SAUDI ARABIA AND IRAN: The Struggle for Power and Influence in the Gulf

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ABSTRACT

A year of revolutions in and around the Middle East has led to a changing political environment that has overwhelmingly altered the power structure of the region and presented an opportunity for more consolidated leadership in the Gulf for both Saudi Arabia and Iran. Beginning with an overview and analysis of the historical Saudi-Iranian relationship prior to 1979 through the present day, this paper highlights and discusses the challenges and successes of the past that have defined the relationship between these two leading Gulf powers, highlighting three core factors that have had the most influence on their relationship. The analysis and evidence will demonstrate that while in recent years the Saudi-Iranian relationship has improved, conflicting interests will result in a continued competition between these two nations as they seek to guarantee alliances within the Gulf and secure the perpetuity of their own regimes.
INTRODUCTION
A year of revolutions in and around the Middle East has led to a changing political environment that has overwhelmingly altered the power structure of the region. As the one-year anniversary of the historic overthrow of former Tunisian President Zine El Abidine Ben Ali has now passed, Saudi Arabia and Iran await the outcome of elections and burgeoning democratic movements in Tunisia, Egypt, and Libya. Along with this, democratic struggles continue in Bahrain, Syria, and Yemen, while other autocratic leaders have ever so slightly bowed to internal pressures to liberalize government institutions in both Morocco and Jordan. These changes, coupled with ongoing domestic strife in Iraq, formerly a major player in the Middle East power paradigm, have presented an opportunity for a more consolidated form of leadership in the Gulf region for both Saudi Arabia and Iran. While these two countries balance their own domestic constituencies’ responses to the revolutions of 2011 with their aspirations for Gulf hegemony in light of uncertain political alliances, their political relationship with each other appears to have both cooled and simmered.

The events of last year have altered the relationship between Saudi Arabia and Iran, but this relationship in itself comes from a tumultuous and complicated past. From warm relations prior to the overthrow of the Shah in 1979 to a cessation of diplomatic ties in the late 1980s and early 1990s, the on-again, off-again relationship between the Kingdom of Saudi Arabia and the Islamic Republic of Iran is again uncertain in the context of the evolving political environment of the Middle East. Beginning with an overview and analysis of the historical relationship between Saudi Arabia and Iran prior to 1979 through the present day, this paper highlights and discusses the challenges and successes of the past that have either hindered or helped to amend the relationship between these two leading Gulf powers. In the context of this historical analysis, the paper describes three core factors that have had the most influence on the relationship between Saudi Arabia and Iran and the extent to which those factors affect their relationship. These factors include (1) sectarian divisions between the Wahhabists in Saudi Arabia and the Shi’ites in Iran; (2) economic factors specifically with regard to oil and the Organization of Petroleum Exporting Countries (OPEC); and (3) aspirations for Gulf power and esteem. The analysis and evidence presented will demonstrate that while in recent years the relationship with Saudi Arabia and Iran has been improving, conflicting interests will result in a continued competition between the two nations as they seek to guarantee alliances within the Gulf and secure the perpetuity of their own regimes.
EXAMINING THE SAUDI-IRANIAN RELATIONSHIP BEFORE THE REVOLUTION OF 1979

The Saudi-Iranian relationship dates back to shortly after the establishment of the al-Saud dynasty in 1928.¹ Formal visits between heads of state, however, did not take place until the mid-1960s, the impetus for an increased diplomatic dialogue resulting from the 1958 overthrow of King Faysal in neighboring Iraq. The king’s dethronement by nationalist forces raised concerns about the possibility of additional populist revolts against monarchical dynasties in the region. As a result, “Shah Muhammad Reza Pahlavi and the Saudi Kings Sa’ud, and especially Faysal after his seizing power in 1964, initiated a modus of frequent consultations to coordinate their regional policies,” which strengthened the relationship between the two ruling families and their countries.² The synergy between the leaders was clearly a result of a shared interest in the preservation of their respective regimes, in addition to common economic goals and concerns. As Henner Furtig describes, “the common interest in fighting socialist and radical-nationalist influences in the Gulf region, in ensuring a stable flow of oil and gas, and in increasing wealth through exports, united Iran and Saudi Arabia till the end of the 1970s.”³

Additionally, one should note that this period of friendly relations was predicated on the presence of similar government structures in both countries along with complimentary foreign policy and domestic goals; sectarian divisions were not emphasized, nor were they significant in bilateral discussions. David Long remarks specifically that “prior to the [Iranian] revolution, the primary political confrontation in the Gulf was neither Sunni-Shiite nor Arab-Persian but conservative-radical.”⁴ This observation is particularly striking when contrasted against current discussions of sectarian animosity and heightened tensions in the Gulf between Sunnis and Shi’ites. It also reveals the degree to which linguistic, cultural, and religious differences were overcome by more pressing domestic and international issues that joined the two dynasties together in a friendly and harmonious relationship. Yet, despite the early success of the Saudi-Iranian relationship, cordial and cooperative relations between the two nations were not fated to last, as the overthrow of the Shah in 1979 resulted in a drastic shift in Iranian foreign policy that threatened al-Saud legitimacy in addition to challenging the status quo of monarchical rule in other countries in the region.
FROM REVOLUTION TO THE END OF THE IRAN-IRAQ WAR

The overthrow of the Shah in early 1979 led to an about-face in Saudi-Iranian relations. The success of the revolution represented everything that the al-Saud family and the Shah had been united against. For over ten years following the 1979 revolution the Saudi-Iranian relationship continued to disintegrate leading to a break in diplomatic relations in 1988.\(^5\) Saudi Arabia viewed Iran as a destabilizing force in the region due to its “repeated attempts to export its revolution” to other Gulf States.\(^6\) Conversely, Iran viewed Saudi Arabia as unfit to protect the holy places of Islam, while “Iran’s Khomeinist ideology [was] vehemently anti-monarchical, formalize[d] clerical authority in politics and… trumpet[ed] an explicitly populist line,” all characteristics that were directly opposite to Saudi domestic policy and political structure.\(^7\) In addition to a clash of ideologies and policies, “Saudi-Iranian ties were further strained following the 1979 Mecca Grand Mosque takeover, even though there was no direct evidence that Tehran was involved in the incident.”\(^8\) The main impact of the revolution on the Saudi-Iranian relationship was a heightened mistrust between the two nations that ended their cooperative diplomatic relations and created a bitter rivalry for power and influence in the region.

In the Iran-Iraq War that followed shortly after the establishment of the Islamic Republic of Iran, Saudi Arabia supported Iraq, an act that further deteriorated Saudi-Iranian relations. The Saudi decision to support Iraq was based on the Saudi fear that Iran and “its propaganda against the kingdom itself, endangered the Saudi regime and its authority; this is why Riyadh assisted Iraq politically and economically during their conflict with Iran… loan[ing] Iraq forty billion US dollars to reinforce its army.”\(^9\) This decision also represented an important shift in what Furtig describes as the triangular regional order of the Gulf whereby the strategic power alliance in the region shifted from Iran and Saudi Arabia attempting to contain Iraq to Iraq and Saudi Arabia attempting to contain Iran.\(^10\)

Additional political ramifications during the war included the establishment of the Gulf Cooperation Council (GCC) in 1981, which was comprised of the six Gulf countries of Saudi Arabia, Oman, Qatar, Kuwait, Bahrain, and the United Arab Emirates (UAE), and the council’s subsequent anti-Iran political agenda. The GCC outlines in its charter that its core objectives are “to effect coordination, integration, and inter-connection between Member States in all fields,” primarily for the purposes of economic prosperity and mutual defense.\(^11\) With regard to mutual defense, the GCC Secretary-General Abdullah Bishara in 1982 announced that “Iran’s quest for supremacy in the Gulf was the primary
threat to the stability of the GCC.”

The threat Bishara described was embodied in the fears of Saudi Arabia about Iran’s danger to its regime in addition to unsettled territorial disputes that states such as the UAE, Bahrain, and Kuwait had, and continue to have, with Iran.

As the Iran-Iraq War progressed, Saudi Arabia used economic policy measures to put additional pressures on Iran. Unlike the sanctions that most Western powers impose on Iran today, the Saudis “flooded the international markets with oil [during] 1985-86 following an Iranian offensive at the [Iraqi] port of Fao, [causing] oil prices [to] plummet.” The measure damaged the Iranian economy as the fall in prices resulted in decreasing revenues for the country during years of high defense expenditures stemming from war demands. Saudi Arabia’s ability to have such a dramatic impact on world oil prices would continue to strain the relationship between Saudi Arabia and the Islamic Republic of Iran in the years to come.

Saudi-Iranian affairs hit an all-time low in the aftermath of the 1987 Mecca incident. While participating in the haj, Iranian pilgrims staged protests and demonstrations that led to clashes with Saudi security forces. The violent clashes, which incited a bloody stampede, killed 275 Iranian pilgrims and wounded 303 others. A significant number of Saudi security forces were also killed or injured in the incident. Saudi Arabia blamed Iran for the confrontation, stating Iran had violated the “spiritual significance” of the ritual, while reaffirming its policy that it would not allow the haj to be “exploited by any state or group for political gain.”

The tragedy, which has been described by some scholars as “the worst incident of its kind since the Islamic Revolution” in the holy city of Mecca, outraged the Islamic Republic of Iran while simultaneously flaming Saudi fears of Iranian aspirations to subvert and overthrow the al-Saud regime. Iranian rhetoric reinforced these fears as “Tehran questioned the al-Saud ‘family’s credentials as safe keepers of Islam's most holy places,’ and called ‘for the downfall of the Saudi regime.’” Ultimately, diplomatic relations were broken off in 1988, and Iran proceeded to boycott the haj in the years that followed.

Rapprochement in the Nineties

With the conclusion of the Iran-Iraq War in 1989, the break in Saudi-Iranian diplomatic relations continued. However, with the ensuing invasion of Kuwait by Iraqi forces in 1990, the triangular power
relationship in the Gulf shifted once again. The Gulf War led to a cooling of hostilities between Iran and Saudi Arabia as the two once again united against a common enemy: Iraq. The resulting war led to a détente between the two countries, although diplomatic relations were not restored until March 19, 1991.

The events of the previous decade would leave a permanent mark on the Saudi-Iranian relationship, with the absence of trust acting as a complicating factor in healing bilateral relations. However, similar to the relationship Saudi Arabia and Iran had prior to 1979, a focus on mutual political and economic interests served to lessen the animosity between the two regional leaders despite the tensions of the 1980s. Iraqi aggression brought the two countries together politically as Iran remained strongly anti-Iraq following the conclusion of the Iran-Iraq War and as Saudi Arabia came to view Iraq as a greater threat to its safety than Iran. The countries also began to converge on economic issues, especially as Iran began to see “relations with Saudi Arabia [as] important in terms of oil revenue, which would fuel the country’s reconstruction.” The nine-year war with Iraq left Iran with a number of socio-economic domestic issues to resolve, including high inflation and unemployment. Newly elected President Ayatollah Hashemi Rafsanjani sought to address these issues while also placing “the normalization of relations with neighboring Persian Gulf states on [the] top of Iran’s foreign policy agenda.”

Rebuilding the Saudi-Iranian relationship was particularly instrumental to improving the economic situation of Iran after the war due to Saudi Arabia’s majority supply of world oil reserves (approximately one-quarter of the world’s supply) and its ability to affect oil prices as it did in the mid-1980s. As a result, Iran viewed the relationship with Saudi Arabia as important due to its influence in the region and its influence over OPEC.

Conjointly, economic considerations were taken into account on the Saudi side of the relationship as well. The holy pilgrimage of the haj, the fifth pillar of Islam and one of the religious duties of practicing Muslims, was a critical source of revenue for the Saudi kingdom. The religious tourism industry actually accounts for “the second largest source of foreign income for the Saudi kingdom,” accruing twenty billion to forty billion US dollars a year. As it turned out, prior to the boycott of the haj, Iranians accounted for the largest number of pilgrims to Mecca, while also providing Saudi Arabia with additional revenues through the lesser-pilgrimage, the *umrah*. Therefore, the potential monetary benefits of
restored diplomatic relations also encouraged Saudi Arabia to reach out to Iran.

As the nineties progressed, even the GCC, of which many member countries were closely aligned with Saudi Arabia, recognized that previous conceptions of the “Iranian threat” may have been over-exaggerated. The fragile Saudi-Iranian relationship was then further solidified with the GCC acknowledgement at their annual summit in 1997 of “the Iranian Government's intention to open a new page in its relations with the GCC member states.”26 While territorial disputes with certain member countries remained unresolved, the overall attitude of the GCC toward Iran became more neutral and less antagonistic. Overall, the nineties were characterized by a rapprochement between Saudi Arabia and Iran that was made possible through Iran’s changing economic and foreign policy objectives and the tempering of Saudi Arabian fears of Iranian subterfuge. The sudden shift in Saudi-Iraqi relations also pushed Iran and Saudi Arabia closer together, allowing them to overcome past differences and transgressions in order to counteract Iraq’s quest for power. However, while the progress of the 1990s made it seem as though relations were altogether improving, changing events in the region would push Saudi Arabia and Iran’s relationship to the limits once again.

AFTER SADDAM
The September 11, 2001 attacks on the US thrust the Middle East, and the countries of Afghanistan and Iraq in particular, into the international spotlight. As a result of the attacks, the US intervened in the region and invaded both countries under the banner of the War on Terror. Specifically after the overthrow of Saddam Hussein, the power politics of the Gulf region shifted once again, negatively impacting the Saudi-Iranian relationship. The actions of the US affected the balance of power between the nations of the Middle East while also flaming extremist tendencies that heightened sectarian divisions not only between the West and the East but also between Sunni and Shi’ite Muslims.

The most significant impact of US action in the Gulf region was the elimination of “Iraq as an effective regional buffer vis-à-vis Iran, whose influence over its neighbor immediately increased.”27 As Iraq’s focus shifted inward in light of revolution and turmoil, the weakened state withdrew from greater Gulf politics. This resulted in the dissolution of the triangular system previously mentioned, in which “the three large Gulf
powers of Iran, Saudi Arabia, and Iraq balanced one another, [and its] replacement with a bipolar structure pitting Iran and Saudi Arabia directly against each other.”

Rather than moving toward a shared focus on limiting Iraqi power after Saddam’s downfall, Saudi Arabia and Iran once again experienced an escalation of tensions due to a diversion of interests, although they continued to be united on several specific issues. These issues, outlined by Gwenn Okruhlik, include common interests in oil and Islam in addition to a convergence of national interests on “three other points: common domestic circumstances, regional conflicts, and common disillusionment with the United States.” Yet, the commonality of these interests during the years following the elimination of Iraq as a major political player in the Gulf were not enough to allow Saudi-Iranian relations to remain as cordial as they were in the late 1990s.

The most deleterious factor to the relationship between Riyadh and Tehran was the empowered Iranian quest for greater influence and power in the region after Saddam Hussein was removed from power. Furtig affirms, “the US undoubtedly did Iran a great favor when it defeated Saddam Hussein while simultaneously doing great damage to its own credibility in the region by proving itself unable to control and stabilize Iraq.”

The removal of the long-time anti-Iranian government in Iraq presented an opportunity for Iran to solidify a relationship with the fledgling democracy that has a demographic population that is sixty-five percent Shi’ite. Along with attempts to consolidate power in Iraq, the Iranian government proceeded with a smear campaign against the al-Saud dynasty. Iran’s allegations have included the branding of Saudi Arabia as an agent of the US in the region, in addition to “Iran’s… challenge [to] the legitimacy of the al-Saud before regional and domestic audiences by upstaging them on pan-Arab issues such as Palestine.”

This rhetoric has greatly weakened the level of trust between the two countries and partially damaged or caused other Gulf countries to question Saudi Arabia’s leadership in the region. Indeed, relations between Lebanon, Syria, and Iran have strengthened in recent years, while Iran has also developed close ties with non-state armed groups including Hezbollah and Hamas. Consequently, it has become evident that “the fundamental driver of the relationship [between Iran and Saudi Arabia] is a struggle to shape the regional balance of power,” not sectarian divisions, which in reality are just utilized as a measure to delegitimize the Saudi monarchy. As a recent RAND report revealed, “the Sunni-Shiite divide certainly factors into the calculus of the leadership and is either encouraged or downplayed as a tool in a larger game of geopolitical maneuvering;” however, sectarian differences are not
the primary cause of the deteriorating Saudi-Iranian relationship. It was in this political context that their relationship was challenged even further as the first of the Arab revolutions began in early 2011.

**IN THE CONTEXT OF THE ARAB SPRING**

The overthrow of long-established dictators in Tunisia, Egypt, and Libya, has offset the balance of power in the Middle East similar to when the US forcibly removed Saddam Hussein from power. However, the revolutions of 2011, unlike the liberation of Iraq in 2003, were instigated by domestic populations tired of waiting for political reform. These revolutions represent an enormous threat to the al-Saud family, which fears the spread of political protestors with the goal of regime change to their own kingdom. The Saudi perception of this threat is not unfounded. As Michael Doran described in a recent *Foreign Affairs* article, “Today’s revolutionary wave is driven by domestic demands: for jobs and political representation.”

Saudi Arabia and Iran are not immune to these domestic grievances and must grapple with these issues and find ways of appeasing and satisfying their citizens or risk calls for revolution inside their own borders.

For Iran, some believe the country will use the recent Arab revolutions as an opportunity to establish alliances with countries whose former dictators had written off any sort of relationship with the Islamic Republic. Conversely, however, some believe that “Tehran’s influence has always been greatest in places with entrenched authoritarianism, where it has exploited the illegitimacy of Arab rulers by highlighting their dependence on the United States and their impotence (or ambivalence) on pan-Arab issues.” The subsequent removal of these rulers does not guarantee that the newly formed democracies of Tunisia, Egypt, and Libya will immediately fall into the Iranian camp. As it stands, it is unclear in whose hands the leadership of the region will fall considering the power vacuum that has formed and the preoccupation of many countries with their own domestic issues. The matter is further complicated by the ambiguity in Iran’s future foreign policy objectives; on the one hand, the country might turn inward, focusing on pressing internal issues, while on the other hand, the country might seek out “a belligerent strategy of subversion beyond its borders… as Iran’s rulers look for diversions from domestic unrest.”

Concerning Saudi Arabia, the ruling family does not fear Iranian subversion as much as the potential ramifications of Shi’ite freedom
movements on its own minority Shi’ite population. This is evident in Saudi Arabia’s response to political protests in Bahrain, where it supported a brutal suppression of Bahraini protestors in order to assist in the preservation of the ruling Sunni al-Khalifa family. This stance, however, provided additional material for Iranian propaganda machines which were able to emphasize the illegitimacy of Saudi Arabia’s actions and the country’s blatant disregard for human life. Furthermore, Saudi Arabia’s actions have indirectly resulted in increased sectarian divisiveness, as many Shi’ites have viewed the intervention in Bahrain as an attack on Shi’ite Muslims. According to Gary Sick, however, despite occasional Iranian rhetoric stating otherwise, increased sectarian tensions between Saudi Arabia and Iran “would be a defeat for Iranian foreign policy since 1979, as Iran always sought to present itself as transcending both the ethnic and sectarian limitations of the state.” Rather, “it is long-standing structural tensions [that] appear to characterize much of the relationship between these oil-rich powers, each possessing aspirations for Islamic leadership and differing visions of regional order” which have resulted in a rivalry that could potentially undermine the overall stability of the region.

PUTTING THE PIECES TOGETHER

In conclusion, the status of the Saudi-Iranian relationship is yet to be determined as these two countries, along with the rest of the world, await the outcome of the political revolutions in the Arab world. As historical evidence has presented, the oscillating nature of Saudi-Iranian affairs could mean that Iran and Saudi Arabia overlook past differences to work in cooperation toward the achievement of common goals, or that previous trust issues and desires for power and influence will lead to a cessation of their diplomatic relations once again. The most likely result, however, will be a Saudi-Iranian relationship that is somewhere in between.

While both countries yearn for regional predominance, Iranian reliance on Saudi Arabia for economic reasons and Saudi Arabia’s fear of Iranian nuclear potential might precipitate a balanced power structure once again, as each party proves unwilling to confront the other directly. Overall, the “current Saudi-Iranian competition for the ‘Arab hearts and minds’” of the Middle East will cause friction between the two powers in the future but an interest in regime survival will ensure that their relationship will not devolve into outright animosity. Either way, the result of their relations will have an enormous impact on the stability of the region in addition to
the rest of the world due to Saudi oil control. It will be interesting for the world to see how the “confrontation between two fundamentalist and rather recent forms of governance (a revolutionary Shi‘ite Republic and a reactionary Sunni Wahhabist monarchy) and [their] competition for regional predominance” will proceed, especially in light of the events of 2011 and the continued Iranian threat to shut off the Strait of Hormuz.42

3Ibid.
4Qtd. in Ibid.
13John C. Shenna, “The Case Against the Case Against Iran: Regionalism as the West’s Last Frontier,” The Middle East Journal 64, no. 3 (Summer 2010): 350.
16Ibid.
17Ibid., 680.
28 Ibid.
31 Ibid., 635.
35 Ibid., xi.
38 Ibid.
42 John C. Shenna, “The Case Against the Case Against Iran: Regionalism as the West’s Last Frontier,” *The Middle East Journal* 64, no. 3 (Summer 2010): 348.