Reconcilable Differences?
by Jon B. Alterman

The Gulf Arab states and the United States are adopting increasingly contradictory positions on Iran. Each side seems bent on undermining the other, potentially leading to precisely the outcome that each side is trying to prevent. Here’s how:

There is a strong tendency in the Gulf Arab states to try to co-opt adversaries. The most famous example may be King Abdul Aziz Al-Saud’s propensity for marrying the daughters of rival tribes of the Arabian Peninsula in the early twentieth century, but there are many others. The United Arab Emirates exists as a country in part because the richest emirate, Abu Dhabi, both subsidizes the other emirates and exercises a light hand over federal rule. The Saudi government responded to radicals’ 1979 takeover of the Grand Mosque in Mecca in part by pouring money into the religious establishment, not only in spite of, but indeed because of, seemingly lukewarm support among leading clerics for the Saudi royal family. Just last spring, when Qatar brokered a Lebanese peace deal, rumors flew that the Qataris had paid off the adversaries. A well-placed Lebanese source told me that wasn’t true at all; instead, the Qataris had created a $5 billion investment fund and offered to let Lebanese leaders become partners—provided that the leaders resolved their differences under Qatari tutelage.

Money is not the Gulf states’ only tool, but it is a powerful one. Vital to its effectiveness is the idea that wealth can be used not for a one-time payoff but as the beginning of an annuity. A one-time payment is merely a bribe, but creating a longer-term partnership is an investment in future good behavior—not just for years, but for decades.

This is not to say, of course, that the Gulf Arab states are above coercion. In particular, they have a history of cracking down on their own internal dissent, and they not so privately subsidized Saddam Hussein’s bloody war against Iran for the better part of a decade. But these states keenly appreciate the limits of their

Retail Ramadan

The fasting month of Ramadan is not all about self-denial, prayer and reflection. Once the sun goes down, consumption goes up. Throughout the Middle East, many retailers see Ramadan as key to their profitability, accounting for nearly 15 percent of annual sales. For an increasing number of U.S. companies, it is an opportunity to get their hands on a piece of the baklava.

American companies are getting into the act in their overseas sales. U.S.-based Mars has packaged M&M’s in boxes shaped like Ramadan lanterns, and Coca Cola has issued a limited-edition can with a star and crescent. The company has also publicized that it is funding pilgrimages to the holy city of Mecca for its Muslim employees.

In predominantly Muslim markets, Swedish IKEA now sells Ramadan decorations and serves halal food items. They are reportedly considering expanding the effort to U.S. cities with large Muslim populations. Companies inside the United States, such as McDonalds, Rite Aid and Comcast, have also developed products and advertising campaigns to capitalize on the festivities for a domestic audience.

An increased push during this year’s Ramadan may yield less than usual, however. Double-digit inflation and record food prices are taking a bite out of consumer spending in many Muslim communities around the globe, with little relief in sight. Even with the catchy marketing schemes, international companies will be hard pressed to compete with local companies’ prices. International brands are traditionally luxury items, and in tougher economic times, many will avoid the urge to splurge. ■ JF

What should MEPI look like in 2015?

The Middle East Partnership Initiative (MEPI) was launched almost six years ago, at a time of considerable optimism for the United States’ capacity to promote democracy in the Middle East. In practice, the program has confronted difficulties in changing the bureaucratic culture in Washington as well as creating change on the ground overseas. To think strategically about how the U.S. government should go about democracy promotion in the Middle East, CSIS convened a small roundtable to analyze what MEPI should look like in seven years’ time. Former Deputy Assistant Secretary of State Scott Carpenter and Professor Dan Brumberg of Georgetown University led off the discussion. Click HERE to learn more about the initiative. ■
power, and the power of their wealth, in shaping the actions of others. Lacking the capacity to coerce Iran, they seek to co-opt it.

The United States often approaches matters differently. With a much broader array of concerns and a broader array of countries with which it is concerned, the U.S. predilection is often to fix problems rather than manage them indefinitely. The United States rarely goes out of its way to make mutual investment attractive; to many Americans, the desirability of economic partnerships with such a large and wealthy country as the United States is self-evident and need not be explained. The incentives are there for all comers, who are invited to compete on a level playing field.

More simply put, for many Americans the idea that every country in the world would want a close relationship with the United States is obvious. Seen this way, the most powerful tool in the U.S. arsenal is not greater engagement, but the threat of less. The United States put restraints on trade with the Eastern Bloc during the Cold War; now Cuba, North Korea, Iran and others remain under sanctions as punishment for their policies.

It is with Iran, in particular, that the Gulf strategy and the U.S. strategy come into conflict. Iran has been the Gulf states’ neighbor for hundreds of years, and will be for hundreds more; they see little point in antagonizing such a powerful country so nearby. Rather than isolate Iran, they seek to deepen their ties with Iran so as to protect their interests and increase their leverage. In so doing, they attempt to make Iranian aggression unthinkable, much as the post-War order in Western Europe brought peace to the long-bloody continent.

The United States seeks to isolate Iran, holding out the promise of closer ties as an incentive and the threat of warfare as a deterrent. U.S. policy tends to take Iranian unpredictability as a constant; Gulf policy tends to take it as a variable. While each side sees an underlying Iranian hostility and aggression, Iran’s neighbors are more optimistic about the possibility of redemption.

Each approach has its weaknesses. The drawback in the Gulf’s strategy is that, by itself, it creates few reasons for the Iranians to change their overt behavior. The drawback of the U.S. strategy is that as U.S.-Iranian bilateral ties weaken, so too do the incentives for Iran to reverse its behavior.

What is ironic about this growing divergence is that the Gulf states and the United States differ not in their goals, but rather in their means to achieve them. Equally ironic, those differences in means may provoke a crisis, as the United States considers coercing allied governments to adopt the U.S.-led isolation strategy through threats of its own, and those governments seek relief from U.S. pressure by undermining the U.S.-led isolation.

In point of fact, not only is there wisdom in both approaches, but they are far more effective if applied in coordination than if pursued in competition. Iran has not recklessly acted against its own interests, and greater engagement in the Gulf would indeed introduce more stability to the region. At the same time, Iran is in difficult financial straits despite high oil prices, and skillfully conditioning fiscal relief on a less impetuous foreign policy would calm regional fears significantly. The key to making these policies work in tandem is that the United States has to ensure that the offer to engage is credible, and Gulf states need to see their goal as influencing decision-making in Iran rather than merely paying protection money. Not only are the stakes too high for the United States to get this wrong; they are too high for U.S. allies in the Gulf as well. ■ 9/19/08