

SPEAKERS

Afshin Molavi is a fellow with the New America Foundation where he examines the links between economic development and democratization, with a special emphasis on the Middle East. Before joining New America Mr. Molavi covered the Middle East for a wide range of international publications and was a Dubai-based correspondent for the Reuters news agency. He was also a regular contributor to *The Washington Post* from Iran. He is the author of *Persian Pilgrimages: Journeys Across Iran* (Norton, 2002), which was nominated for the Thomas Cook literary travel book of the year.

Gary Sick is a senior research scholar at the School of International and Public Affairs' Middle East Institute at Columbia University, and an adjunct professor of international affairs at SIPA. He is the author of *All Fall Down: America's Tragic Encounter With Iran* (Random House, 1985) and *October Surprise: America's Hostages in Iran and the Election of Ronald Reagan* (Random House, 1991). Professor Sick served on the National Security Council under Presidents Ford, Carter, and Reagan. ■

IRAN AND THE STRUGGLE FOR GULF SUPREMACY

Two leading American experts on Iran judged that Iran is a more rational power than is often supposed, and more aggressive U.S. diplomacy to test Iranian intentions and shape Iranian actions could have positive effects in the coming years. Afshin Molavi, a fellow at the New America Foundation, and Gary Sick, a senior research scholar at Columbia University, analyzed Iran's changing role in the region and its impact on U.S.-Iranian relations at the second session of the CSIS Gulf Roundtable on June 7, 2007.

Molavi argued that three drivers define Iran's position in the Gulf: the Saudi-Iran relationship, the Iran-Dubai connection, and Shi'a-Sunni relations. He suggested that President Ahmedinejad's populist statements about Israel at the Islamic Summit in December of 2005, and the popularity he gained throughout the Arab world for his outspoken support of Hezbollah during its war against Israel in the summer of 2006, took the Saudis somewhat by surprise. Long used to the blandishments of former President Khatami, many Saudis had concluded that Iranian revolutionary fervor was a thing of the past. For them, President Ahmedinejad was a rude awakening. After much backroom diplomacy and reassurances from senior Iranian figures that Ahmedinejad's power could be contained, King Abdullah met with President Ahmedinejad in Riyadh in March 2007. Although the meeting was short on substance, Ahmedinejad's visit to the Kingdom was a sign that Iran was willing to work cooperatively in the region. Molavi argued that the contrast between these two meetings—between a demagogic Ahmedinejad on the one hand, and a more responsible Ahmedinejad on the other—was an example of the way in which political pragmatism often trumps ideological fervor in relations between these nations. This shift he argued should be seen as a microcosm of Saudi-Iranian relations since the Iranian Revolution.

On the issue of sectarian tensions, Molavi challenged what he sees as the conventional Washington narrative: Iran as the bulwark of Shi'ism taking on Sunni Arab powers, especially Saudi Arabia. He argued that Iran had never seen itself as a Shi'a vanguard, noting that Ayatollah Khomeini had often stressed the unity of Muslims and decried divisions throughout the Muslim world along sectarian or national lines. In addition, Molavi said that Sunni-Shi'a divisions have never played an important role in Iranian policies, pointing out that Iran has reached out to both Sunni and Shi'a groups in the pursuit of its political objectives. In Mo-

(continued on page 2)

THE GULF ROUNDTABLE SERIES

The CSIS Middle East Program launched the Gulf Roundtable in April 2007 to examine the strategic importance of a broad range of social, political, and economic trends in the Gulf region and to identify opportunities for constructive U.S. engagement. The roundtable defines the Gulf as the United Arab Emirates, Saudi Arabia, Oman, Qatar, Bahrain, Kuwait, Iraq, and Iran. The roundtable convenes monthly, assembling a diverse group of regional experts, policymakers, academics, and business leaders seeking to build a greater understanding of the complexities of the region. Topics for discussion include the role of Islamist movements in politics, the war on terror, democratization and the limits of civil society, the strategic importance of Gulf energy, media trends, trade liberalization, and prospects for greater regional integration. ■

lavi's view, the Islamic Republic has battled other countries, but not other sectarian groups in the Middle East.

In economic and social affairs, Molavi referred to Dubai as Iran's "lungs." Centuries-old ties between Iran and Dubai, combined with constraints on Iranians since the Iranian Revolution, have led many middle class Iranians to see Dubai as a bastion of social freedoms and capital investment possibilities. Tens of thousands of Iranians live in Dubai, Iranian real estate purchases there have skyrocketed, and many Iranians are seeking residency there. These close ties, combined with Dubai's current status as an economic juggernaut, have further accelerated capital flight. Molavi estimated that as much as \$10 billion of Iranian assets make their way to Dubai annually. Sick noted that some of that capital flight could be lessened if not reversed were Ahmedinejad to lose power. He judged that possibility as not entirely unlikely, given Iran's stumbling economy, combined with Ahmedinejad's weakening domestic popularity and shrinking political support.

Sick argued that Iran's rise in recent years was due far more to U.S. actions than Iranian ones.

By removing Iran's foes from its borders—the Taliban in the East and Saddam Hussein in the West—and installing a Tehran-friendly government in Baghdad, the United States helped ensure that Iran has emerged as a regional power without peer.

Looking forward, Sick maintained that the U.S. government has already concluded that it needs a dialogue with Iran—a dialogue that began with the first official bilateral discussions between the two sides in 27 years in May 2007. He suggested that the current U.S. administration has absorbed the lessons of Iraq, even if it is reluctant to admit so publicly. Although its rhetoric may appear unchanged, Sick said that recent appointments to important foreign policy posts as well as a new willingness to approach Iran diplomatically represent "an imperceptible 180 degree turn" in the U.S. approach to the Islamic Republic. Sick said that the May 28 talks between ambassadors to Baghdad Ryan Crocker and Hassan Kazimi Qomi were due to the recognition of shared interests in Iraq, and the U.S. acknowledgement that these interests must be addressed through diplomatic contact. Sick also speculated that these talks, if productive, could lead to expanded diplomatic relationships between the United States and Iran, including the possible placement of junior-level U.S. diplomats at the Swiss embassy in Tehran.

On the nuclear issue, both Molavi and Sick postulated that there may be elements in the Iranian government who believe the economic and political costs of pursuing a nuclear program outweigh the potential benefits. Molavi theorized that Iran may

Iran's rise in recent years was due far more to U.S. actions than Iranian ones.

be pursuing a "Japan model" of developing the ability to quickly build a weapon if necessary, while avoiding the political fallout associated with an active weapons program. Sick noted that while other regional nuclear powers developed their programs secretly and quickly, Iran's long and loud approach to nuclear capacity is a sign of the government's ambivalence about the step. Sick

viewed this as a potential opportunity for the United States to use these dissenting voices within Iran in negotiations over their nuclear program. However, to accomplish this Sick believes that the United States must first change its current strategy of making inflexible and easily ignored demands that aim to completely end Iran's nuclear program. He instead argued for continued containment and monitoring through inspections and negotiations.

Both Sick and Molavi doubted that the United States would take aggressive military action against Iran. Sick went further, stating that much of the campaign rhetoric about Iran was for domestic consumption and not a good predictor for public policy. While Molavi was hesitant to rule out the possibility of Israeli air strikes against nuclear facilities in Iran, Sick disagreed. He questioned whether such a highly publicized and discussed operation could possibly be carried out with the same element of surprise as the 1981 strike on the Osirak reactor. He further noted the extreme military and political difficulties of an Israeli air strike without direct U.S. involvement, a situation which he says would not be acceptable to the current U.S. administration. ■ TS

There may be elements in the Iranian government who believe the costs of pursuing a nuclear program outweigh the benefits.

The *Gulf Roundtable* electronic newsletter is produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions; accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s). © 2007 by the Center for Strategic and International Studies.

The CSIS Middle East Program

JON B. ALTERMAN, Director
 HAIM MALKA, Deputy Director
 GREG BROSMAN, Program Coordinator/Research Assistant
 JOHN CHEN, NAWAL MUSTAFA, TIMOTHY SHRIVER, AND
 JONATHAN WEINBERG, Interns

Please visit our Web site at www.csis.org/mideast to learn more about the program's work.