

A Cost-Benefit Analysis of Diplomatic Relations between Iran and the United Kingdom (1989-2011)

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Abstract

Diplomatic relationship between Iran and the United Kingdom is one of the most heated debates in the foreign policy of the Islamic Republic. The pros and cons of these relations have always been subject to argument and controversy among politicians and academics. This article seeks to analyze diplomatic ties between the Islamic Republic of Iran and the United Kingdom, applying the cost-benefit analysis method. In this relationship, the costs and benefits are discussed in three situations including the maintenance, downgrading, and rupture of diplomatic relations. The main question answered by the authors is how diplomatic relations between the Islamic Republic of Iran and the United Kingdom can be analyzed according to the cost-benefit analysis method, and what costs and benefits can be brought about for Iran in case of the rupture, downgrading or maintenance of diplomatic relations with Britain. The final conclusion of this research suggests that under the current circumstances, downgrading diplomatic relations with the United Kingdom can lead to fewer costs and further benefits for the Islamic Republic of Iran in comparison to the other two options.

Keywords: Iran, United Kingdom, Foreign Policy, Cost-Benefit Analysis

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Introduction

Great Britain is among a few states that have long been prominent in the history of Iran's foreign relations with the European states. The bilateral ties began almost five centuries ago with the first meetings between the Iranian and British political-economic authorities and ambassadors. These relations did not see any major change for three centuries until the beginning of the 19th century, which is referred to as the silent era. With the British colonial presence in the Indian Subcontinent, Iran-UK relations underwent fundamental changes; as a result of colonial rivalries in the Middle East and Persian Gulf British authorities sought to increase their influence in Iran, imposing their mandate on the Iranian government. In this period, the attempts to force concessions out of Iranian government and efforts to secede parts of the country increased ; these developments continued until a new player, i.e. the United States entered the international stage. After the United States entered the scene of international rivalries, the Great Britain as a weaker second-degree power sought to gain economic concessions such as oil and trade agreements.

After the advent of the Islamic Revolution, Iranian diplomatic relations with the British government changed as a shift occurred in Iranian ideological and political thinking particularly in the foreign policy realm and various challenges and crises kept Tehran-London diplomatic relations in a state of oscillation. Margaret Thatcher's conservative government came to office in Britain and decided to cut off diplomatic relations with the Islamic Republic, designating Sweden as the state protecting its interests in Tehran. They did

however reopen their embassy in Tehran in 1980. During the Iran-Iraq war, Tehran-London diplomatic relations were critical and tense, often characterized by mutual distrust. In 1987 at the height of the Iran-Iraq war, after Iran-UK relations deteriorated as a result of escalating hostilities due to informal British support of Saddam Hussein, the British government recalled its embassy personnel in Tehran to London. After a long period of tension and deteriorating relations, in December 1988, former British Foreign Secretary Richard Edward Geoffrey Howe and then Iranian Foreign Minister Ali Akbar Velayati reached an agreement on the restoration of diplomatic relations.

After Salman Rushdie's insulting book was published and he was backed by the British authorities, Imam Khomeini issued a religious verdict (Fatwa) in which he called for the execution of the Indian-born British author and his publisher on February 16, 1989 (Imam Khomeini, Vol. 21, 1989: 263). In response to this verdict, the British government recalled its embassy personnel from Iran, keeping its embassy half-open. The Iranian government also suspended its relations with the UK in the same year.

From this perspective, foreign policymakers in the Islamic Republic of Iran have always faced a range of options in order to maintain and continue or reduce and rupture diplomatic relations with the British government. Hence, in this research regarding the potential costs and benefits arising from the reduction or rupture of Tehran-London diplomatic relations, the question raised is what diplomatic option would better serve Iranian interests under the current circumstances.

Historical Context

Before we analyze the costs and benefits of the relations between Iran and the UK, we need to address the principles of the foreign policies of these two states towards each other, and also include a brief review of developments in the bilateral relations. Bilateral relations until 2011

are examined according to the foreign policy of the existing governments in the Islamic Republic towards Great Britain. Those Iranian governments were the contemporaries of the following four British governments: John Major Conservative government (1990-1997), Tony Blair Labour government (1997-2007), Gordon Brown Labour government (2007-2010), and David Cameron Conservative-Liberal Democrat coalition government (2010-present).

After Ayatollah Ali Akbar Hashemi Rafsanjani was elected president by the Iranian people in July 1989 and the reconstruction period began, the process of normalization and expansion of relations between Iran and Europe was launched. In Britain, after Margaret Thatcher resigned as a result of internal upheavals in the Conservative Party, the young Chancellor of Exchequer John Major became prime minister. Major's era, which coincided with the end of the Cold War and disintegration of the Soviet Union, saw new ripples in British foreign policy, while generally maintaining the framework of Thatcher's foreign policy legacy. In this period, mutual economic and cultural ties expanded, but little progress was achieved at the political level, which could be partly ascribed to the tension-filled 1980s atmosphere (Kouzehgar Kaleji, No. 206, 2009: 28-29). Nonetheless, the first steps for political and diplomatic rapprochement were taken. Expanded Iran-UK relations in the reconstruction period was derived from the economic interdependency as well as developments in the international arena including Iraq's invasion of Kuwait, the termination of the bipolar system, and the formation of the European Union (Dehghani Firouzabadi, 2010: 412).

The most important reason for the improvement in Iran-EU relations was shared interests. Iran and Europe needed a normalized and tension-free political-economic relationship in order to protect their respective interests and achieve their goals. In order to realize its major national goal, i.e. economic development, Iran needed European market, capital and advanced technology. Iran also needed to attract investment by the European nations in Iranian oil and gas

sectors which were badly in need of renovation. Obtaining foreign loans for accelerating economic reconstruction also provided another incentive for expanding ties with Europe. Iran also sought to diversify its economic ties in order to neutralize American economic pressures on Iran. The European Economic Community (EEC) including the British government were also in need of normalization and expansion of their relations with the Islamic Republic of Iran, because first, these states were Iran's largest trading partners in the post-revolutionary era even during the Iran-Iraq war. Second, by gaining access to and compete with the United States and Japan in the Iranian market, one of the largest in the region.. Third, Iran has been one of the four major suppliers of oil to the EEC. Fourth, Iran's strategic location in the Persian Gulf area could grant Europe the chance to play a more significant role in the international arena. On the other hand, the Iraqi invasion of Kuwait in August 1990 served as a catalyst facilitating normalization and expansion of relations between Iran and Europe, as British need to enhance ties with the Islamic Republic crystallized (Dehghani Firouzabadi, 2010: 413).

In the reconstruction era the Iranian government restored its political and economic ties with the British government. Within the framework of the European Union, Britain launched bilateral talks with Iran known as 'critical dialogue' after several rounds of negotiations for expanding its relations with Iran in 1992., The general consensus in Europe regarding the initiation of critical dialogue for the enhancement of relations with Iran was contrary to White House policy as the United States maintained that the only way to change Iranian position was imposition of pressure and sanctions. As such, the Clinton Administration adopted the oil sanctions act increasing Iran's economic sanctions in 1995. The Europeans however, refused to follow this policy due to their economic needs, rejecting the imposition of sanctions on Iran (European Union, 2008: 2).

Through the critical dialogue, the West sought to change the

conduct of the Islamic Republic and to empower forces that they called moderate. Hence, the talks continued on human rights, the Fatwa against Salman Rushdie, the Iranian position towards the Arab-Israeli peace process and accusations of Iran's sponsorship of terrorism (Struwe, 1998: 1). Nonetheless, in early 1997, Iran-EU relations (and subsequently Tehran-London relations) deteriorated as a result of charges made against the Iranian government by a German court dealing with the Mykonos case concerning Tehran's involvement in the assassination of an opposition figures abroad (European Union, 2008: 2).

After President Hashemi Rafsanjani's term ended and the Conservative Party lost the parliamentary elections in Great Britain, leaders in both countries changed. In the 1997 presidential elections, Seyed Mohammad Khatami from the reformist current was elected president and Tony Blair from the Labour Party gained the parliamentary majority, becoming prime minister. These changes in the executive branches of both countries had a strong impact on foreign policy and mutual relations between London and Tehran. It is noteworthy that the 8-year term of the reformist government in Iran (1997-2005) coincided with the first eight years of Tony Blair's leadership. After Khatami came to power, he grounded his foreign policy in dialogue and détente, which were welcomed by the individual European powers and the European Union as a whole.

In the United Kingdom, the Labour Party led by Tony Blair won the parliamentary elections held on May 2, 1997, ending 18-years of conservative government. Blair rapidly reconstructed British domestic politics and foreign policy as manifested in British foreign policy towards Iran. It was also crystallized in the agreement between U.S. and E.U. leaders on the refusal to extend sanctions to the oil companies doing business with Iran. The salient issue affecting UK-Iran bilateral ties included British rotatory presidency over the European Union. Indeed, the nature of relations between the two states was not only influenced Iran's relations with individual

European nations and the entire European Union, but also by the orientation of the E.U. (Qasemi, 1999, No. 2: 539-541).

In this period, EU's critical dialogue with Iran was replaced with comprehensive dialogue in which such subjects as disarmament and nuclear non-proliferation, human rights, the so-called peace process in the Middle East and the war on terror were discussed. Following the events of September 11th, Tehran-London ties within the European Union experienced a short peak. The trend of bilateral relations moved up positively till 2002, but with the release of news about Iranian nuclear program in the international arena, Iran-EU relations deteriorated, causing the suspension of comprehensive talks the very next year (European Union, 2008: 2-3).

In 2002-2003, Iran-UK ties worsened as the European Union further concentrated on Iran's nuclear program. The hiatus in Tehran-London relations began with the initiation of EU policy regarding non-proliferation. In this period of time, the nuclear question became an excuse that halted the process of negotiations on the trade and cooperation agreement between Iran and the European Union; thus nuclear issues overshadowed Iran-UK relations (European Union, 2013).

The British Foreign Office published for the first time in 2003 the 10-year *UK International Priorities: A Strategy for the FCO* in which it emphasized that "The British foreign policy conduct within the past 15 years have been focused upon stability in Europe, but after September 11th, war on international terrorism and proliferation of weapons of mass destruction has become a necessity as the combination of these two has made attention to security threats indispensable. To counter such a threat will require new measures including actions for use of force in order to deter the rise of threats and risks" (Shirzadi, No. 4, 2003: 1168). The timing of this release which signified Atlanticism in British foreign policy coincided with revelations of Iranian nuclear activities, which brought a shift in Tehran-London ties as manifested in the replacement of

comprehensive talks with conditional talks. In this way, the EU stipulated in June 2003 in a statement that its talks with the Islamic Republic of Iran depended upon Iran's taking positive steps in areas of human rights, non-proliferation of nuclear weapons and the Arab-Israeli peace process. Since Iranian nuclear case was handled by the International Atomic Energy Agency (IAEA), this issue was of particular importance to Iran-EU negotiations (Shirzadi, No. 4, 2003: 467-8).

In a nutshell, in the post-Cold War era, the policies adopted by the European countries particularly the United Kingdom were initially directed at offsetting U.S. unilateralism, but after September 11th, when the war on terror strategy was proposed and British national security doctrine changed, that policy was replaced with a policy of following U.S. foreign policy. This was best manifested in reaction shown by the UK and other EU member states towards the wars in Afghanistan and Iraq.

After Mahmood Ahmadinejad won the presidential elections in June 2005, he took office at a time when disputes over Iran's nuclear program had started with the West, thus exacerbating Tehran-London political and diplomatic relations. Under these circumstances, the British government announced that its official position was that the Iranian nuclear program a threat to the Middle East (Miliband, 2008). In response, the Iranian government also described British policies as "conspiracy and evil acts against the Islamic Republic of Iran system" (Safavi, 2011).

The Ahmadinejad government revised some aspects of the foreign policies of the reconstruction and reforms government including Europeanism and centrality of relations with the European states particularly with the UK; on the other hand, a new orientation in Iran's foreign policy known as 'glance at the East' emerged. Emphasis on the glance at the East policy took place when efforts made at resolving disputes with the West during the reforms period did not yield positive results. At the same time, some believe that after

coming to power, Ahmadinejad put aside, in foreign policy realm, almost all of the achievements of détente under Khatami (Jalali, 2012). Nonetheless, a review of European states' positions and policies particularly those of the UK demonstrate that in spite of Iran's continued confidence-building in the process of détente and engagement with the West, it did not gain anything in practice other than the suspension of all peaceful nuclear activities and adoption of a few anti-Iranian resolutions. For this reason, the constructive dialogue of the reforms period was put aside, being replaced with the adoption of resolutions and resumption of Iranian peaceful nuclear activities. In accordance with the very attitude pursued by the Western states towards the Ahmadinejad government, four harsh resolutions were adopted against Iran by the UN Security Council.

The last two years of Tony Blair's government coincided with the first two years of Ahmadinejad's presidency. After widespread dissatisfaction with his government erupted, Tony Blair resigned from his position and was replaced by Gordon Brown who was the Chancellor of the Exchequer in his cabinet. As the Chancellor of the Exchequer in Thatcher's cabinet John Major did not bring any particular change in the Thatcherist tradition, this substitution also never led to any clear shift in British foreign policy towards Iran. Actions taken by London under Brown between 2007 and 2010, among other things, include London's significant role alongside Washington in sending Iran's nuclear case from the IAEA to the UN Security Council and making efforts at adopting three sanctions resolutions against the Islamic Republic, removing the Mujahedin Khalgh Organization from the list of terrorist organizations, detention and trial of former a Iranian diplomat residing in Britain – Nosratollah Tajik – with charges of purchasing and transferring military equipment to Iran as well as David Miliband's interventionist statements on Iran's nuclear threat to the Middle East and Arab states of the Persian Gulf (Kouzehgar Kaleji, 2009: 28-29).

After being in power for 13 years, the Labour Party lost the

2010 general elections to the Conservative Party, which had to form a coalition government with the Liberal Democratic Party as it lacked absolute majority in Parliament. Concerning relations with Iran and the question of Iranian nuclear activities, the Liberal Democrats oppose any kind of possible military action against Iran, calling for the peaceful settlement of the dispute through diplomatic means as they seek further independence for the UK vis-à-vis the U.S. global strategy. The Conservative Party, however, which runs the British diplomatic apparatus and foreign policy, sees close ties with Washington as the cornerstone of British foreign policy. Unlike Liberal Democrats, the Conservatives along with the United States do not reject the use of any option including sanctions and military capacity for deterring the Islamic Republic. The Liberal Democrats, albeit, are even more stringent than the Conservative Party in applying the sanctions in order to avoid war and involvement. For this reason, in its political relations with the Islamic Republic, the new government uses sanctions and pressures against Iran more vigorously as both political parties agree on the application of sanctions (Tuyserkani, 2010: 21-22). Nonetheless, the former British ambassador to Tehran Richard Dalton was of the belief that the new British government would not, significantly change its Iran policy. He delineated the future of bilateral relations as follows: “My understanding is that the new government would not, overall, change its Iran policy. Iran will remain atop of British foreign policy priorities as the new government will seek agreement (against Iran) in the UN Security Council” (Dalton, 2010).

Analysis of Iran-UK Diplomatic Relations

The basic elements in analyzing the costs and benefits involve interests, costs and range of options. For this reason, before operationalizing any strategy, tactic or policy, a foreign policy analyst or decision-maker should first examine material and spiritual benefits of each of them, preparing a list of all contingent options by taking

into account all costs and threats. A review of Iran-UK relations in the diplomatic dimension in the post-Islamic Revolution era would demonstrate numerous ups and downs part of which is driven from a lack of understanding of each other at the political, economic, and cultural levels. Other indicators moreover, including the change in the structure of the international system after the collapse of the Soviet Union, regional developments and crises, attitude of governing political parties in the two countries and the role played by other international players notably the United States as well as the rise in the status of the Islamic Republic in the international arena have been able to affect bilateral ties and whose study would go beyond the scope of this research.

Maintenance of Iran's diplomatic relations with the UK would entail certain benefits and costs the most important of which will be as follows: Britain is one of the three major countries in the European Union; thus enhancing ties with the country would strengthen Iran's status in the European Union. Apart from economic benefits, this would serve Iran's interests politically as well. Politically, relations with the EU will provide Iran with a good chance to limit and neutralize the efforts that are coordinated internationally in order to isolate Iran after September 11th. Collaboration with an influential player such as the E.U. in international political equations can help reduce U.S. political pressures on Iran particularly in the nuclear case (Amir Entekhabi, 2005, No. 37: 72-128). A review of bilateral relations would indicate another fact; in spite of the Iranian government's efforts at *détente*, not only have Tehran-London relations not significantly affected the Islamic Republic's international cases including the nuclear case, but at the same time, the British government itself has pioneered new methods of exerting further pressure on Iran. In the same vein, Iran-Europe critical dialogue, which served the two sides to better understand each other's political views and continue economic-trade cooperation, failed to resolve political disputes between Iran and Europe and to expand and

consolidate diplomatic relations (Dehghani Firouzabadi, 2010: 415-417). Under the reform government when Iran announced that in order to build confidence with the Western parties, it would suspend its Uranium enrichment program and allow the United Nations sudden inspections of its nuclear facilities, the result envisioned by the Islamic Republic was not realized. In June 2004, UK, Germany and France, in spite of Tehran's suspension of its peaceful nuclear activities, tabled a draft resolution in the IAEA in which Iran was condemned for refusal to fully cooperate with the Agency's inspections (BBC, 2011).

Some believe that considering the significant British influence in the Arab countries of the Persian Gulf, Iran's role in the region would hinge largely upon improvement of relations with London. On the other hand, British authorities also attest to the importance of Iran's role in the region as then British Deputy Foreign Secretary commented on the improvement in Iran-UK relations that "... We are interested in seeing Iran as an important regional power, cooperating with the Arab states of the Persian Gulf in alleviating tensions in the region" (Amir Entekhabi, 2005, No. 37: 72-128). Nevertheless, the United Kingdom and the British media never renounced instigating Iranophobia among regional nations even when constructive dialogue was underway between Iran and EU. The role that British state media BBC played in propagating Iranophobia among the Persian Gulf countries through highlighting such charges as the threat of an atomic Iran, the Shia Crescent and the Revolutionary Guards Corps cannot be underestimated. This very fact caused significant political tension in Iran's relations with regional Arab states, giving rise to bitterness in neighboring Arab nations' relations with the Islamic Republic. By expanding its relations with the British government regarding regional stability, Iran can play a more decisive role in the issues pertaining to Afghanistan and Iraq and the reconstruction efforts in those two countries. Considering Iran's role in the region, contiguity with Afghanistan and Tehran's

long battle against narcotics, Great Britain would be unable to act successfully in Afghanistan without Iran's partnership and collaboration. Involvement in regional developments not only would enhance the significance of Tehran's role in the region, but would also provide Iran with improved security (Amir Entekhabi, 2005, No. 37: 72-128). Considering Iran's special place among the countries in the region, liberation movements and the resistance axis, as well as, the British government's acute need to Iran's influence in this strategically important region, London understands that rupturing its relations with Tehran would adversely affect its ties with all Middle Eastern countries. Hence, while maintaining bilateral ties, with only threatening to reduce or cut off relations, the Iranian statesmen are able to take advantage of it as an appropriate bargaining chip for political pressure, whereas rupturing relations between the two states would deprive Iran of this useful bargaining chip and exerting pressure on the British government.

Given Iran's pivotal role and geopolitical advantages, establishing close, all-out Tehran-London relations would entail advantages and benefits for the UK government. Among other things, more active and less challenging presence in strategically significant areas such as the Persian Gulf, Central Asia and the Caucasus can be mentioned (Amir Entekhabi, 2005, No. 37: 72-128). For this reason, the survival of relations matters to the Britons too, because whenever a problem arises in Tehran-London relations, we see a wave of activities by the British authorities in order to prevent it from happening. Even at certain times, the British government agreed to restrict BBC's activities (as the media outlet of British diplomatic apparatus) to avoid the deterioration of relations. For instance, in 2010 when a proposal for the discontinuation of diplomatic relations with UK was debated in Tehran, the British authorities resorted to using Oman as a go-between so that the proposal would be put aside by the government and parliament (Karimi, 2011).

Due to imbalance in political activity and influence on the

environment, forging linkages, designing the point of pressure, creating positive and negative mentality in various issues, mainstreaming, gathering information, devising and operationalizing goals and, in a nutshell, the management of diplomatic space between the two sides, the Islamic Republic of Iran seems to suffer setbacks in influencing the British domestic setting and taking advantage of the conditions, whereas the UK possesses higher capacity in this respect (Tajik, 2011).

British insistence on maintaining diplomatic relations with the Islamic Republic is derived from the fact that they seek to influence the management of future developments of Iran, with fewer mistakes and better judgment, by involving themselves in Iranian domestic political setting (Tajik, 2011). For example, in this regard, political and media intervention of the British Embassy in Tehran during the events after the 2009 presidential elections in Iran can be mentioned.

The option of cutting off or reducing the level of diplomatic relations between the Islamic Republic of Iran and Great Britain will entail costs and benefits the most important of which are enumerated as follows: American experts have frequently given notice to the British government that due to absence from Iran, the U.S. administration cannot have a proper understanding of Iran; thus naturally the United Kingdom as its ally would play such a part in relief of the United States. The Jewish British Ambassador to Israel Matthew Gould who used to work as a diplomat at the British Embassy in Tehran for 30 months told the Israeli newspaper Haaretz: "After my mission in Iran finished, I went directly to Washington D.C. (as Foreign and Security Policy Counselor and the Representative of the Joint Intelligence Committee) and deliberated for long time with the American intelligence and political authorities and experts about Iran, because as a result of U.S. diplomatic absence in Iran, one of the serious problems facing Washington is that people lack the experience of living in Iran and cannot properly analyze what is going on there" (Fars News, 2011). For this reason, severing

diplomatic relations with UK and even temporary cessation of its embassy's activities in Tehran can bar political and security coverage wielded by London, Washington and other states which rely on information coming from the British embassy. This, in turn, would render the UK and other adversary European states unable to acquire a precise assessment of the general atmosphere of Iranian society and the capability and national security of the Islamic Republic, barring them from taking any effective action against Iran. Indeed, British diplomatic absence in Tehran can be construed as a serious blow to its intelligence-security apparatus.

The UK seeks, in the absence of the United States, to ensure its role, place and, influence in Iran in every positive way. A glance at the efforts made by Americans to open up an office in Tehran or stationing diplomats in countries surrounding Iran even in its embassy in London for collecting information about Iran clearly shows Britain's special status among Americans (Tajik, 2011). London-based newspaper *The Guardian*, on January 31, 2013, reported that the former Foreign Secretary David Miliband stated that William Hague's decision to close down its embassy in Tehran had boosted hard-liners' position, diminishing British influence and understanding of Iran's situation (Miliband, 2013).

In some cases, the British government has served as a go-between in relations between the Islamic Republic and the United States. Rupture of Tehran-London ties led the UK to lose its mediatory role, while it continued to receive concessions from the U.S. administration and Iran also observed considerations in its relations with UK (Safavi, 2011).

The British government is an influential member states in many important international organizations and institutions such as the UN Security Council, IAEA, EU and North Atlantic Treaty Organization (NATO). Rupture or even reduction of diplomatic relations, which would signify worsening of bilateral relations between the two sides, would heighten the level of tension in mutual relations and would

pave the way for further pressures on Iran. In fact, London would use all of its capacity, connections and influence in international institutions to take further actions against the strength of the Islamic Republic of Iran and assert pressure on Tehran's political and economic interests and resources (Safavi, 2011).

One of the major concerns frequently mentioned by political experts concerning relations with the British government relates to the presence of Iran's certain economic dependency on UK.¹ Some believe that Britain has acted as an economic bridge between Iran and Western countries in a period of more than five decades especially in such areas as domestic industries like the oil industry and its affiliated sectors, banking and insurance and so on; unfortunately Iranian governments have failed to take serious steps to reduce such dependency within the past 30 years. therefore, severing relations with UK in the foreseeable future will not benefit the Islamic Republic, but restricting such ties will be a preventive attempt by the Iranian government vis-à-vis British interventionist and expansionist policies (Koushki, 2009).

Furthermore, rupturing or reducing Iran's relations with UK would cause certain constraints on the Iranian government's economic and trade relations. Since Great Britain is still a hub for sale of all goods for all countries because of the concentration of the financial services industry in the country, this issue gains further importance. Evidence indicates that since a few years ago, the British made their decision to severe relations with Iran by inactivating Iranian banks. For this reason, Iranian decision-makers should take under consideration when designing political relations with the British government that in the absence of necessary grounds (particularly economic ones) for severing and reducing diplomatic relations, it could lead to further pressures on the Iranian economy; this will also be used as a political tool in London's relations with Tehran (Tajik, 2011). Political officials, moreover, should contemplate alternative political and economic hubs before they decide to severe or reduce

ties with London. They also need to devise possible scenarios so that they do not get surprised politically when the British government reacts.

In any case, severance or even reduction of political relations will affect Iranians residing in Britain. Iranian nationals acting in political, cultural and economic arenas in Britain will be affected in one way or another by the reduction of the level of bilateral relations. After the situation becomes critical, the diplomatic corps, according to the diplomatic convention, will be forced to leave British territory. The businessmen will have to reduce the volume of transactions due to London's economic sanctions and pressures or just avoid any direct business with British enterprises. Cultural activists will also experience constraints in light of cold mutual relations. The process of education for Iranian students will be disrupted along with the downgrading or rupture of diplomatic relations, forcing them to leave their education unfinished due to pressures exerted by the British government. Furthermore, the activities of media networks of the Islamic Republic in Britain will be adversely affected including constraints on production of news programs, closing of the news agency's office and ban on broadcasting by Iranian media in Britain.

Conclusion

This article has sought to analyze diplomatic relations between the Islamic Republic of Iran and Great Britain between 1989 and 2011, using the cost-benefit analytical method in which costs and benefits of such relations in three conditions of maintaining, downgrading and rupturing of relations are discussed. A review of the process of bilateral relations in the mentioned period would demonstrate that Tehran-London ties have entailed various costs and benefits for the Iranian government. When the Iranian government decides to adopt the option of maintaining diplomatic relations, the most important benefits include: attracting economic benefits in light of expanded diplomatic relations; neutralizing the plans for isolating the Islamic

Republic of Iran particularly after the September 11th events; reduction of political pressures especially in Iran's nuclear file; playing a more significant role in regional affairs as pertaining to the Persian Gulf coastal states given the British influence in those countries; enhanced Iranian role in the reconstruction of Iraq and Afghanistan and in regional stability and security in Iran's surrounding area; maintenance of relations as a bargaining chip for exerting pressure on London; and, influencing the British media current towards Iran.

Maintenance of relations, however, will also bring about certain costs, the most serious of which include: the country might suffer damages due to imbalance in the management of the embassy; presence of security forces and elements affiliated to the British Secret Intelligence Service (MI6) under diplomatic cover for acting against national security and espionage; British involvement in Iran's domestic political scene and making attempts at managing and influence future developments.

On the other hand, if the Iranian government decides to break off or downgrade diplomatic relations with UK, it will entail costs and benefits as well. The most significant benefits of reduction of relations would include: blow to British intelligence apparatus; lack of intelligence coverage and understanding of Iranian political atmosphere on the part of the United States and other circles affiliated with the British embassy; downgrading of British status and prestige vis-à-vis the Islamic Republic and upgrading Iranian credit and prestige in the international community,

Avoiding previous considerations because of British mediation in Iran-U.S. relations

Severance or reduction of Tehran-London ties would also bring about certain costs for Iran that most salient of which are as follows: economic dependency on Britain as a world economic hub and economic bridge between Iran and Western states; rising British pressure within international institutions to which UK is a member state including UN Security Council, EU, NATO and IAEA; adverse

effects on the activities of Iranians residing in Britain in political, economic, and cultural domains,

Absence of fertile grounds for the rupture of relations and intensification of pressures on the Iranian economy.

An appraisal of the costs and benefits entailed in Iran-UK relations would lead us to conclude that full rupture of ties or maintenance of relations without managing the sphere of diplomatic relations as two possible options will impose greater costs on Iran. Hence, under current circumstances, in order to reduce these disadvantages and attract further benefits, the bilateral relations have to be managed so that adverse consequences are reduced for the Iranian government and Tehran's envisaged interests are protected.

Currently due to heightened pressures exerted by the Western powers particularly the British government on the Iranian economic system, attention to the commerce and economic questions is at the top of the priorities of Iranian policies in such a way that they have overshadowed diplomatic relations, security, and culture. On this basis, the Islamic Republic of Iran should maintain economic ties with the UK as much as possible, given the costs and benefits of rupture or reduction of economic relations with the British government. Continued success of this policy would require the maintenance of a well-managed level of diplomatic relations. A shift in the atmosphere of Iran-U.S. relations concerning Iran's nuclear program has led London to make further efforts at acting as a mediator, willing to enhance its ties with the Islamic Republic in order to protect its interests. Managing this atmosphere and translating it into the protection of Iranian interests is an opportunity for the country's foreign policy.

Notes

1. According to the official statistics released by the Embassy of the Islamic Republic of Iran in London, the volume of British exports to Iran in 2009 reached 374.036 million pounds. Iranian exports to Britain in 2009 also exceeded 195.159 million pounds. <http://london.mfa.gov.ir/newsshow>.

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