



# WHAT IF WE TURNED IRAN FROM A THREAT INTO AN OPPORTUNITY?

Could the nation become “another China”

By Professor Jean-Pierre Lehmann. (March, 2007)

IMD

Chemin de Bellerive 23  
PO Box 915,  
CH-1001 Lausanne  
Switzerland

Tel: +41 21 618 01 11

Fax: +41 21 618 07 07

info@imd.ch

<http://www.imd.ch>

## WHAT IF WE TURNED IRAN FROM A THREAT INTO AN OPPORTUNITY? | Could the nation become “another China”

Iran matters enormously. It has huge reserves of oil and gas, it is the country with the world's fifth largest Islamic population (after Indonesia, Pakistan, India and Bangladesh) and it is the only predominantly Shiite power. It has an old and glorious civilization. It may also be in the process of acquiring nuclear weapons. But how much better off would Iran and the world be if, like China, it were an active and positive player in the global community and a thriving open market?

If Iran could possibly be seen as “another China” — transforming the perception of the country as a threat to that of an opportunity — it could represent a sound step in the direction of greater global peace and prosperity. But for Iran “to do a China,” Tehran — which, to put it mildly, has an “attitude problem” — will need to take significant measures with respect to most of the rest of the world. But these attitudes in turn are obviously influenced by the attitudes and policies of the outside world, especially the United States.

### Iran's paranoia

Iran's paranoia with respect to the West is not surprising. Like China, Iran was never colonized per se, but it nevertheless was — like China — subjected to great humiliations over the course of the last 200 years. Since 1979, however, China has re-emerged in a confident and increasingly open mood as it embraced globalization. Iran, since 1979, has rejected globalization — and has been increasingly in global isolation.

Their divergent courses stem, in part, from the two countries' very different experiences in terms of their national sovereignty during the three decades preceding 1979. Whereas China was able to secure its sovereignty, power and prestige by consolidating its national revolution in 1949, Iran's national development and democratization were aborted by a UK/US-sponsored coup d'état in 1953. But just as China's active participation in globalization at the end of the 20th century was undoubtedly one of the best things to have happened to the planet in a very long time, Iran's active participation in globalization would be a tremendous gain and a beacon of hope for the early 21st century.

## WHAT IF WE TURNED IRAN FROM A THREAT INTO AN OPPORTUNITY? | Could the nation become “another China”

Indeed, how Iran responds to the world — and how the world responds to Iran — may determine to a not inconsiderable extent what kind of century we will have. Will it be peace and a radical break with the past — or conflict and a repetition of the past? The resolution to this question may benefit from Tehran and the international community (especially Washington) drawing lessons and inspiration from developments in China. A short list of steps Western leaders should consider are:

1. Stop treating Iran as a pariah nation.
2. Recognize and apologize for the abuses committed especially by London and Washington in the past, especially during and in the decades following the 1953 coup d'état.
3. Engage more non-Western actors in the conflict resolution process in the Middle East, with India potentially playing a key role.
4. Lift all economic sanctions against Iran unconditionally, giving strong encouragement for Western businesses to invest in and trade with Iran, providing Iranian executives with management education — and encouraging Iranian entrepreneurs to engage with Western markets.
5. Accelerate and intensify Iran's accession process to the WTO.

Additionally, Western leaders can help draw Iran into the global market — and ensure China's continued integration — by recognizing the real threat posed by the concept of a “clash of civilizations.” Civilization and the market are closely intertwined. The potentially very sizable Iranian market and the extremely rich Iranian civilization have a lot to offer.

### **Time to embrace globalization?**

Now that it has the world's attention, this would be an ideal time for Iran to embrace globalization. It would be engaging from a position of strength. Engagement with the West would not be an act of national humiliation, but an act of national glorification. It would give an immensely positive psychological boost to the Iranian people. As with China, Iran's globalization would be met with eager enthusiasm by foreign investors and entrepreneurs. It could set a direction for the country in the 21st century that it currently lacks. Iran could emerge from the shadows of being a global pariah to becoming a global power.

## WHAT IF WE TURNED IRAN FROM A THREAT INTO AN OPPORTUNITY? | Could the nation become “another China”

And if the experience of China is not a strong enough incentive, the example of Libya should help. Faced with dark prospects for his country's youth, Libyan leader Moammar Gadhafi ended his stubborn and self-defeating acts of anti-Western, anti-integration, anti-economic reform policies in 2003. It would be a pity if the grandstanding and pompousness that Iranian President Mahmoud Ahmadinejad has fallen victim to stands in the way of Iran's turnaround.

### Oil pressure

While it is true that Gadhafi's hand was forced by declining oil revenues, it would be erroneous to believe that similar pressures are not bearing down on Iran's leadership. Iran is consuming so much cheap oil domestically that its ability to export it may come to an end soon. That means Iran faces one of two equally unpalatable choices: stare down the population, raise the domestic price of petrol significantly and attract Iranians' collective wrath — or work with the West and the rest of the global community to modernize existing oil fields and facilities and to develop new ones.

### Difficulty choices

This may be a choice Iran's leaders may prefer not to make. But the longer they wait, the more likely it is that they will have to pursue both courses. Mahmoud Ahmadinejad may have difficulty summoning up the courage of a reform-minded leader such as Deng Xiaoping, but nothing could be more distasteful than to be proven to be not as smart as Moammar Gadhafi. Western leaders can help draw Iran into the global market by recognizing the real threat posed by the concept of a "clash of civilizations."

This article is based on Professor Lehmann's recent feature in The Globalist.

Professor Lehmann teaches in the Program for Executive Development and the Building on Talent and Orchestrating Winning Performance programs.

# WHAT IF WE TURNED IRAN FROM A THREAT INTO AN OPPORTUNITY? | Could the nation become “another China”

## RELATED PROGRAMS



### **BUILDING ON TALENT - <http://www.imd.ch/bot> Powering the Next Generation of Managers**

Program Director Leif Sjöblom

- Prepare yourself for higher responsibilities
- Acquire the business and leadership knowledge necessary to work across the organization
- Apply the new learning in your company and deliver results



### **PROGRAM FOR EXECUTIVE DEVELOPMENT - <http://www.imd.ch/ped> Building Global Leaders**

Program Directors Martha Maznevski and Allen Morisson

- Learn to drive performance in a fast-changing global environment
- Discover how to build a better business: gain skills, create networks, inspire others
- Reach your leadership objectives with personal coaching