested in de-escalating the rivalry. Between 1988 and 1992, Tehran actively courted the Saudis, trying to reestablish diplomatic ties. While the Saudis expressed a desire to normalize the relationship, they continued to rebuff Iran’s overtures until the invasion of Kuwait. While Riyadh played hard-to-get, Iran pursued what it called a “Good Neighbor” policy and gradually improved relations with the rest of the GCC. It took until 1997 for Hashemi Rafsanjani to convince Saudis that he was sincere, and that an accommodation could be reached.

The same type of dynamic seems to be present now. Shortly after Rouhani’s election, Rafsanjani was said to have been in contact with the Saudis, providing a diplomatic “road-map” to improved relations. Little seemed to be accomplished however. In 2015, Rafsanjani once again reached out to the Saudis, planning a trip to Riyadh. The trip, however, was cancelled after the fighting in Yemen escalated. In April of this year, Rouhani condemned the attacks on the Saudi Embassy in Iran and claimed Iran wanted good relations with all of its neighbors, including Saudi Arabia. However, Prince Mohammed bin Salman has rejected the idea, saying “How do you have a dialogue with a regime built on an extremist ideology...that they must control the land of Muslims and spread their Twelver Ja’afari sect in the Muslim world.”

This dynamic has not emerged because Iran is inherently more peaceful or reasonable than Saudi Arabia. While Iran talks peace and reconciliation, it does not necessarily stop doing the things that provoke Saudi Arabia. For instance, while Iran talked about being a “Good Neighbor” in the 1990s, it still took control over Abu Musa or the Greater or Lesser Tunbs. Similarly, Iran continues to support both the Assad regime in Syria and the Houthis in Yemen. Rather, the dynamic is a function of how the rivalry and crisis fit into the two states’ respective security calculations. As will be discussed in more detail below, Saudi Arabia considers Iran the primary threat to its security. Containing Iran is therefore Riyadh’s foremost security concern. The Saudis, however, are not Iran’s most pressing problem. Tehran wants to avoid being isolated in the Persian Gulf, and therefore better relations with Riyadh is very important. However, Tehran needs to stabilize
its border with Iraq and maintain its deterrent capability vis-à-vis the United States and Israel. While pursuing these ends may alienate the Saudis, Tehran cannot abandon them. The Iranian government therefore tries to minimize the damage by trying to reassure the Saudis and ease the isolation.

This is not to say that Iran’s appeals are disingenuous. In the 1990s, Iran was willing to make substantive concessions to the Saudis. Once Khatami took office, they muted their criticisms of the al Saud, promised to refrain from interfering in the domestic affairs of the GCC states and cut support for Saudi Hezbollah. This was enough for the two sides to normalize relations and establish a modus vivendi. The question then, is not whether Iran really wants to negotiate, but whether they can do enough to assuage Saudi fears without jeopardizing their other security interests.

Unfortunately, this will not be easy. A large part of the problem is that that Iran and Saudi Arabia are reacting as much to regional developments as they are to each other’s behavior. In Syria and Iraq, Iran has been responding to the instability created by the Arab Spring. Tehran would be sending money, weapons and personnel to both countries whether the Saudis were involved or not. Similarly, while Iran has provided some support for the Shi’a opposition in Bahrain and the Houthis in Yemen, it has been relatively limited. They are both home-grown movements pursuing their own agendas. Indeed, Tehran counseled the Houthis not to take over Sanaa in 2014. This makes it difficult for either state to offer concessions or reassurances to the other. Each state has only limited control over the events that the other finds threatening.

The situation is further complicated by the lack of trust. The Saudis had developed a rapport with Hashemi Rafsanjani during the 1990s. However, Rafsanjani died earlier this year. And while the Saudis may believe that Rouhani, who was Rafsanjani’s protégé, wants to establish peaceful relations, they recognize the limitations of his power. Conservatives like Khamenei still hold the preponderance of power in the state, and from the Saudi perspective, it is probably their attitudes that most accurately reflect Iran’s real intentions. This is where Mahmoud Ahmadinejad’s role is probably most important in this story. For the most part he maintained the accommodation with the Saudis, but his provocative rhetoric and behavior undoubtedly did a lot to undermine Riyadh’s faith in the Islamic Republic. Although not a Saudi, the Ahmadinejad-effect is summed up well by Abu Dhabi crown prince Sheikh Mohammad bin Zayed, who said “I believe this guy is going to take us to war ... It’s a matter of time. Personally, I cannot risk it with a guy like [President Mahmoud] Ahmadinejad.”

Lesson 3
Even if a diplomatic breakthrough was achieved, it would not put an end to the rivalry between the two states. Because of the regional distribution of power, Iran and Saudi Arabia are natural competitors in the Persian Gulf. Even when they were both aligned with the United States and were threatened by Ba’thist Iraq, they jockeyed for regional leadership. Due to their differing resource endowments, Iran and Saudi Arabia are also very likely to have conflicting preferences in OPEC. In addition, since the Iranian revolution, their regime types and ideologies have been diametrically opposed to each other. The ideological schism is important in terms of regime security in both states. It also has important implications in terms of the external threats each
states face, and their national security strategies. Because it has lacked traditional military allies, Iran has had to rely on a network of militant Islamic organizations to buttress its own military capacity in the face of American and Israeli threats. Supporting these groups is threatening to Riyadh even when Saudi Arabia is not Iran’s primary target. Conversely, the Saudis have leaned on the United States for military protection, and used the GCC to help maintain domestic security and limit the spread of militant Islamic groups in the Persian Gulf. This has left Tehran feeling threatened, isolated and vulnerable.

Little has happened since 2011 to suggest this situation has or will change. One might have expected that the rise of the Islamic State (ISIS) in Syria and Iraq would have given Iran and Saudi Arabia common cause. After all, ISIS is anti-Saudi as well as anti-Iranian. The reason this has not happened is because even with ISIS capturing a large portion of Syria and jeopardizing the territorial integrity of Iraq, Iran is still the bigger threat to Saudi Arabia in the post-Arab Spring Middle East. The up-risings in Bahrain, Yemen and its Eastern Province are much closer to Saudi Arabia than Syria is. Moreover, efforts to defeat ISIS have propped up the Assad regime in Syria and allowed Iran to expand its military reach directly into both Iraq and Syria. Not only has Iran increased its support to the Syrian government, it has expanded its influence in Iraq by providing both Baghdad and the Kurdish Regional Government (KRG) with military aid.

This support makes absolute sense from Tehran’s perspective, because they are threatened by ISIS’ anti-Shi’a ideology, because they are committed to the Syrian regime, and because they are equally committed to maintaining the territorial integrity of Iraq. However, from the Saudi perspective, all of this looks like proof of Iran’s hegemonic aspirations. The rise of ISIS has in effect allowed the Shi’a Crescent to become a reality. Sooner or later, the Saudis will have to deal with the menace posed by ISIS, but for the time being they seem to feel it is more important to check Iran’s regional gains, and if at all possible, roll the Islamic Republic back as least as far as Iraq.

Similarly, the JCPOA might also have been expected to ease tensions between Iran and Saudi Arabia. With the nuclear deal in hand, Iran should feel less threatened by the United States, particularly since Washington and Tehran are also coordinating at least tacitly in the war against ISIS. This should make Iran’s alliance network less vital and make the Saudi-American military alliance less objectionable to Tehran. The situation, however, is not so straight-forward.

First of all, the JCPOA has not made Tehran and Washington friends. Both sides continue to mistrust the other. Even when Obama was still in office, each expected the other to either cheat on the agreement or twist it in some way as to gain the upper hand. The situation is complicated by the fact that both sides have an interest in playing up the residual mistrust. The Obama administration had to talk tough to stave off Republican criticism that they have gone soft on Iran. The domestic game in Iran is even more complex. The Rouhani government also has to talk tough in the face of conservative criticism, even though they have the support of the Supreme Leader, Ali Khamenei, who is himself a political conservative. While Khamenei backed Rouhani’s negotiating team for pragmatic reasons, he wants the mistrust to continue because he does not want Rouhani and his moderate allies to gain too much political capital, nor does he want a real alliance with the United States, because that would likely open the door to much broader political change within the country. Therefore, Washington and Tehran are coordinating policies in the
short term, but there are no guarantees about the long term. Iran is therefore unlikely to let its alliance system be dismantled in the interim.

Second, the current level of coordination between Iran and the United States has made Saudi Arabia feel less secure, not more. The Saudis, along with the Israelis, feel abandoned by Washington. They may be concerned that Washington is looking toward Iran as a long-term alternative ally in the region. Or, more likely, they fear that Washington is making concessions with dangerous long term implications, in order to get Tehran’s help with immediate problems. As a result, Saudi Arabia has become more assertive than ever in dealing with its security concerns. It has taken the lead in the military coalition fighting the Houthis rebels in Yemen and supported Salafi opposition groups in Syria such as the al Nusra front, which has been associated with al Qaeda.

The best that can be hoped for is a return to the type of accommodation we saw during Muhammad Khatami’s presidency. During this period, the two states rarely agreed on key issues within the rivalry. Instead, they agreed to disagree, and tried minimize tensions by maintaining communication and avoiding provocative rhetoric and behavior. Such an arrangement would not put a direct end to the fighting in Syria or Yemen, but it might open up some opportunities for diplomacy. Similarly, the situation in Lebanon will likely remain fragile, but a return to accommodation would make it easier to manage political disputes.

Lesson 4

As much as this rivalry is structurally driven (by factors such as geography, resource endowments and regime types) individuals are still important. In the past, specific leaders have made a difference. As noted above, Rafsanjani played a key role in the 1990s. When Riyadh did finally engage Iran in 1997, King Abdullah bin Abdulaziz Al Saud was said to be a key figure in the decision. Conversely, when relations were deteriorating, Ahmadinejad’s hardline discourse sped up the process. Looking forward, it is not likely that anyone individual will be able create a ripe moment for diplomacy. However, if regional forces should align such that an opportunity emerges, it will be lost unless those in power are willing and able to recognize it. Furthermore, if de-escalation does begin, the type of accommodation discussed above requires careful management and communication. De-escalating the crisis will therefore depend on the skill and the diplomatic style of politicians in Tehran, Riyadh and Washington.

The recent re-election of Hassan Rouhani as Iran’s president is a hopeful sign. It is true, his powers are limited. He cannot change the direction of the country’s foreign policy in Yemen or Syria. However, he will continue to call for dialogue and will moderate Iran’s rhetoric to a degree. This may not seem like much, but it took Rafsanjani nine years to gain the Saudis trust. With another term in office he may actually gain some traction. At the very least, his re-election is a necessary, if not sufficient condition for de-escalation.

Unfortunately, the rest of the leadership picture is not encouraging. In January 2015, Salman bin Abdulaziz Al Saud replaced Abdullah as Saudi Arabia’s king. He quickly gained a reputation for breaking with established practice. He named his son, Mohammed bin Salman, Deputy Crown Prince and Minister of Defense, bumping him ahead of more senior members of the royal family such as King Salman’s half-brother, Prince Muqrin. The new Saudi king has embarked on an
ambitious plan to restructure the state’s economy called “Vision 2030”, which is designed to reduce the kingdom’s dependence on oil. These changes have spilled over into foreign policy. Historically, Saudi Arabia has been known as a cautious state, preferring quiet diplomacy and economic power to achieve its foreign policy goals. It has also never been a military power. Despite buying a great deal of expensive, high-tech equipment, its military has been relatively small, and designed more to deal with internal threats than foreign armies. The kingdom’s external security was farmed out to the United States. Under the new leadership, however, Saudi Arabia no longer seems willing to put its safety in the hands of the US. It has become much more active and assertive. As noted earlier, it is the leader of the military coalition in Yemen (Operation Decisive Storm). The Saudi air-force has also flown over 200 bombing sorties in Syria. Riyadh has also been very active trying to organize the Sunni Arab states to isolate not only Iran, but also the Muslim Brotherhood. It would appear that King Salman and his son are trying to establish Saudi Arabia as a full-service regional power.

Not surprisingly, the Saudis have seemed more interested in demonstrating resolve and power than building trust and reducing tensions. In October 2016, for example, Saudi Arabia engaged in live-fire naval exercises in the narrow Straits of Hormuz near the Iranian coast. Not surprisingly, Tehran responded by threatening to retaliate should the exercises cross into Iranian waters. In May of this year, the new Saudi Crown Prince claimed “We will not wait until the battle becomes in Saudi Arabia but we will work to have the battle in Iran rather than in Saudi Arabia.” Again, Iran responded in in kind. The Minister of Defense answered by saying, “If the Saudis do anything ignorant, we will leave no area untouched except Mecca and Medina.”

The Trump administration is still in early days, but so far, they seem to be following the Saudi’s lead. On the campaign trail, Trump vowed to get tough with Iran, and claimed the JCPOA was “the worst deal ever.” Now in power, he has not torn up the deal as he promised, but he has reversed the Obama administration’s attempts to moderate the Saudi-Iranian rivalry. Instead, he is throwing the US’ weight entirely behind the Saudis. He recently visited Riyadh and praised Saudi Arabia as a “magnificent kingdom”. At the same time, he condemned Iran as “the spearhead of terrorism”. During the trip, the US concluded a $110 billion arms sale to Saudi Arabia, with the deal being explicitly linked to “Iranian threats”. It does not appear that accommodation is Donald Trump’s play-book.

Conclusion
The tone through most of this paper has been quite pessimistic. The lessons drawn from the history of the Iranian-Saudi rivalry do not suggest there is any reason to expect a rapprochement in the near future. However, it is worth considering what conditions would be necessary for some positive change to take place. When Islamic Republic began making overtures toward Saudi Arabia in the late 1980s, it was clear their policies had reached a dead-end. The balance of power in the region had shifted decisively against them, the war with Iraq had turned against them, the country was increasingly isolated and the domestic population was exhausted. One, or more likely, both of parties would probably have to reach this point before they would seriously explore
de-escalating the rivalry. In practice, this would mean that both parties would have to come to the realization that the civil wars in Syria and/or Yemen are completely stalemated. It would also likely mean that key outside actors such as the US, Turkey and Russia would no longer be willing to support their actions.

If they were to reach that point, the analysis in this paper would suggest that an accommodation is possible within their rivalry. Interestingly enough, the rumored Rafsanjani road-map would seem to lay out the steps necessary for it to take hold. The late former President suggested starting where there was the least violence and the most common ground, and putting the most difficult issues off until last. Therefore, the two would start Bahrain and Lebanon, where the most room for compromise existed. After that they could move onto Yemen and then finally Syria. While the international community may see the civil wars in Yemen and Syria as the most pressing problems, this approach would allow the two sides to build up the trust they would need to deal with those two conflicts.

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1 JCPOA is the acronym for the Joint Comprehensive Plan of Action, the formal name of the nuclear deal signed between Iran and the west.
4 Author’s interview with Dr. Homeira Moshirzadeh of the University of Tehran at the Institute for Political and International Studies, Tehran, November 21, 2001.
6 This particular incident also indicates how the three dimensions of the rivalry are interconnected, and exacerbate each other. Iran’s ability to maintain the positional rivalry depends to a large extent on the health of its economy. Oil politics therefore provide the Saudis with a strategic weapon that can be used against Iran. Similarly, the ideological dimension of the rivalry has made the positional rivalry all the more intense. Both the Iranians and the Saudis have also tried to use their ideological influence to isolate the other.
8 Cordesman, The Gulf and the West: Strategic Relations and Military Realities, 384. For a description of the Kuwaiti incident, see: Amirahmadi, Iran and the Arab World, 144.
15 The two sides did not agree on a larger regional security framework, although some agreements were signed on lesser security issues, such as crime prevention and smuggling. Significantly though, the Iranians seemed to be willling to be patient while diplomacy worked incrementally. Interview with Ahmadi in Tehran 2001.
21 Ibid., 79-81.
30 Ibid.


