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Summary and key recommendations

It is important when examining the basis of engagement between the UK and Iran to include Iran's perspective; the UK's responses can then be assessed, given the Iranian perspective and response.

- The UK and Iran have their own interests and objectives in the Middle East which results in a conflict of interests.
- The cautious view from an Iranian perspective is mainly underpinned by historical territorial issues, and at present the UK's close support for some of the Iranian rival state and non-state actors in the region¹.
- To reach a deal by bargaining too hard is a futile exercise.
- It is misleading to view the relationship between Iran and the UK as bilateral given the complexity of tensions and relationships between countries in the region and between the UK and its Western allies.
- Once bitten twice shy, the 8 years old Iraq-imposed war on Iran where Iran was also challenged by the support of many Arab countries for Iraq, which has encouraged Iran to review its defence policies and reintroduce their defense with some aggression.
- The "navy-fication" of the Persian Gulf escalates the tension in this desirable Cul-de-Sac, which is in no one's interest.
- A 'tit for tat' strategy is cutting off one's nose to spite one's face, but it is a strategy with a short memory, it is forgiven once the punishment has taken place.
- The key challenge between the UK and Iran is the absence of incentive compatible mechanisms as it stands. The bilateral issues could generate an optimum outcome if cooperation between the two countries is at least as beneficial as non-cooperation.

¹ • ignoring issues outside the region

- Economic independencies discourage cooperation and are costly for both countries. A number of USA led sanctions supported by the Europeans and the UK leaves Iran open to the cultural and economic influence of other countries.
- From at least a UK point of view the British based media have helped to improve the UK's image among the Iranian population; for most Iranians the UK remains a desirable brand in spite of the suspicions.

Relations between the UK and Iran, and vice versa: history, evolution, and aims

1. Historical mistrust between the UK and Iran can be summed into territorial issues (events around the nationalisation which is mentioned in the FCO response, although the USA is seen as the lead foreign state of the oil industry) and political Islam.
2. Territorial issues: The Anglo British war in 1857 in Herat resulting in the treaty of Paris² following which the Persians withdrew from Herat. This issue has roots in rivalries between the British, the French and the Russians competing to expand access and control³ over the South Asia and international waters. The tension between Iran and the British Empire in eastern Baluchistan and the recognition of Bahram Khan in 1916, although, later on, the British helped the Iranian Reza Shah to gain control of western Baluchistan. The Anglo Russian Convention (1907)⁴, saw Persia divided between the Russian control in the North and British control in the South. In spite of the rivalries between the British and Russian Empires, they agreed to stay away from each other's areas of control in Iran, the threat of Germany may not have been the primary reason for this but might have added weight to this agreement. The Iranian government saw this as threatening their integrity and independence as a country and refused to accept its legitimacy. The Russian Empire collapsed as a result of the Russian revolution and thus it could be argued that the Iranians might have seen the new Russian government independent of the previous empire's policies; this has not been the case for the UK.
3. Political Islam brings a heated debate to the link between some Muslim clerics/Islamic ideologists and the freemason society⁵; this is a view that is shared among many in Iran and in the Middle East. This notion is claimed on implicit observable behaviour such as membership⁶ of Sayyid Jamāl ad-Dīn Asadābādī⁷ in many lodges in different countries, or more the recent event such as the medical trip of the Grand Ayatollah Ali al-Sistani⁸, the highest Shia authority in Iraq to the UK for health reasons, when there were many well-equipped health centres within the region and Iran. His travel may have been

² [https://en.wikipedia.org/wiki/Treaty_of_Paris_\(1857\)](https://en.wikipedia.org/wiki/Treaty_of_Paris_(1857))

³ See for example return of a King , the battle for Afghanistan

⁴ https://en.wikipedia.org/wiki/Anglo-Russian_Convention

⁵ <https://www.voltairenet.org/article201316.html>

⁶ <https://www.youtube.com/watch?v=0c8OrJPwZqY>

⁷ https://en.wikipedia.org/wiki/Jam%C4%81l_al-D%C4%ABn_al-Afgh%C4%81n%C4%AB

⁸ <https://www.theguardian.com/world/2004/aug/07/iraq.brianwhitaker>

underpinned by other motivations. There are many similar cases. This may be a smoking gun, but perception is important and in a region and country (Iran) where politics is the topic of discussion on every door step and political discord has been the currency of the day, such anecdotal evidence can have an impact.

The FCO's performance in addressing bilateral disputes (past and present)

4. The United Kingdom and Iran face a common issue. Iran's view of itself is reflective of its past, overwhelmingly proud of its distant civilisation, whereas the UK looks back to its more recent Empire. This has encouraged both countries to bargain hard, which results in it being difficult to reach agreement. Overall, there is no shortage of disputes between the UK and Iran, some have been settled others have left scars that have yet to be healed in the relationship between the two countries. Some of the most recent publically noted issues include the imprisonment of dual national citizens by the Iranians, JCPOA, and the oil tankers seizures by both countries. These issues are manifestations of the wider differences between the two countries.

The UK's policies towards Iran's role in the region

The FCO's role in multilateral diplomacy regarding Iran, and the UK's priorities therein.

5. The Islamic revolution's original idea of exporting the Islamic revolution has not earned hard currency for the country, financially it has been very expensive, and instead has created regional rivalry and tension. It is misleading to view the relationship between Iran and the UK as bilateral given the complexity of tensions and relationships between countries in the region and between the UK and its western allies. The UK provides strong support to some regional countries and groups that are in opposition to Iran and this has created friction with the Iranian leadership "you are friend of my rival/enemy, you are not my friend". One of the key issues for the Iranian regime lie in that fact the Persians are not Arabs and the majority do not follow Sunni Islam, therefore, the exporting of Shia Islam is seen as a threat to the Arab countries (at least to some), the majority of whom follow Sunni Islam (in extreme cases Shia is not even seen as Islam, it is rather seen as Jewish creation, to damage Islam from within, hence the opposition of terrorist groups such as ISIS towards Shia⁹ Islam). This has not helped Iran's relationship regionally. During the imposed war on Iran in the early 1980s, the leadership often used the slogan¹⁰ "The path to Jerusalem runs through Karbala" as an incentive to encourage some of the more religiously conservative armed forces to battle at the front not only to reach Karabala, which is a holy city for Shia Islam, but to aim for Jerusalem (British took control of the city in 1917 from the Ottoman Empire, the last Muslim rule there) hence, further antagonising Israel and its allies. That left Iran mostly with Shia fractions within the region (except the support for Sunni groups, such as Hamas which are designated as a terrorist group by the USA). This provides very little room for the UK to be able to have a frictionless, bilateral relationship with Iran.
6. During the 8 years of costly and unprovoked war with Iraq, Iran saw itself warring not only against Iraq but against the significant support that was given to Iraq from other Arab countries. This encouraged Iran to improve its defence with

⁹ <https://www.theguardian.com/commentisfree/2017/jan/05/isis-iraq-shia-muslims-jihadis-atrocities>

¹⁰ <https://watchjerusalem.co.il/587-iraq-is-conquered-on-to-jerusalem>

some aggression (once bitten twice shy). The vision of an army of 20 million¹¹ (half of the Iranian population at the time) was created then. Iran has since continued to expand its influence in the region. Even though, the war produced no winner Iran's influence has expanded within the region post the coalition war. This intervention within the region created a space for the expansion of Iranian influence. The UK and Iran, more often than not, were on opposing sides (e.g. Syria, Yemen).

7. Could these tensions have been avoided? FCO's relation with the Iranian leadership could be seen to be suffering from the absence of incentive compatible mechanisms. To see if such mechanisms exists then the question is, can the FCO's benefits from working with Iran be at least as productive as not working with the country? The same question applies to the Iranian leadership. For Iran, full cooperation could bring about economic benefits but it is seen as a trade-off against its regional influence, which has pockets of support as far as Lebanon to the west and Yemen in the south. This is to say the bilateral issues could generate an optimum outcome if the cooperation between the two countries is at least as good as non-cooperation. The only way Iran cooperates is if the downside from not co-operating is higher than the cost of co-operating. That means the UK not only has to invest in the benefits for Iran but also in making non-co-operation more expensive. Is this feasible?
8. This often means the cost of losing such influence is high for Iran's leadership and the cost of forcing Iran to have less influence, is very high for the UK that often results in an exercise in futility. Therefore, this might explain why both countries have exercised 'tit for tat' strategies which is no better than cutting off one's nose to spite one's face, on the positive side it is a strategy with short memory, it is forgiven once the punishment has taken place.
9. Iran almost entirely controls the northern part of the Persian Gulf, a desirable Cul-de-Sac that is home to the world's largest off-shore oilfield, a number of gas fields, not to mention pearls, fishing and tourist attractions. For the world the Persian Gulf means barrels of oil and the revenue from oil has been the key source of income for Iran, at least until the recent heavy wave of sanctions. But the Persian Gulf means much more than barrels of oil to Iran, it means at least as much as the English Channel means to the UK. The wounds are fresh from the 8-year-old war with Iraq. The Persian Gulf bore the brunt of Saddam's imposed war on Iran; it is the final resting place for many Iranians who perished during the war, four decades ago. Some of Iran's southern neighbours have made on and off claims of ownership of some of the Persian Gulf islands, but they are seen as Iranian as Jersey and Guernsey are seen as being British. The Tanker War during the 8 years' war was a painful experience which allowed the Iranians to understand the impact of such a strategy first hand. In addition, Iran's control of the Strait of Hormuz is perceived differently from Egypt's control of the Suez Canal or the UK's control of the English Channel, although it is seen as the same thing in Iran. This is therefore, an area where Iran will not compromise, it is a matter of national security, priority, pride, and history. Foreign intervention, if it is to deter the Iranians will need to act with as much deterrence as if the Russian navy were present in the English Channel. Taking an antagonistic approach over this issue will result in further escalation and will unite most of the 80 million

¹¹ <https://www.cia.gov/library/readingroom/docs/CIA-RDP84S00927R000100120003-8.pdf>

Iranians behind its leadership on this matter; it is doubtful that further naval presence there will result in a better outcome.

The FCO's role in supporting broader ties (commercial or otherwise)

10. Paragraph 7 referred to the trade-off between economic gain and regional influence. Iran's strategies create externalities, significant economic costs that have been paid by its citizens, increased economic migration to the developed world who often use political, religious or safety issues to justify such acts, using the rift between the west and Iran.
11. Economic dependencies create vulnerabilities, cooperation, communication and compromises by those on the receiving end. While this statement is obvious the counter positive is less obvious. Economic independencies discourage cooperation which comes directly with an economic and political cost. A number of USA led sanctions supported by the Europeans and the UK leaves Iran open to the cultural and economic influence of other countries such as Russia, China and India. Letting Iran's trade to sway that way does not benefit the UK or the West in general. This is a market of 80 million with a large, young population many of whom see the UK as a desirable brand. The UK is not benefiting from better cooperation and the contribution of the world's 4th largest oil producer and of course has deprived Iran from the UK's advanced technological brands and market. While financial gain might bring cooperation, it does not bring loyalty. However, it opens the door to more dialogue and influence that could lead to a better relationship far beyond the economic gains it creates for both sides (paragraph 4).
12. There are some positive influences on the Iranian audience from at least a British point of view. The BBC and other media channels such as "ManotoTV¹²" broadcasted from London have grabbed the attention of a large number of Iranians, repairing some of the suspicions that have been so ingrained in the Iranian mind-set towards Britain since the 19th century, (where Britain is seen to be only furthering its own interests and objectives irrespective of the externalities that it will leave). These media have begun their narratives and have gone a long way in softening Iranian views toward the UK.

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¹² <https://www.manototv.com/show/نیم%20شبکه/1054>