

CARNEGIE COUNCIL *for Ethics in International Affairs*

The Geopolitics of the Iran Deal: Winners and Losers

Public Affairs, Global Ethics Forum TV Series

Karim Sadjadpour, Joanne J. Myers

Transcript

Introduction

JOANNE MYERS: Good afternoon. I'm Joanne Myers, and on behalf of the Carnegie Council, I would like to thank you all for joining us.

Our speaker today is Karim Sadjadpour, who is a well-known and widely respected Iranian specialist. He is currently a senior associate at the [Carnegie Endowment](#) in Washington, having joined there after having served four years as the chief Iran analyst at the [International Crisis Group](#). As he is always in demand—you will soon understand why—we are delighted to welcome him here to New York and to this Public Affairs program. He will be discussing "The Geopolitics of the Iran Deal: Winners and Losers."

Ever since Iran and the five permanent members of the United Nations Security Council, plus Germany and the European Union, concluded their historic nuclear agreement, known as the [Joint Comprehensive Plan of Action](#) (JCPOA), there has been an intense debate about whether this deal represents capitulation to Iranian interests or whether it is an opportunity to help stabilize the Middle East. American allies in the region, especially Israel and Saudi Arabia, are concerned that an economically stronger Iran might bring greater instability in the region by channeling more aid towards its proxies, including [Hezbollah](#) in Lebanon, who have been raging [war](#) against the Syrian opposition; the [Houthi militia](#), who have been [fighting](#) to take over Yemen; and [sectarian militias in Iraq](#) who seem to be helping to form an Iranian-Iraqi alliance in the post-[Saddam Hussein](#) era.

While a large segment of the Iranian population seems to want better relations with neighboring countries and the world, the real questions are whether the government of Iran wants the same. Do they want to live by the rules of the international system or will Iran choose to remain a revolutionary state committed to expansion in defiance of international law, a direction it seems to be moving in since the agreement was announced last year?

While the outcome of the Iranian nuclear agreement is still unfolding, we can only speculate about what this breakthrough will mean for normalizing relations with the United States and the West and how it will impact on the power dynamics of the Middle East.

For insight and a historical understanding of what's at stake and what could transpire, who are the winners and who are the losers, please join me in giving a very warm welcome to one of the smartest and most objective speakers on Iran, our guest today, Karim Sadjadpour.

Thank you so much for joining us.

Remarks

KARIM SADJADPOUR: Thank you, Joanne, for that very kind introduction. Thanks to all of you for coming.

Before I begin, I just want to recognize [Vartan Gregorian](#). I work at the [Carnegie Endowment for International Peace](#). I am here at the sister institution, the Carnegie Council. Really, the grandfather of all of us is Vartan, who runs the [Carnegie Corporation of New York](#), who I consider a dear friend and a mentor. I am always reminded of an anecdote from my childhood—I shared this once with Vartan before—when I see Vartan.

There was a moment when my childhood idol, [Michael Jordan](#), scored his career-high 69 points against the Cleveland Cavaliers. His teammate [Stacey King](#) scored 2 points that evening. Stacey King was being interviewed by a reporter after the game and he said, "I'll always remember this as the night when Michael and I combined for 71." [Laughter] I always associate myself with Vartan the way that Stacey King associates himself with Michael Jordan.

I thought a good place to start tonight would be this wonderful essay from [Isaiah Berlin](#) that I have been recommending to everyone called "[The Hedgehog and the Fox](#)." Those of you who have a Wall Street background may be familiar with it. He essentially says that the fox knows many things and the hedgehog knows one big thing.

One of the challenges in working on the Middle East and in working on Iran is that we all tend to have our own ideological lenses. Oftentimes when I give talks on Iran, I get emails from Iranian friends who say, "Make sure you tell them about the real Iran." I say, "Is the real Iran the country with a 2,500-year-old civilization and a vibrant population who is eager to be reintegrated into the international community? Or is the real Iran a repressive government which has per capita the highest rate of execution in the world and which represses religious minorities and women and many members of its population?" Well, it's both of those things. Is the real Iran a country which is a stable regional power or is it a country which is complicit in the [deaths of hundreds of thousands of Syrians](#)? It's also both of those things.

So whenever we talk about the real Iran, we have to think more like foxes than hedgehogs. Like [Walt Whitman said](#), "I contain multitudes." Likewise, Iran contains multitudes, the same way that here in the United States we have a [presidential campaign](#) in which both [Donald Trump](#) and [Bernie Sanders](#) have received a lot of votes. It shows you that, like the United States, Iran is a country which is quite divided internally and has many internal paradoxes.

I had a friend who was working in the [Bush administration](#) years ago, and he said to me that for him Iran was [Qasem Soleimani](#). Qasem Soleimani is the head of a [unit](#) of the [Revolutionary Guards](#). For people like my father, Iran is [Cyrus the Great](#) or the great poets [Hafez](#) and [Ferdowsi](#). The reality is that modern Iran contains many of these things.

What I would like to do is talk a little bit about what I see as the near-term winners and geopolitical losers as a result of the [nuclear deal](#). But I am going to hedge a lot, because I think that, as we have seen in the Middle East over the years, when major events happen—whether that is the [Oslo Accords](#), the [Iranian Revolution of 1979](#), the [Arab Spring](#), the [Iraq War of 2003](#)—when events are happening in real time, we interpret them one way, and we oftentimes interpret them very differently with five, ten years' hindsight. I think that could be the case with the Iranian nuclear deal as well.

I would say, as of now, one of the great geopolitical winners of the nuclear deal with Iran has been China. China has very strong commercial relations with Iran, very strong energy relations with Iran. In many ways, China has become to the Islamic Republic of Iran what the United States was to the [shah's](#) government prior to the revolution—the country's most important strategic and economic partner.

Years ago, I was invited to China to speak to the Chinese Foreign Ministry, and they asked me to give a two-hour lecture on U.S. foreign policy toward the Middle East. I said, "I'm trained to speak in 30-second sound bites. Two hours is very long." Anyway, I did the best I could. I remember afterwards I asked the Chinese Foreign Ministry official, "What about China's foreign policy toward the Middle East, China's strategy in the Middle East?" He said, "China basically has two priorities in the Middle East. First, we want to see the free flow of oil from the region. Second, we want to see harmony amongst nations in the Middle East, in order to ensure the free flow of oil from the region." So essentially it was one policy.

No matter what happens with the Iranian nuclear deal, I think the fact that Iran is now far less encumbered by [economic sanctions](#)—its economy isn't totally reintegrated with the global economy—Chinese businesses who want to either buy oil from Iran or sell their products in Iran are far less encumbered. So I would say that China has certainly been a near-term geopolitical winner as a result of the nuclear deal.

I would argue that, as of now, one of the biggest geopolitical losers as a result of the nuclear deal has been Saudi Arabia. For the last decades in Washington, DC, there has often been debate about what is the key to U.S. foreign policy in the Middle East. For many years, people said it was the [Palestinian-Israeli conflict](#), that if you want to stabilize the Middle East, bring peace and prosperity to the Middle East, you had to try to resolve the Palestinian-Israeli conflict.

In 2003, the Bush administration argued that the road to peace in the Middle East didn't go through Jerusalem, but it went through Baghdad. They believed by replacing Saddam Hussein with what they hoped would be a secular democratic government, that would stabilize the Middle East.

Increasingly these days, especially, I would argue, at the State Department, the biggest hope people have for some type of a regional peace accord or *modus vivendi* between countries is to try to bring about a rapprochement between Iran and Saudi Arabia. This is a topic which gets a lot of media attention these days.

As you know, there are kind of three parts to the Iran-Saudi rivalry. It is ethnic, Persian Iran versus Arab Saudi Arabia. It is sectarian, Shiite Iran versus Sunni Saudi Arabia. But I would argue that it is above all geopolitical. If you look at the bloodiest conflicts in today's Middle East, whether that is Syria, [Yemen](#), [Iraq](#), to a lesser extent [Lebanon](#), [Bahrain](#), they all have elements of the Iran-Saudi rivalry. I would argue that, just like China and Japan are kind of natural rivals in Asia, Brazil and Argentina are natural rivals in South America, France and Germany are natural rivals in Europe, Iran and Saudi Arabia in many ways are kind of destined to be competitors. But they are not necessarily destined to be adversaries.

Despite the fact that you often read in the newspaper—and even President [Obama](#) used the adjective "primordial." He said these are "primordial" conflicts in the Middle East, implicitly saying that Sunnis and Shiites have been fighting each other for hundreds or a thousand years, and so it is inevitable that they will continue fighting. I would argue that what is fueling the Iran-Saudi conflict these days is much more geopolitical than it is ethnic or sectarian. On the surface it appears like it is

ethnic or sectarian, but the reality is that when there aren't geopolitical conflicts in the Middle East, Iran and Saudi Arabia have had kind of a cold working relationship. I think what happens these days is that the regional conflicts exacerbate the mutual mistrust and hostility between Riyadh and Tehran, and then that in turn further exacerbates the regional conflicts.

One of the reasons Saudi Arabia has been so incensed as a result of the nuclear deal is that since the 1979 Iranian Revolution, U.S. foreign policy toward the Persian Gulf was pretty consistent. It was premised on two pillars. That was cooperation with Saudi Arabia and the containment of Iran. For the first time in three or four decades, President Obama has somewhat challenged that paradigm with the nuclear deal with Iran and with his unprecedented attempts to try to engage the Iranian government.

You can understand Riyadh's perspective in that they believe that the basis of their relationship with Washington—and not just Saudi Arabia, but other Gulf countries as well—it is based on two assessments. One is that the United States needs Gulf countries for energy security, to ensure the free flow of oil from those Gulf countries. Second were mutual concerns about Iran which the United States and Gulf countries share.

We see now, with the shale energy revolution in the United States, the United States is far less dependent on Gulf energy reserves than we were, say, 10, 15, 20 years ago. So that has undermined one basis for the relationship. And second, in the eyes of many Gulf countries, there is a belief that the United States is actively trying to pursue a rapprochement with Iran. If the United States and Iran are no longer adversaries, if they become friends, what will be the basis of the alliance between the United States and Gulf countries?

I always tell my friends in the Gulf that I think that they exaggerate the extent to which the United States and Iran are now actively cooperating. There is still tremendous tension and mistrust between the United States and Iran. I think as long as the government in Saudi Arabia wants to be allied with the United States, and the leadership in Iran, namely the [supreme leader](#), embraces this slogan of "Death to America," there is not going to be major change in this dynamic between Iran, America, and Saudi Arabia. But certainly over the longer term, 10, 15, 20 years, I think you could see a scenario whereby the United States' relationship with Saudi Arabia begins to fray a little bit as the relationship between Washington and Tehran begins to improve a little bit.

But as I mentioned earlier, when we look at these major events that happen—most recently this was the Arab Spring—there is this tendency to kind of conflate our hopes and our analysis, what we would like to see happen and what actually happens. I think what will be very important in assessing who are the geopolitical winners and losers of the Iran nuclear deal—it will be very important to see how this deal plays out internally within Iran. As I said, in many ways Iran is a country, and even a leadership, divided. I think it is relevant to talk a little bit about Iran's internal political debates.

Essentially you have a supreme leader, Ayatollah Khamenei, who, I would argue, is the most brilliant [Machiavellian](#) politician in today's Middle East. He is the second-longest-serving autocrat in the region after the [sultan of Oman](#). Khamenei has been ruling since 1989. For the last few decades since he has been ruling, his world view has been very consistent. An important part of that world view has been to be faithful to revolutionary principles, to the principles of the 1979 Revolution and the vision that Ayatollah [Khomeini](#), his predecessor, had for Iran.

If I had to distill that down to its essence, I would say that are three pillars left of the 1979 Revolution. One is the rejection of what they would call U.S. hegemony: so rivalry with the United States.

Second, I would say it is the rejection of Israel, the rejection of Israel's existence, and support for groups like [Hezbollah](#) and [Islamic Jihad](#) and other militant groups opposing Israel. Third—this is more symbolic than anything else—it is the veil, the *hijab*, for women. These are, I would argue, for the supreme leader some of the core principles of the revolution. And I would argue that at age 76, he is not likely to really change his world view.

But he has really been challenged over the years. You now have in Iran President [Hassan Rouhani](#), who, I would argue, has a very different vision for Iran. He is someone who wants to put the country's national interests before revolutionary ideology. I didn't realize this: Whenever you start to take on a new research topic when you are in a think tank, you realize that there are already hundreds of academic books published on the topic. So I didn't realize that even the concept of national interest is such a rich field in the field of international affairs and political science. My definition of national interest is essentially that which improves the prosperity and security of your population.

I would argue that there is a fundamental conflict these days in Iran between the revolutionary ideology of the Islamic Republic of Iran and the national interests of Iran. Let me give you one example of that.

If you are in pursuit of the national interests of your country, forwarding the economic prosperity of your population, then "Death to America" doesn't make a lot of sense as an organizing principle, because you would want to have commercial relations with the most important economy in the world. At a time when you have Sunni radicals and [ISIS](#) (Islamic State of Iraq and Syria) not that far from your border doing horrific things to their subjects and also to Shiites, having Israel be your number-one enemy doesn't make a lot of sense, I would argue, in the context of Iran's national interests.

So there is a whole host of things that, I would argue, President Rouhani and his foreign minister, [Zarif](#), would do differently if they were really in charge of Iran. But the reality is that power continues to lie with unelected leadership in Iran, the supreme leader, the Revolutionary Guards, and other byzantine institutions which are loyal to them.

If there is one thing that I have learned over the years in the Middle East, it is that what oftentimes matters most is not the breadth of a regime's support, but the depth of its support. What I mean by that—in Iran we saw in [2009 popular uprisings](#), which were among the largest popular uprisings in the Middle East over the last half decade. All visitors who travel to Iran come back saying that Iranians—they visit cities like Tehran and Isfahan and Shiraz, and they see this vibrant population, which is eager to be reintegrated into the national community, and they say, "Well, change is therefore inevitable."

I think what we underestimate is the fact that for the leadership of the Islamic Republic of Iran and for the supreme leader, as I said, what is important is not having necessarily a wide base, but a base which is going to be passionately supportive. The son of a prominent cleric in Iran told me during the 2009 uprisings, "If you can have 200,000 supporters who are willing to go out into the streets and kill and die for you, it's a lot more effective than 5 million supporters who stay at home and post things on Facebook and Twitter." I think this is the formula that the supreme leader has figured out, that having this core base which is very loyal to him, willing to kill and die to keep him in power, keep the system in power, is more important than having mass popular support. As Machiavelli said, it's better to be feared than to be liked.

In Iran you do have a population which, I would argue, is eager for considerable change. In 1979

they experienced a revolution without democracy, and I think today they aspire for a democracy without a revolution. They are not willing to go out into the streets and risk their lives for a very uncertain outcome.

The reason why I talk about Iran's internal debates is that when we look back at this nuclear deal 5, 10, 15, 20 years from now, I think we will assess the geopolitical winners and losers of the deal based on who this deal strengthened within Iran. It is plausible that we will say five years from now that the deal ended up strengthening the hard-line forces in Iran. The economic sanctions were removed. The hard-line forces were enriched. The Revolutionary Guards were enriched, and it allowed them to continue supporting Iran's regional allies and allowed them to strengthen the repressive apparatus at home. We will then say the deal ended up strengthening—the geopolitical winners were Iran's regional allies, whether that is the government of [Bashar al-Assad](#) in Syria or Lebanese Hezbollah or Shia militias in Iraq. That is certainly plausible.

But I do think it is also very plausible that over the longer term, 10, 15 years from now, we will look back and say that the nuclear deal was a seminal factor in reintegrating Iran into the global political economy and strengthening the forces of civil society and moderation and politicians who want to put the country's national interests before the revolutionary ideology, in which case I think we will look back and say that the geopolitical winners of the deal will be countries like the United States, like Europe, and the losers will be countries like Russia, like Syria, groups like Hezbollah. Again, I believe that when Iran starts to put its national interests before revolutionary ideology, a lot of its foreign policies will change.

I am happy to stop there, Joanne, and look forward to your questions.

Questions

QUESTION: Ron Berenbeim.

Do you have a sense that within the clerical establishment there is any division, that some of the clerics want out of politics and some want to maintain a harder line? That can't be monolithic, can it?

KARIM SADJADPOUR: Absolutely not. That is a very important point. As I said, there are divisions between the Iranian state and society, and there are profound divisions within the Iranian state, whether that is within the clerical establishment or within the Revolutionary Guards.

One thing I find interesting—my father's side of the family comes from more traditional classes, religious classes, and I think it is the case for a lot of folks within the traditional and religious classes that in some ways they have even more discontent with the Islamic Republic of Iran than secular Iranians. They would argue that one of the fallouts as a result of the Islamic Republic conflating an authoritarian regime with Islam is that younger-generation Iranians have far less affinity for religion and for the clergy than previous generations of Iranians.

So I think that, like Ayatollah [Sistani](#) in Iraq, there are many who would argue that the best way to actually preserve the dignity of the religious establishment and of the clergy is to separate religion from politics.

But at the same time, under the leadership of Ayatollah Khamenei, the clergy have almost an incentive not to challenge the status quo. Their benefits, their stipends as seminarians come from the state. If they start to challenge that status quo or agitate against it, they would be risking their livelihoods.

I would say the same goes for the Revolutionary Guards as well. It is not a monolithic institution. There are some Revolutionary Guards who probably share Ayatollah Khamenei's vision for Iran, certainly the top commanders whom he appoints. But when I used to live in Iran, I used to also encounter Revolutionary Guardsmen who—I wouldn't argue that they were secular, [Jeffersonian democrats](#), but certainly people who believed that Iran needed to pursue its economic interests and pragmatic interests rather than revolutionary ideology.

One of the things I tell people is that it reminded me a little bit of the debate in the United States in the run-up to the Iraq War of 2003. Men who had actually served in war—people like [Colin Powell](#)—were far less bullish about going into Iraq than some of their civilian counterparts who had never served in war. The reality is that the Revolutionary Guards fought one of the bloodiest [wars](#) of the second half of the 20th century with Iraq. I think that in private conversations they can oftentimes come off as much more pragmatic than some of their civilian counterparts.

QUESTION: My name is Chris. I am part of the New Leaders Program here at Carnegie.

I would like to ask you a little bit about how you see economics playing into the longer-term thinking about who benefits most from the deal. In the last week, we have had the White House come out and say that they are going to try to make sure Iran can get easier access to dollars than has been the case thus far. We have had some opposition from members in the Senate to that. Given that you see China as one of the big beneficiaries, it seems like the desire to keep Iran within a dollar-denominated economy was at least part of the motivation. I am curious how you see that playing out over the long term and how important that factor was in looking forward to the kind of improving relationship you are talking about.

KARIM SADJADPOUR: Those of you who haven't read [Jeffrey Goldberg's](#) long [essay](#) based on his interviews with President Obama in *The Atlantic*, I highly recommend it. I think this came out of the interview with President Obama. He gave the example of [Cuba](#), a country which has been economically isolated, politically isolated for five, six decades, and had really stagnated, hadn't changed. I think for many people at the White House, perhaps, I would argue, President Obama included, there was a belief that continuing to isolate Iran politically and economically may help avert its nuclear program, but the prospects for transformation in Iran are greater the more we try to integrate Iran into the global economy and into global politics.

I think this is precisely the reason why some of the hard-liners in Tehran are actually not eager to have Iran reintegrated into the global economy. I have a friend now in prison in Tehran called [Siamak Namazi](#), a U.S.-educated consultant. He has an MBA (Master of Business Administration) from the London Business School. He could have made an easy life for himself in the United States, but he chose to go back to Iran.

He started an excellent consulting firm called [Atieh Bahar](#). He was telling me years ago that he was being interrogated by somebody from the Revolutionary Guards, and he started to defend himself by saying, "My firm has created hundreds of jobs for Iranians. We have brought in foreign investment to the country. We have encouraged European and U.S. officials to engage Iran rather than isolate Iran." He said that the Revolutionary Guardsman who was interrogating him interrupted him and said, "You seem to misunderstand what the problem with you is." He said, "What do you mean?" He said, "The problem is that you guys"—meaning you Western-educated, English-speaking Iranians—"who controlled the country before the revolution now want to take it back from us. We're not going to give it back to you."

This is one of the challenges in our dealings with Iran, that you have some of these hard-line elements who are deeply entrenched. I would argue they have political and economic interests in retaining that status quo. In a way, global economic integration is much more of an existential threat to them than isolation. In the same way that I think [Kim Jong-un](#) in North Korea or [Fidel](#) for many years benefited from that isolation, these guys worry that in a globally integrated economy, where you have Apple and Shell and Total, big international players, competing in Iran, they could be swept out.

I think this is going to be one of the fundamental challenges which will, in my opinion, probably take many years to play out in Iran. As eager as private-sector companies are to do business in Iran, it is still a country which is rife with corruption and mismanagement.

The hard-liners are not very large in number, but since the [hostage crisis of 1979](#), they have become incredibly effective at sabotage. They can simply send Revolutionary Guards to shut down a foreign company, as they have done in the past, or imprison a prominent businessman, like my friend Siamak, and it sends the signal to dozens of other Iranians that this country isn't safe for you.

I totally understand the logic of President Obama and others who say that if we engage Iran economically and try to reintegrate it into the global economy, that is going to facilitate political reform and change and, as you said, keep it into the dollar-denominated economy.

But at the same time, you can understand the perspective of those hard-line forces in Tehran who actually fear an integrated Iran and, for that reason, prefer to deal with countries like China and Russia, who aren't going to lecture them about human rights and transparency and corruption.

QUESTION: Allen Young.

Apparently the original Security Council resolution dealing with missile testing by Iran prohibited missile testing. A part of the Iran deal was that the language the Security Council was to adopt, which it did adopt, instead of prohibiting it, called upon Iran not to have missile testing, creating an ambiguity. The Iranians have seized on that to justify their [ballistic missile testing](#). What do you think the United States should do with respect to the resumption of missile testing by Iran?

KARIM SADJADPOUR: That is a very good question. I think the reality is that the [Obama administration](#)—this is, in their eyes, their greatest foreign policy achievement, the nuclear deal with Iran. So they are very reluctant to take any measures which could potentially undermine or sabotage the deal.

I think one of the key disagreements between Washington and Tehran about the nuclear deal is the issue of economic sanctions. For the United States—and I have spoken to members of Congress about this, and people at the White House—they say that we can pass non-nuclear-related sanctions against Iran, and that is not a violation of the nuclear deal. So if Iran tests missiles or they do something very provocative in the Persian Gulf, we can pass sanctions in retaliation.

The Iranian understanding of the deal is much different. Their understanding of the deal is that any additional sanctions, whether nuclear or non-nuclear, are an abrogation of the deal. The Iranian supreme leader has said, "If they violate the deal, we are no longer going to remain faithful to our obligations."

I think there is a real risk that Iran does something provocative, whether it is more missile tests or something against U.S. interests in the Gulf or human rights abuses at home, and the U.S. Congress

and the next U.S. president, whether that is a President [Clinton](#) or Trump or [Cruz](#) or [Paul Ryan](#)—whoever it is—supports new sanctions against Iran, and Iran responds by saying, "Okay, we are going to recommence our nuclear activities." Then the deal has the potential of slowly unraveling.

But I think the reality is that for the duration of the Obama administration, until January of 2017, the administration is going to be very, very reluctant, and they are going to try to persuade Congress not to pass new sanctions, because they want to preserve this deal as much as possible.

I think it goes back to the previous question about who benefits in Iran from Iran being reintegrated into the global economy. I do think that there will be an incentive for some forces within the Revolutionary Guards—and they may not even be given the mandate from the top; they may be rogue elements within the Revolutionary Guards—to do something provocative in the coming years precisely because they want to sabotage the nuclear deal, because they feel it is inimical to their interests. The deal is meant to last 10 years, 15 years, depending on who you talk to. I definitely don't take it for granted that it is going to reach its duration. I think there are tremendous pitfalls coming from both sides.

JOANNE MYERS: Do you think that Iran is being provocative for a specific reason? Because it seems to be escalating. It hasn't subsided. It started with the ballistic missile testing and then supporting the Houthis and Hezbollah. What is your take on that?

KARIM SADJADPOUR: There are a few reasons for them to try to flex their muscles now. One is they want to send a signal to the United States: "Don't think that this nuclear deal was an indication that we want a better relationship or rapprochement. This was purely a short-term tactical nuclear deal. We are not interested in rapprochement. We are not interested in a better relationship."

Second, I think it sends a signal to their own population: "Don't confuse our external flexibility for internal weakness. We still remain very much in charge."

I think it is also certainly part of their internal power struggles between these more hard-line forces—they call themselves [Principlists](#) because they are loyal to the principles of the revolution. The factional battle is between Principlists and more moderate and pragmatic forces for power.

Whenever there is a kind of militarized, securitized atmosphere in Iran, it tends to naturally benefit the security forces and tends not to benefit the civilian leadership.

QUESTION: Good evening. Youssef Bahammi.

My question is related to the policy aspect of these sanctions. I want to know what is the overview of the sanctions right now. What has been realized and not yet in Iran? How does that affect the international trade—the banks, the shipment companies, the exporters? Thank you.

KARIM SADJADPOUR: Thank you.

Basically, at the moment all countries, essentially, apart from the United States, are now free to do business with Iran. The huge caveat on that is that there is tremendous hesitation from major international banks to resume commercial relations with Iran, for a whole host of reasons. One of the reasons, frankly, is that there is not yet tremendous confidence that this deal is firmly in place. If you are a major European bank and you are watching the [presidential debates](#) in the United States and almost all of the [Republican candidates](#) argue that they will tear up the nuclear deal on day one, that

is not going to persuade you to allow billions of dollars to be placed in Iranian banks. So there is still tremendous hesitation.

Then, as I said, there are all these challenges with the Iranian economy, whether that is mismanagement, corruption, repression, etc.

In theory, with the exception of the United States, if you live in Europe or you live in China, Japan, Malaysia, you are free to resume commercial ties with Iran, with the exception of some entities which continue to have sanctions tied to them, whether that is entities tied to the Revolutionary Guards oftentimes or individuals.

Your second question was, how does this impact global trade? If this nuclear deal were signed at a time when oil prices were \$140 a barrel, over \$100 a barrel, I think the impact would have been much greater. But at a time now with oil—I don't know what the latest numbers are, below \$40, I think—the impact on global energy markets hasn't been substantial.

Iran is a very large market. Many would argue that it is the largest population in the world which continues to remain outside of the global economy. You can't use your Visa card in Iran. It is a population which really craves global products, whether that is Apple or Gap or Benetton. They do get them, but at a significant premium, because they are oftentimes things which are smuggled in from Dubai or have high tariffs. If I was a seller of luxury goods, Iran would be an attractive place. If I was selling washing machines—they love American products in Iran. A lot of American companies, car manufacturers, etc., are very eager to look at Iran.

But as a place for foreign investment, to go and set up shop and establish companies and factories there, I think it is going to be much, much more challenging. It is a very difficult terrain in which to operate.

There are two analogies which are commonly invoked when people try to assess Iran and its future trajectory. One is 1970s China. They compare Hassan Rouhani to [Deng Xiaoping](#). The other is Russia. In my opinion, there are far more parallels between Iran and Russia than Iran and China, meaning it is a resource-rich economy. It doesn't have the same type of labor force that China does. I see Iran's future trajectory in the coming years and decades more similar to post-Soviet Russia than I do contemporary China.

QUESTION: K. P. Nayar. I work for *The Telegraph* newspaper.

You mentioned the impact of the geopolitical rivalry between Saudi Arabia and Iran on countries in the region. Even before the nuclear deal, this rivalry was played out on the streets of Bahrain for an extended period. What will be the impact of the nuclear deal on Bahrain? Bahrain already has two de facto governments, one led by the [crown prince](#) and the other led by the [prime minister](#), which are pulling in two different directions. It seems to me that Bahrain is a tinderbox. Is it more of a tinderbox as a result of the nuclear deal?

KARIM SADJADPOUR: I would argue that Iran since the revolution, since 1979, has had three principles to their regional policies. I mentioned two of them already, rivalry with the United States, the rejection of Israel. The third has been the rivalry with Saudi Arabia. That has been remarkably consistent, even when you had, for example, [Mohammad Khatami](#), who was the president, who served for eight years in Iran. His official slogan was "Dialogue of Civilizations." But during that time Iran's regional policies really remained largely the same.

I would expect that post-nuclear deal you won't see a big departure in Iranian policies towards Bahrain. In fact, I saw just a day or two ago—I forget who it was; I think it was a prominent newspaper editor who was appointed by the supreme leader who once again said that Bahrain is a province of Iran.

It reminds me of when I was a kid and I used to kind of take pleasure out of bothering my little sister. Just the fact that I could do it, it gave me pleasure. Iran seems to just kind of take pleasure in being able to gratuitously needle Saudi Arabia.

I am just speculating here, but it seems to me that if there is going to be some type of a *modus vivendi* between Iran and Saudi Arabia, some type of a grand bargain, Iran will say, "Okay, our core interests are Syria (we are not going to compromise on preserving our interests in Syria and preserving the rule of Bashar al-Assad), Iraq (we want to maintain a Shiite-led government which is allied with Iran)." But in areas like Yemen, Bahrain—those are not, I would argue, core Iranian interests. They could maybe tone down their meddling.

But one of the challenges in assessing Iran's role in both Bahrain and in Yemen is that it is really out of the public eye. It is oftentimes difficult for us to decipher what it is—you hear Saudi Arabia and the Gulf countries say Iran is pouring tens of billions of dollars into these countries. U.S. officials would say it is much less. The reality of Bahrain, I would argue, is that it essentially has now almost been rendered an appendage of Saudi Arabia, and it is going to be very difficult for Iran to foment political transformation in that country.

QUESTION: My name is Simon Tschinkel.

I am glad you brought up Iraq, because I have a fascination with what is going on with Iran and Iraq. I don't really know. But it seems to me that Iraq offers Iran some kind of buffer—they share a border—from its more hostile neighbors. But at the same time, Iraq offers perhaps some kind of example—I don't know if that is true—to the people of Iran in terms of what a potential secular democracy might work like. I am kind of curious as to what Iran's feelings and policies and thoughts are regarding Iraq in its current form.

KARIM SADJADPOUR: It is interesting that one of the important premises of the Iraq War was to replace Saddam Hussein with a Shiite-led democracy and spread that Iraqi democracy to Iran. But I would argue that what has happened more is the spread of Iranian theocracy to Iraq.

I just met recently with a group of Iraqis who are visiting Washington. There was a broad consensus, especially in the last several years, that Iran has become the single most influential country in Iraq. At the moment, when you have the presence of ISIS in Iraq, it has really provided Iran a pretext to expand their influence in Iraq, under the pretext of fighting ISIS. I call Iran the arsonist and the fire brigade in the fight against ISIS. It was Iran's support for Assad in Syria and for Maliki in Iraq which in many ways fueled that Sunni anger and disenfranchisement that led to ISIS's rise. But at the same time, as you see in Iraq and Syria, they are on the front lines fighting against ISIS.

I remember an Iraqi Kurdish minister was visiting DC, and I said to him, "Aren't you worried that enlisting the support of Shiite militants, whether that is Iran or Hezbollah, to kill Sunni militants actually creates more Sunni militants than it eliminates?" This is a constant challenge that Israel has had in its fight with the Palestinians. It has oftentimes unwittingly created more Palestinian militancy than it has reduced.

His answer to me was, "You're sitting in Washington, DC, and saying that that is a problem. I'm

sitting in a place, in Erbil, where ISIS is 30 miles away. I don't have the luxury of saying I want only nice guys to fight against ISIS."

So I think the reality is that as long as you have this threat of the radical Sunni jihadists, there is going to be an important Iranian military and political presence in Iraq.

The question is, at what point do Iraqis start to chafe at that Iranian influence? I am not just talking about Iraqi Sunnis, who, of course, are unhappy with Iran's role, or even Iraqi Kurds, but also Iraq's Shia classes. We oftentimes forget that these two countries fought an eight-year war against one another, and Iraqi Shias probably comprised, if not a majority, certainly the plurality of Saddam Hussein's army. They are proud Iraqis. They are proud nationalists.

But I think what is happening in today's Middle East is that in some countries in the region there has been this breakdown of national identity, and sectarian identity has come first. So for many Iraqi Shias, Iran is at the moment an important ally. But I don't think, going to your point, that that is something we should accept as a reality indefinitely. But at the moment, as long as there is the threat of ISIS, the threat of radical Sunni jihadists, I don't think that Iraq Shia political classes have the luxury of looking elsewhere for their protection.

QUESTION: Sondra Stein.

I read recently that Saudi Arabia is restricting Iranian oil from going into certain waters and there have been reprisals. Is that really against the Iran deal? Is that legal, allowed? Or did the Iran deal not cover behavior of other countries like Saudi Arabia?

KARIM SADJADPOUR: I think one of the great adages which applies to the Middle East is, those who know don't talk and those who talk don't know. I'm in the latter category here. I had not seen news that Saudi Arabia is restricting Iran's oil exports. It may be something that is happening which I am not aware of.

But certainly one of the important aspects of the Iran-Saudi rivalry, which I neglected to even mention, is the energy aspect of it. Iran, after eight years of being in the cold, wants to ramp up its production and export of oil. It's telling Saudi Arabia to reduce its output to make room for Iran. Saudi Arabia is not going to do that. So you continue to see these downward trends in oil prices.

In many ways, the big question is, who can withstand \$30 or \$35, even maybe \$25 oil longer, Iran or Saudi Arabia? Iran is less dependent on oil than Saudi Arabia as a source of revenue. It is a more diversified economy than Saudi Arabia. But at the same time, Saudi Arabia has far more oil reserves than Iran.

It is not something that is necessarily going to happen in the next year or two. But again, if oil prices remain at \$20, \$25, at what point does Iran say, "We have to think twice now about expending so much money on Bashar al-Assad or on the Houthis in Yemen." So far that hasn't been an issue, but at some point in the future it might be.

QUESTION: Tom McCardle.

There were recent [elections](#) on the Council of Clerics that will select the new supreme leader. True reformers were not allowed to run, but the general consensus, I believe, was that the reformers as they existed did do better than the hard-liners in the election. What, if anything, should we read into that?

KARIM SADJADPOUR: I was reading a news article on the way here. It was about this female MP in Iran who was one of the moderate reformers who had won in the recent election. But this body called the Guardian Council, the 12-member Guardian Council, had actually rejected her victory, on the alleged grounds that she had traveled outside of Iran and shook hands with a male. In the eyes of the Guardian Council, that was a violation of the principles of the Islamic Republic.

One of the individuals who came to her defense is a prominent politician who is considered to be a pragmatic conservative. He said, "No, no. She was wearing a glove when she shook the male's hand, so it was *halal*, it was kosher, the handshake."

What I am saying by that is that you see in Iran that there has been a rightward shift in the political spectrum over the last decade, decade and a half. Even the president, Hassan Rouhani, when I was based in Iran, 2005 and before, was considered to be a conservative. He was called a pragmatic conservative. But because the political spectrum shifted so far right, he is now considered to be a moderate.

[Ahmadinejad](#) really sets a very low bar. After Ahmadinejad, everyone seems kind of moderate in comparison.

I think the elections that took place—you had the Assembly of Experts, as you mentioned, which is this 86-member body, which in theory has the power to anoint the next supreme leader, and then the Parliament. In almost every election which happens in Iran, people are given somewhat limited choice. [Tom Friedman](#) had the best line. He said that in the [2009 presidential elections](#), Iranians were given a choice of Mr. Black, Mr. Black, Mr. Black, Mr. Black, and Mr. Gray, and they voted for Mr. Gray, who was Hassan Rouhani. They vote for the least bad options, when given the opportunity. A lot of Iranians abroad say, "Why even do that? You are just legitimizing the process." I think their answer to that question is, "Well, it makes a difference. We saw that when we didn't vote and someone like Mahmoud Ahmadinejad became president, our lives got discernibly worse. Under Hassan Rouhani it's still not great, but it has improved somewhat."

I think this recent election was just another example of that. But I think sometimes in the press we get carried away with elections in Iran. The institutions which are being elected don't ultimately have the great political authority which we ascribe to them here. It was a moderate improvement on the status quo. I think it strengthens the likelihood that Hassan Rouhani will be elected come next year. But ultimately, I tell people, I think the supreme leader's latest medical checkup will probably be far more instructive in informing us about Iran's future trajectory than the recent elections.

QUESTION: Susan Gitelson.

We hear that many Iranians are proud that they were once part of the Persian Empire and they might want to re-create it. You mentioned Cyrus the Great. As the last question, could you imagine how Cyrus the Great, who was willing to accept many people and who was called "the Great" because he was a great statesman—how would he feel about Iran now?

JOANNE MYERS: That's another lecture.

KARIM SADJADPOUR: Yes. It is a wonderful question. There is a wonderful [lecture series](#) which I just listened to, an 11-hour lecture series, on the history of the Persian Empire by a professor at the University of California Santa Barbara called [John Lee](#), which I recommend to you if you are interested in that.

I think that, as you said, when Cyrus the Great ruled over the Persian Empire, the vast majority of the subjects of the Persian Empire weren't Persian. There was tremendous diversity. He understood that in order to rule over that landmass and that diversity of people, he wouldn't be able to convert all of them to—at that time, the state religion was Zoroastrianism. So he kind of allowed them to do their own thing.

I think the Islamic Republic of Iran—one of the valid critiques of it is that it is trying to force its vision of the Middle East onto the peoples of the Middle East and onto its own population as well. I think it can do that using coercive power, but there is going to be, I think, an inevitable backlash towards that.

I think Cyrus the Great would also frown upon the Islamic Republic's slogans, "Death to America" and "Death to Israel." I don't think he would be happy with that. Cyrus the Great, having come up with the first, what they call, [cylinder of human rights](#) probably would not be proud of Iran's human rights record today.

One thing I will leave you with is, it was recently the Persian New Year. March 20 was the Persian New Year. What has become a very popular tradition in today's Iran during the Persian New Year is to actually visit the tomb of Cyrus the Great, near Persepolis, outside of Shiraz. I saw aerial footage from this year's celebrations of the Persian New Year, and it looked like thousands of people were outside Cyrus's tomb.

What is interesting about the Islamic Republic—the shah tried his best to market himself as the inheritor of Cyrus the Great and associate himself with Cyrus the Great and tout the ancient Persian Empire, and perhaps downplay Iran's ties to Islam. The population reacted in the opposite way. Nowadays, it is the opposite. The Islamic Republic in many ways doesn't see themselves as the inheritors of Cyrus the Great and the ancient Persian Empire, and their identity is much more Islamic than it is Persian. But the society has reacted in the opposite way.

[Elaine Sciolino](#), who was the longtime *New York Times* correspondent who covered Iran, wrote a book a decade ago called *Persian Mirrors*. She had, I think, 10 rules about Iran, and one of them was that Iran isn't just the Islamic Republic and it is not just Persia. I think there is a lot of truth to that.

JOANNE MYERS: I thank you so much for bringing the past, the present, and a little bit of the future today. Thank you.

Audio

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Video Clips

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TV Show

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