The Great Saudi-Iranian Proxy Game

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Iran and Saudi Arabia have their fingerprints on every battleground in the Middle East.\(^1\) Both countries support proxy militias that align with their own politics, and both interfere in their neighbors’ affairs to advance their own interests. These external interventions bolster foreign clients who, in turn, support the patron regime back home, further legitimizing Tehran and Riyadh’s roles as regional hegemons.

The purist version of Shiite Islam propagated by Iran and the Saudi-Sunni Wahhabi version are mirror images of each other. They are natural enemies that justify themselves by labeling each other apostates. The ritualistic chant of “Death to America” at Iranian state-sponsored events is merely part of the script. Exporting the conservative Saudi form of Islam validates royal rule in a similar way.

Peace in the region will remain elusive as long as Tehran and Riyadh remain on a collision course. The ideal solution would be for both states to transform into democracies that no longer see each other as adversaries. In the meantime, Washington must do what it can to manage, rather than resolve, the conflict and shape the regional context in its favor.

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The Ghosts of 1979

Competition between Iran and Saudi Arabia has been a staple of regional politics since two momentous events in 1979: the Iranian revolution and the siege of the Grand Mosque in Mecca.

The Iranian revolution created a militant Shiite theocracy that advances a hostile anti-Western form of Islam. The regime’s foreign policy objectives include exporting its religious-political doctrine, empowering Shiite peoples abroad, undermining Western interests in the Middle East, and establishing itself as a regional hegemon. All of this takes place along geopolitical, military, economic, and ideological lines. For instance, Iran promotes a Shiite pilgrimage to Karbala in Iraq to undermine the hajj to Mecca.

In Saudi Arabia in 1979, insurgents seized the Grand Mosque in Mecca and repudiated the House of Saud. The monarchy crushed the rebels but took up their cause for political expediency. It permitted Sunni clerics to impose their fundamentalist version of anti-Western Islam at home, halting social and economic liberalization. The regime’s paradoxical bargain led to the export of explicitly anti-American Salafist Wahhabism at a time when the Saudis relied on the West for security.

The Iranian revolution and the Grand Mosque seizure forced the Iranian and Saudi elites to develop new survival strategies. Each responded by exporting ideologically tailored religious beliefs that justify their rule. Two competing Islamic schools of thought emerged, one in Qom, the other in Jeddah.

Yet forty years later, the two countries face surprisingly similar challenges—from globalization-induced societal changes, to the surge of Sunni jihadism, to regional civil wars, to the political instability attending the “Arab Spring.” Both are also ruled by ailing leaders and are bracing for a succession crisis at a time when a majority of their citizens no longer accept the regimes’ narratives and openly challenge them although a fervent, loyal minority still actively supports each government for ideological and economic reasons.

At the same time, the two countries are on divergent paths with Riyadh attempting reforms led by Crown Prince Muhammad bin Salman (MBS), and Tehran doubling down on its revolutionary goals. For its part, Washington hopes to maintain regional stability in a post-ISIS world and prevent the collapse of its allies. This will require long-term U.S. pressure on its regional partners for robust reforms as difficult as that may be in Saudi Arabia given the precarious nature of the alliance, and the pursuit of strategies that encourage the Iranian regime’s self-destructive impulses.

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The Domestic Logic of Regional Interventions

The Iranian revolution transformed the country’s politics, military, and soft power. It turned Iran into a theocracy under a *velayat e-faqih* (governance of the jurist) system with ayatollahs as the new royalty. They hoped to survive by creating a purist version of Shiite Islam and exporting it via soft power, such as through the Iranian Red Crescent Society and mosque and school construction and by hard power by arming numerous proxy Shiite militias—from the Lebanese Hezbollah, to the Yemenite Houthi rebels, to a string of Iraqi militias including Asaib Ahl al-Haq and Kata’ib Hezbollah. In the despairing words of an Iraqi bureaucrat: “You don’t know what imperialism is like until you have been an Iraqi Arab dealing with Persian imperialists.”

Even though Iran’s interventions sometimes conflict with the regime’s domestic rhetoric, both serve the supreme leader’s overall strategy. Creating an Iranian security umbrella that protects Shiite people in the Middle East and beyond (e.g., Herat in Afghanistan and Tanzania in Africa) is essential for the regime. Tehran is also not deterred from making tactical alliances on the ground that run counter to its ideology if these advance its strategy. For instance, Iraqi Kurds in the Sargat region near the Iranian border who lived under the Salafi Jamaat Ansar as-Sunna reported that these jihadists would not have been able to establish themselves without Iranian backing. When U.S. troops attacked Jamaat Ansar in 2003, the Islamic Revolutionary Guard Corps (IRGC) and Iranian border guards provided refuge and medical care to the Sunni jihadists.


supports the Palestinian Islamic Jihad because Israel is their common enemy, despite the fact that they oppose each other ideologically.

Iran and Syria made a similar tactical alliance with Islamic extremists during the U.S.-led invasion of Iraq to deny Washington success there.\(^\text{10}\) Ironically, the smuggling networks that funneled jihadist fighters into Iraq to fight U.S. troops were used by the Islamic State (ISIS) and other rebels during the Syrian civil war. Similar tactical alliances have since been muddled by Iranian-U.S. military cooperation in the war against ISIS.\(^\text{11}\)

In Saudi Arabia, reactions to the Grand Mosque siege and the Iranian revolution fundamentally reshaped the government’s decision-making process in both domestic and foreign affairs. The insurgents who besieged the mosque were primarily Salafi jihadists from the Nejd heartland, the backbone of the Saudi tribal structure upholding the monarchy. That rebels from this region attacked the Grand Mosque using local grievances to justify their actions devastated the royal family. The insurgents and their allies hated the country’s modernization including improved education, cinemas, and the mixing of genders in public places, and they blamed these evils on oil wealth.\(^\text{12}\) They also denounced the House of Saud for abandoning the puritanical path of Wahhabism.\(^\text{13}\)

In response to the domestic rebellion and the Shiite theocracy in Iran, the Saudi monarchy crafted a new social contract that has shaped its foreign interventions. Although the Saudis defeated the rebels, the insurgents’ ideology became de facto Saudi domestic and external policy. The government reversed its modernization process, rigorously reapplied its version of Wahhabism at home, and exported it globally with oil money.\(^\text{14}\)

From Morocco to Indonesia, and from the Balkans to China’s Xinjiang province (formerly known as East Turkestan), the Saudi government funded and supported Salafi Wahhabism in mosques and madrassas, leading to the proliferation of Salafism across the globe and sowing the seeds of anti-Western jihadism. The philosophical foundations of Wahhabism are an explicit reaction against—and a rejection of—Western modernity.

Like Iran, the Saudis made tactical alliances that contrasted with their dogma. The Iranian-backed anti-Saudi Houthi rebels in Yemen, for instance, were once Riyadh’s allies fighting against the Egyptian-led Yemeni

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Republican Forces in the North Yemen civil war of 1962-70.\textsuperscript{15}

\textbf{Domestic Change in Iran}

The Iranian theocracy is an anachronism; it is ruled by clerics who combine a modern nation state with medieval Islamic mores. Many Iranians no longer believe in the tenets of the Islamic Revolution; protesters during the Green Movement in 2009 chanted “Death to the dictator … Khamenei is a murderer. His rule is null and void.”\textsuperscript{16} Most Iranians also no longer support interventions abroad at a time when they face extreme economic uncertainty, poverty, and inequality at home.\textsuperscript{17} Citizens are challenging the outdated Islamic laws now imposed with renewed vigor by religious elites to appease their base.\textsuperscript{18} The ayatollahs are well aware that their power has waned and that regime survival requires “performance legitimacy” and economic growth. As a result, officials felt compelled to shake hands with the devil—the United States—and agree to a nuclear agreement, the Joint Comprehensive Plan of Action (JCPOA) in 2015.\textsuperscript{19}

It was logical for Iranian leaders to seek a deal with the West. The economy was failing, and they likely believed that Jerusalem and Washington were prepared to attack them. They must have known they could not win a war, especially if the West struck first. And they were keenly aware of how much damage the Stuxnet cyberattack wrought in 2010 to Iran’s nuclear program. Iran’s leaders also saw that they could pressure Israel with non-nuclear missiles and other weapon systems in Syria and Lebanon and use them as leverage in negotiations with Washington.\textsuperscript{20}

The clerics hoped that sanctions relief would halt inflation, spur economic growth, and buy citizen loyalty as the IRGC, the Ministry of Intelligence (MOIS), and the Basij militia crushed any remaining pockets of dissent.\textsuperscript{21}

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Protests in Tehran’s Grand Bazaar, June 2018. The Iranian economy is depressed thanks to U.S. sanctions, and a majority of educated Iranians with Internet access openly opposes a government out of step with the rest of society and the world.
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\textsuperscript{16} Milani, “\textit{The Green Movement}.”
\textsuperscript{18} Abbas Milani, “\textit{Iran’s Incremental Revolution},” \textit{The Atlantic}, Apr. 10, 2015.
\textsuperscript{19} \textit{BBC News}, \textit{May 8, 2018}.
\textsuperscript{21} \textit{BBC News}, \textit{June 18, 2009}.
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However, the Green Movement, recent protests against the Syrian intervention, and myriad acts of everyday resistance such as women removing their veils in public and challenging the virtue police prove that many Iranians no longer believe in the foundational tenets of the revolution and see no value in exporting it. Still, reformers who protest regime rule are targeted for not complying with Ayatollah Khamenei’s strict behavioral codes.

Faced with the struggle to maintain regional hegemony in the face of domestic opposition, the Iranian regime has resorted to an ultimately unsustainable strategy. Its explicit assertion of regional dominance forces it to step up domestic oppression and sculpt a government that is more a military dictatorship and less a theocracy. Ultimately, the clerics are maintaining their grip on power in the short term by strengthening the military over the long term.

So-called reformist clerics implement just enough cosmetic reforms to create a safety valve while at the same time enabling the IRGC and the intelligence agencies to mount offensive operations domestically. The leadership purchases loyalty with debt-fueled welfare programs administered by patronage networks to the rural minority that historically has supported the government. This is only possible because the revolutionaries seized control of but did not destroy the modern institutions created by the shah. With regime legitimacy at an all-time low, clerics are aware that they cannot maintain stability this way forever. Religious elites must increasingly rely on the IRGC, the MOIS, the Basij militias, and religious courts to stamp out dissent.

Meanwhile, the Iranian military is stretched thin thanks to U.S. sanctions. The economy is depressed—again—and a majority of educated Iranians with Internet access openly opposes a government that is out of step with the rest of society and the world.

**Domestic Change in Saudi Arabia**

Saudi Arabia, too, is an anachronism. It is an absolutist theocratic monarchy organized along feudal-royal lines with a modern veneer. It is one of the richest countries in the world but suffers extreme economic inequality. Moreover, the Saudi regime imposes barriers to social mobility and sanctions discriminatory practices. Shiite populations, for example, are considered apostates and have been marginalized.

Imposing Wahhabism at home and exporting it abroad reached its apogee during

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the U.S.-led invasion of Iraq and lasted until the Syrian civil war. The jihadists brought the war home to Saudi Arabia. But, the counterterrorism campaign unleashed by the regime increased domestic resistance by Shiite groups and disenfranchised Sunnis. The monarchy now attempts to survive—and manage a royal transition—by pursuing a series of tightly controlled top-down social reforms while doubling down on repression at home and flexing regional muscle abroad.27

The king and his anointed successor MBS appear to recognize that such an outdated system of government is an aberration in the twenty-first century, and they are likely to understand the costs of supporting jihadists abroad. At home, MBS is opting for gradual modernization with only cosmetic changes to allay domestic resistance while consolidating monarchical power. Reforming institutions might provoke rebellion from the traditional power brokers in a society where few of those in power see any reason to relinquish control.

Unlike Iran, where ayatollahs put a religious veneer on the modern state built by the shah, Saudi institutions have a medieval structure. Everything from security institutions to the Ministry of Youth Affairs are patronage networks divvied up between royal and affiliated clan members based on the familial alliances that helped unify the kingdom in 1932. The kingdom lacks rational, legal bureaucratic institutions and has few apolitical civil servants.28 Various branches of the military and security agencies are virtual fiefdoms doled out to royal factions.29 These are not effective organizations as leadership is inherited rather than earned. Institutions designed this way may help prevent coups, but they are extremely difficult to reform without first abolishing the monarchy, and no monarchy has ever written itself out of a job in favor of reform.


Any reformed and modern bureaucracy based on merit and apolitical technocracy would run counter to the existing feudal structure. MBS hopes to ensure stability by allowing each family to keep its fiefdom in return for a loyalty pledge, but real reforms would require the removal of such fiefdoms, and creating losers could also foment instability. Saudis know that the crown prince is rearranging the patronage networks to consolidate his own power and eventual accession as king. In the absence of a routinized process of succession, consolidating power essentially means getting the main royal factions and clans to pledge loyalty. That is why MBS arrested so many of the richest and most powerful royals in 2017. Loyalty need not be purchased. It can also be coerced.

The recent assassination of journalist Jamal Khashoggi must be viewed in this context. Khashoggi’s reformist ideas were in line with those of MBS, as he was part of the royal establishment close to the previous king Abdullah though the family lost some influence with the accession of MBS. However, the House of Saud demands a monopoly on ideas for legitimacy even though the crown prince needs the allegiance of all prominent Saudi families, including the Khashoggis, to ensure that his reforms survive. The well-documented ordering of Khashoggi’s assassination by MBS explicitly demonstrated the need for compliance from all major families while showing that the prince was confident enough to eliminate a vocal critic without fear of the international community or Saudi society demanding accountability.

A Messy Middle East for Washington

Iranians and Saudis are both responding to regional and domestic changes by asserting power abroad. But while Riyadh is at least attempting to reform its system,

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31 Reuters, Nov. 5, 2017.

Tehran is ramping up its repression. In both cases, U.S. influence attempts should be carried out covertly; overt attempts are likely to undermine U.S. objectives in both countries.

Tehran and Riyadh’s struggle for dominance since the Arab uprisings, coupled with Washington’s strategic dithering, has degraded U.S. hegemony in the region. Washington is now boxed in by strategic appropriateness, unable to base policy on Western liberal principles such as democracy and human rights because alliances and regional security prerogatives triumph. This is precisely why Washington has done so little to address the conduct of the Saudi military in Yemen and the murder of Khashoggi.

The reforms implemented by Saudi leaders seem to be only illusion, and Washington is caught in the unfortunate position of supporting an absolutist monarchy while seeking to undermine Tehran. Rulers in both countries believe that cosmetic changes alongside coercion will keep people compliant. However, the Internet and smartphones have made it difficult to stop the rising tide of modernity, especially as public defiance and insurgency take on new forms.

U.S. strategic patience will be essential in compelling the Saudi monarchy to engage in slow but necessary reforms. The recent purges suggest MBS is attempting to transform the state while also removing internal critics. Washington could leverage its influence over Riyadh by helping Saudi institutions to address societal ills and grievances properly while preventing the royal family from falling into a civil war that could bring institutions down with them. The U.S. government has a precarious ally in Riyadh, and it must use its leverage carefully.

Iran, on the other hand, is economically and politically stretched thin and has escalated repression to maintain the status quo. The regime has long attempted to solidify its legitimacy domestically and abroad by targeting an enemy—Israel. And an attack against Israel could put the country on a war footing and solidify popular support. However, Washington can undermine Tehran’s regional agenda by directing covert support to civil society groups and by creating local forces to combat and deter Iranian-backed proxies throughout the Middle East and Africa.

Washington has much to gain in the long term by facilitating the transformation of Saudi Arabia and Iran, but this will require a balancing act and an understanding of context in each society. Incremental rather than rapid reforms are necessary in Saudi Arabia for two reasons: first, to avoid provoking reactionaries as after the Mecca 1979 siege; second, to avoid a hasty reformed institutional collapse. In Iran, institutions since 1979 have been resilient, but a transformation of the Iranian state away from clerical rule toward parliamentary government would be comparatively easier than in

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Saudi Arabia. Unfortunately, religious and military elites in Iran have no interest in transforming the state since their hold on power remains strong even after the Green Movement and the Arab uprisings.

Washington is caught in a terrible bind: It must support one of the least democratic and oppressive governments on earth while attempting to undermine a dogmatic but less undemocratic regime that rules over a well-educated and pro-Western population.35

The future of U.S strength in the Middle East rests squarely on how well political leaders thread the needle between Tehran and Riyadh while ensuring the security and stability of their regional allies. This will require U.S engagement with the Gulf Cooperation Council (GCC), especially with Saudi Arabia, to solve the recent Qatari problem, where the GCC paints Qatar as a supporter of Iran because Qatari royals are challenging Saudi hegemony.36 With a major U.S. air base on a 99-year lease in Qatar, and other military bases in neighboring GCC states, this will require careful negotiation by U.S. diplomats to steady the course with the Saudis while keeping Iran on its heels.

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