

Saudi Arabia and Iran: The Battle for Hegemony the Kingdom Cannot Win

Written by James M. Dorsey

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JAMES M. DORSEY, MAY 20 2016

The dawn of 2016 brought both a new round of doomsday predictions that Saudi Arabia's ruling Al Saud family would not be able to sustain its autocratic grip on power, as well as the publication of Deputy Crown Prince Mohammed Bin Salman's government-backed vision of how to wean the kingdom off its almost total dependency on oil exports, diversify its economy, and cater to the needs of a predominantly young population without surrendering absolute political control.

The doomsday predictions built on a long-standing belief among Western government officials, former intelligence officers, academics and pundits, that Saudi Arabia's system of government, an absolute monarchy legitimized by ultra-conservative religious beliefs, was unsustainable.

Those doomsday predictions were countered by a more recent wave of optimism that was often informed by wishful thinking and enamoured by Prince Mohammed's intention to privatize a miniscule stake in Aramco, the world's largest oil company and probably its largest commercial entity.

The optimism was further rooted in the hope that the vision would address the Saudi economy's structural problems, update the country's autocracy, and loosen strict social mores dictated by the Al Sauds' power sharing agreement with the country's powerful, conservative Wahhabi Muslim scholars in ways that domestic political turmoil could be avoided.

A series of setbacks suffered by the Saudi Binladen Group, owned by Osama Bin Laden's brothers, provides a glimpse at the problems Saudi Arabia could face as it embarks on an economic restructuring that envisions a significantly enhanced role for a private sector that is heavily dependent on government contracts.

The Bin Ladens, with tumbling oil prices forcing the government to delay payments, saw themselves compelled to lay off tens of thousands of employees in recent weeks. The layoffs sparked rare labour unrest in the kingdom, with workers who had not been paid for months burning buses in the holy city of Mecca after a tense encounter with management.

The company, according to reports in Saudi Arabia's controlled media and sources close to the company, laid off 77,000 foreign and 12,000 Saudi employees or almost half of its 200,000-strong labour force. The government's failure to pay the company on time meant it could not meet its monthly payroll of \$200 million, leaving it with a debt of \$600 million to its employees.

The Bin Ladens' pain is likely to be paralleled by the need to streamline a government that not only is the private sector's largest customer but also the country's single largest employer, offering salaries and benefit packages that compete favourably with those available in the private sector.

Streamlining government and making the private sector less dependent on the state are inevitable steps in restructuring the Saudi economy but are likely to further undermine the kingdom's social contract in which citizens

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surrendered their political and social rights in exchange for cradle-to-grave welfare.

The long-standing doomsday predictions moreover retain their currency given that Prince Mohammed's vision makes no reference to political reform. His envisioned social change appears geared towards what is minimally deemed necessary for economic reform in a bid to postpone, for as long as possible, potential conflict with Wahhabi scholars who dictate norms of social behaviour.

Former US Central Intelligence Agency (CIA) operative Robert Baer articulated the pessimistic view of the kingdom's future when he warned in a book in 2003 that

the country is run by an increasingly dysfunctional royal family that has been funding militant Islamic movements abroad in an attempt to protect itself from them at home... Today's Saudi Arabia can't last much longer—and the social and economic fallout of its demise could be calamitous.

Baer and other officials and pundits may have erred in their predicted timelines, but their pessimism remains valid, never more so than today as the kingdom seemingly heads into a perfect storm of economic problems, social challenges, and foreign policy crises.

A Perfect Storm

Saudi Arabia may indeed be heading into a perfect storm, but the key drivers are likely to be far more existential. A key driver, interlinked since the 1979 Iranian revolution, is the Al Saud's increasingly problematic Faustian bargain between them, descendants of the 18th century preacher Mohammed ibn Abdul Wahhab and Iran.

Saudi government leaders have long sought to counter Iran by motivating Sunnis to fear and resist Iranian influence. Framing its rivalry with Iran in sectarian terms, Saudi Arabia has repeatedly accused Iran of fuelling sectarianism by backing Shia militias who have targeted Sunnis in Iraq, Yemen, Lebanon and Syria. A Carnegie Endowment for International Peace study concluded however that anti-Shia rhetoric was much more common online than anti-Sunni rhetoric.

Saudi Arabia had legitimate concerns in the immediate wake of the Iranian revolution. The fall of the autocratic pro-US regime of the Shah made place for a regime that was revolutionary and keen on exporting its revolution to the Gulf. Iran made no bones about it. It took, however, less than a year for nationalism to trump revolution in Iran.

The process was accelerated by the Saudi-backed Iraqi invasion of Iran and the eight year-long Iran-Iraq war. From Iraq's formal declaration of war on 22 September 1980 to Iran's acceptance of a ceasefire on 20 July 1988, at least half a million and possibly twice as many troops were killed on both sides; at least half a million became permanent invalids; some \$228 billion was directly expended and more than \$400 billion of damage, mostly to oil facilities, but also to cities, was inflicted.

The Saudi determination to counter the Iranian revolutionary threat by defeating rather than containing it has ever since shaped Saudi policy towards Iran and Shia Muslims despite the occasional thaw in relations. Iran has repeatedly taken the bait with the creation of Hezbollah, political protests during the hajj in Mecca, the 1996 bombing of the Khobar Towers in Saudi Arabia, and most recently in early 2016 when Iranians stormed the Saudi embassy in Tehran in the wake of the kingdom's execution of prominent Saudi Shiite Sheikh Nimr al Nimr.

Nonetheless, the kingdom's handling of relations with Iran was certain to ultimately backfire and position the Islamic republic as an existential threat. Rather than embrace its Shia minority by ensuring that its members had equal opportunity and a stake in society, while countering discriminatory statements by the clergy and government institutions, the kingdom grew even more suspicious of Shias who populate the country's oil-rich eastern province. In doing so, they provided Iran with a golden opportunity to forge closer ties with disgruntled Shia communities in the Gulf.

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Assertiveness on the Rise

Saudi Arabia's concerns about Iran have further been fuelled by the changing US attitude towards the Middle East and North Africa in general and Saudi Arabia in particular. US officials for much of their country's relationship with Saudi Arabia have insisted that the two countries do not share common values, only common interests. Underlying increasingly cooler relations between Washington and Riyadh is the fact that those interests are diverging.

The divergence first became public after the 2003 US invasion of Iraq that brought the Shiite majority to power for the first time. The invasion left the Saudis incredulous.

To us, it seems out of this world that you do this. We fought a war together to keep Iran from occupying Iraq after Iraq was driven out of Kuwait (in 1991). Now we are handing the whole country over to Iran without reason,

Saudi Foreign Minister Prince Saud al Faisal told an American audience in 2005.

The divergence became even more evident with the eruption of popular revolts in 2011 and particularly US criticism of the Saudi military intervention in Bahrain to squash a rebellion and initially hesitant American support for the toppling of Egyptian President Hosni Mubarak. It was also obvious in US persistence in reaching a nuclear agreement with Iran that is returning the Islamic republic to the international fold despite deep-felt Saudi objections.

The result of all of this has been, with the rise in 2015 of the Salmans, King Salman and his powerful son, Prince Mohammed, a far more assertive foreign and military policy. It constituted recognition that the US attitude of uncritically shared common interests with Saudi Arabia had evolved.

In a series of interviews with Obama and his closest associates, journalist Jeffrey Goldberg noted that the Saudis needed to "share" the Middle East with their Iranian foes. The Al Sauds were quick to reject the president's approach out of hand.

This Saudi approach has sown the seeds for intermittent domestic unrest and repeated Saudi and Iranian tit-for-tat attempts to weaken and undermine the legitimacy of the other set the stage for a global Saudi effort to ensure that Muslim communities across the globe empathise with Wahhabism rather than revolutionary Iranian ideals; a similar albeit smaller scale Iranian Shiite effort; and the further poisoning of relations between the two regional powers.

The fallout of the rise of the Islamic State and comparisons of its ideology to that of Saudi Arabia and the execution of Al-Nimr constituted a throwback to 2001 when Saudi Arabia was shell shocked as it became evident that the majority of the 9/11 perpetrators were Saudi nationals. Saudi society was at the time put under a kind of scrutiny by intelligence agencies and the international media the kingdom had never experienced before. The same happened again in the wake of the execution of Al-Nimr, prompting Prince Mohammed to sum up the Al Saud's dilemma when he told The New York Times in November 2015: "The terrorists are telling me that I am not a Muslim. And the world is telling me I am a terrorist."

Al-Nimr's execution was not simply designed to send a message to domestic opposition, nor was it simply intended to send a message to Iran. The message, 'don't mess with me,' had long been loud and clear. The execution was part of a deliberate, failed strategy to delay, if not derail, implementation of the nuclear agreement and Iran's return to the international fold.

So was Saudi Arabia's refusal to prevent the dramatic drop in oil prices. The kingdom hoped to complicate, if not prevent, Iranian President Hassan Rouhani from reaping the potential economic benefits of the lifting of punitive international sanctions in the wake of the nuclear agreement with the United States and other world powers and Iran's gradual return to the international fold.

The Saudi strategy has largely failed even if Iranian hardliners played into Saudi hands with the storming of the Saudi embassy and Saudi Arabia's s breaking off diplomatic relations with Tehran.

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The strategy however made – and still makes – perfect sense. Saudi regional leadership amounts to exploitation of a temporary window of opportunity for regional hegemony rather than reliance on the assets and power needed to sustain it long-term. Saudi Arabia's interest is to extend its window of opportunity for as long as possible. That window of opportunity exists as long as the obvious regional powers – Iran, Turkey and Egypt – are in various degrees of disrepair. Punitive international sanctions and isolation long stymied Iran in claiming its position as a regional hegemon.

And that is what is changing. Iran may not be Arab and maintains a sense of Persian superiority, but it has the assets for long-term regional hegemony that Saudi Arabia lacks: a large population base, an industrial base, resources, a battle hardened military, a deep-rooted culture, a history of empire and a geography that makes it a crossroads. Saudi Arabia's control of Mecca and money will not allow it to successfully compete, at least not with Wahhabism in control.

Outmoded Ideology

As a result, the Al Sauds are inching ever closer to a fundamental change in their relationship with the Wahhabis. Reform that enables the kingdom to become a competitive, 21st century knowledge economy is difficult, if not impossible, as long as it is held back by the strictures of a religious doctrine that looks backwards rather than forwards, which idealises life as it was at the time of the prophet and his companions.

Wahhabism was Saudi Arabia's defence against the Islamic revolution that demonstrated that rulers can be toppled, that raised questions about a clergy that slavishly served the needs of an autocratic ruler and that recognised some degree of popular sovereignty.

It may be hard to conceive of Wahhabism as soft power, but that was the Saudi government's goal in launching the single largest dedicated public diplomacy campaign in history to establish Wahhabism and Salafism as a major force in the Muslim world, capable of resisting any appeal Iran might have. Estimates of Saudi expenditure on this campaign in the almost four decades since the Iranian revolution range from \$75 to \$100 billion.

The cost, however, may be becoming too high. Saudi Arabia finds itself being increasingly compared to IS. Not unfairly. Wahhabism at the beginning of the 20th century and the creation in 1932 of the second Saudi state was what IS is today. Saudi Arabia is what IS will become should it survive. Despite their denunciations of IS as a deviation from Islam, Saudi clerics admit this.

Adel Kalbani, a former imam of the Grand Mosque in Mecca was unequivocal.

Daesh (the Arabic reference to IS) has adopted Salafist thought. It's not the Muslim Brotherhood's thought, Qutubism, Sufism or Ash'ari thought. They draw their thoughts from what is written in our own books, from our own principles.... The ideological origin is Salafism. They exploited our own principles that can be found in our own books... We follow the same thought but apply it in a refined way,

Kalbani said.

Saudi Arabia = Islamic State?

In sum, the complex relationship between the Al-Sauds and Wahhabism creates policy dilemmas for the Saudi government on multiple levels and complicates its relationship with the United States and its approach towards the multiple crises in the Middle East and North Africa, including Syria, IS and Yemen.

The Al Saud's problems are multiplied by the fact that Saudi Arabia's clergy is tying itself into knots as a result of its sell-out to the regime and its close ideological affinity to more militant strands of Islam. Dissident Saudi scholar Madawi Al-Rasheed argues that the sectarianism that underwrites the anti-Iran campaign strengthens regime stability in the immediate term because it ensures

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a divided society that is incapable of developing broad, grassroots solidarities to demand political reform... The divisions are enhanced by the regime's promotion of an all-encompassing religious nationalism, anchored in Wahhabi teachings, which tend to be intolerant of religious diversity... Dissidence, therefore, centres on narrow regional, tribal and sectarian issues.[i]

Historian Richard Bulliet argued that Saudi

King Salman faces a difficult choice. Does he do what President Obama, Hillary Clinton and many Republican presidential hopefuls want him to do, namely, lead a Sunni alliance against the Islamic State? Or does he continue to ignore Syria, attack Shias in Yemen and allow his subjects to volunteer money and lives to the IS caliph's war against Shia? The former option risks intensifying unrest, possibly fatal unrest, in the Saudi kingdom. The latter contributes to a growing sense in the West that Saudi Arabia is insensitive to the crimes being carried out around the world in the name of Sunni Islam. Prediction: in five years' time, Saudi Arabia will either help defeat the Islamic State, or become it.

Whether Bulliet is right or not in his prediction, Wahhabism is not what's going to win Saudi Arabia lasting regional hegemony in the Middle East and North Africa. In fact, as long as Wahhabism is a dominant player in the kingdom, Saudi Arabia is even less likely to win its battle for hegemony. At the end of the day, it is a perfect storm. The stakes for Saudi Arabia are existential and the kingdom may well be caught in a Catch-22.

Iran poses an existential threat, not because it still projects itself as a revolutionary state, but simply by what it is, the assets it can bring to bear and the intrinsic challenge it poses. But equally existential is the fact that Wahhabism is likely to increasingly become a domestic and external liability for the Al Sauds. Their future is clouded in uncertainty, no more so if and when they lose Wahhabism as the basis for the legitimacy of their absolute rule.

[i]Al-Rasheed, M. (2016) Saudi regime resilience after the 2011 Arab popular uprisings, "Contemporary Arab Affairs," Vol. 9. No. 1.

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