

“Post-Sanction Iran and the Gradual Shifting in Balance of Power”

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AP/POLS4561 A - Topics in Middle East Politics

Abstract

The aim of this research paper is to critically evaluate the regional balance of power within the context of post-sanction Iran in the Middle East. More precisely, it will attempt to answer how the Iran deal has created a new dynamic and strategic landscape for the Middle East in which the regional balance of power is in the process of gradual shift from Saudi Arabia toward the rising power of Iran.

Thesis

This paper argues that Iran is gradually changing the balance of power in its own interest due to three reasons: Iran’s new and effective domestic and international economic policies, its expanding political and military regional influence, and the U.S reassessment of its Middle East policies, which altogether have seriously challenged the Saudi Kingdom and left them in the Middle vulnerable position in the power equation of the East.

Methodology

The research follows a qualitative design with analyses based on secondary sources, such as reference books, research papers, dissertations and news articles from various research institutes, think tanks, publishers, and established news outlets, and universities.

Brief Background

- Post-Revolution Iran and Saudi Arabia
- Iran-Saudi Cold war
- Post 9/11 and U.S Middle East Policies
- Nuclear Deal and Iran’s long-standing international isolation
- Saudi’s budget deficit and high unemployment rate

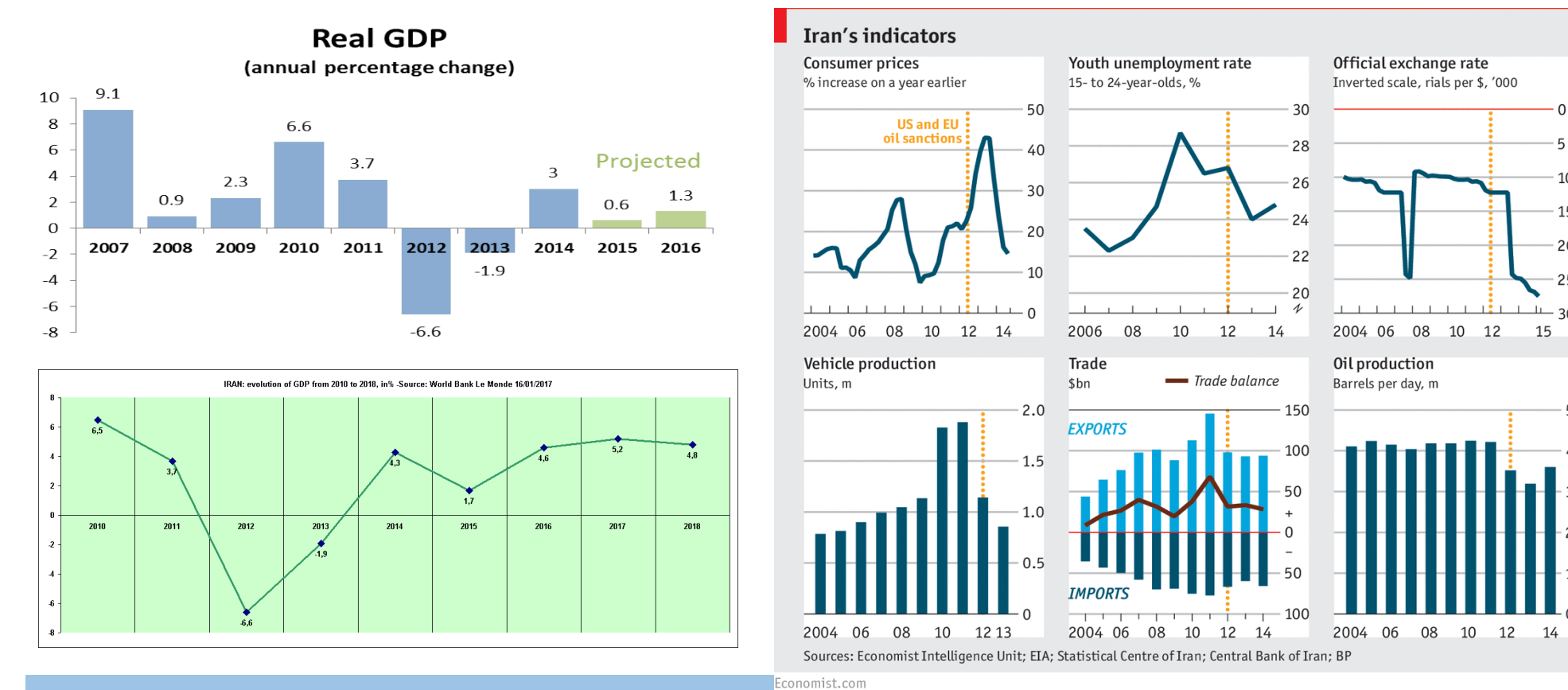
Iran’s Economic Revival

- Iran post-sanction economic policies

- Foreign direct investment, tax reforms, diversification plan, anti-corruption campaign, international trade

- Results:

- Single digit inflation and unemployment rate, stabilized currency exchange, positive economic growth, less dependency on oil, Multi- billions trade with Europe and Asia



Saudi’s Economic Shake-up

- Saudi’s New vision of Economy: Vison 2030

- Cut public spending, cut subsidies, impose taxes (VAT) on certain goods, and privatizing main sectors of the economy
- Results:
- Still heavily dependent on oil, usage of foreign reserves and bonds sale, more privatization, more foreign direct investment, taxation for the first time



Iran-Saudi Proxy Struggle

- Iraq

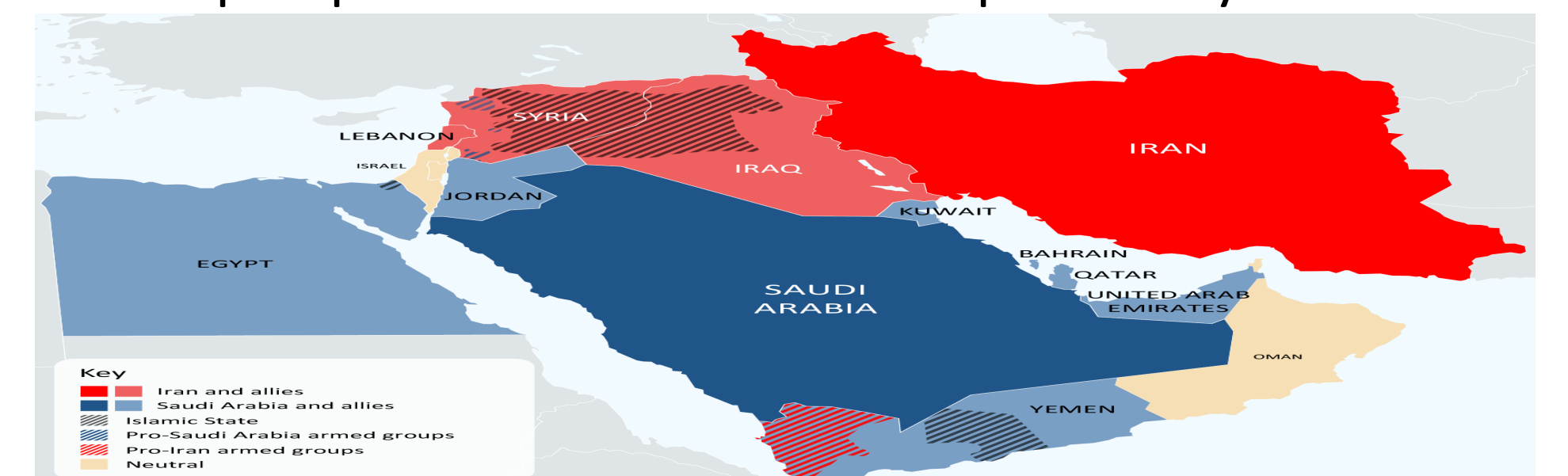
- Fall of Saddam: Iran’s traditional foe becomes an ally
- Iran’s Religious, economic, and political influence
- Saudi Political tension with Iraqi government

- Syria

- Iran, Hezbollah and Russia’s support for Bashar Assad
- Saudi Arabia and Western Support for the Rebels
- Assad is now in a position of strength

- Yemen

- Saudi-led war against Yemen
- Iran’s support for Houthi rebels
- No prospect to war in Yemen despite heavy cost



New American Middle East Polices

- End of Iran’s containment policy
- Less direct involvement in the Middle East
- End of special U.S-Saudi relations

Conclusion

Since the implementation of JCPOA, Iran’s weakened economy has been revived and Iran has worked hard both domestically and internationally to boost up its economy. Regionally, Iran’s influence has extended from Lebanon and Yemen all the way to Syria and Iraq, making Iran one of the most influential actors in the region. Lastly, the U.S reassessment of its Middle East policies have seriously challenged the Saudi Arabia and left them in the vulnerable position in the power equation of the Middle East.