



# ► Prosperity of Post-Sanction Iran: Market-Oriented Reforms, Economic Liberalization, and Further Privatization

*Exclusive interview with Lord Lamont , Chairman of the British Iranian Chamber of Commerce  
Conducted by Bardia Garshasbi in London – April 2015*

*I went to see Lord Lamont in his spacious office in central London at the end of March this year. He was obviously very busy, and that cut our first meeting short. I only did part of this interview in that meeting, and had to meet him again a second time in a few days to do the rest. For both these meetings I am truly grateful to Lord Lamont himself and his assistant, Ms. Beverly Gaynor who patiently and most kindly accommodated me into his extremely busy schedule. It must be noted that this interview was made before the recent agreement between Iran and the West.*

*Lord Norman Lamont is a true veteran in politics. He has served in both houses of Parliament for over four decades and has been a cabinet minister continuously for over 14 years in two conservative governments. His last post in the cabinet was the Chancellor of the Exchequer, perhaps the highest office in British government after the prime minister. A Cambridge graduate, Lord Lamont is a remarkably intelligent man. He fiercely opposed the idea of Britain's joining the single currency of Euro at a time when everybody (and certainly all European politicians) would think of the idea of a single currency as the smartest policy in the world! But Lord Lamont was convinced that lumping dozens of different countries under a single currency was a very bad idea, and he was in no mood to compromise his vision in any way. As Britain's representative during the negotiations of Maastricht Treaty, he played a central role*

*in keeping Britain out of Euro – a correct and economically sparing policy the fruits and benefits of which have been enjoyed by all British people, including his political opponents, for the past 22 years.*

*Lord Lamont's power of foresight is by no means confined to financial matters. I met him at a time when almost all opinion polls were suggesting that the Labour Party was ahead of the incumbent Conservative Party in the upcoming general elections in May. The British newspapers and media were constantly implying that such tight race was totally unprecedented in UK's contemporary politics. Political commentators were adamant that it was impossible to predict the outcome of the elections, but that the Labour had a greater chance to win! I put that same difficult question to Lord Lamont and expected a typically cautious and neutral response. But with some striking certainty, he said he had no worries and was sure that the Conservatives would win the election. I remember that right after my second meeting with him, I called a friend and told her that David Cameron would no doubt win the election with a clear majority! As you will see in the interview, Lord Lamont had predicted the victory of Dr. Rouhani with the same striking accuracy. So he is really good in both economics and politics.*

*Those who have met him in person can readily attest that Lord Lamont has a genuine love and admiration for Iran, which is great news for our business community, because he is the Chairman of the British Iranian Chamber of Commerce. We hope our readers will enjoy this exclusive interview. We also wish Lord Lamont and his Iranian counterparts all the best in their efforts to expand trade and business between our two countries, as trade and business are the harbingers of peace and prosperity for all people.*

**Bardia:** *Lord Lamont! We are very grateful that despite your busy schedule you accepted our invitation for an exclusive interview. Would you please introduce yourself briefly to our readers?*

**Lamont:** I was born in Scotland, in the most northerly part of the British Isles, in a group of islands called Shetlands, off the coast of Scotland, nearer to Norway than to Scotland. But I went to school in the mainland of Scotland, and then I went to Cambridge University in England, and moved to England. So I've come from the very north of our country to the very south of our country. Initially, after university, I was involved in student politics. I became a banker for a short while. And then I became a member of parliament. I was an MP in the House of Commons for 25 years. I was in the cabinet of Mrs. Thatcher and also John Major. I became what we call, rather pompously, the Chancellor of the Exchequer, that is a grand name for Finance Minister. Now I'm in the House of Lords, which is the second chamber of the British Parliament, where I've been appointed for life. I also have some business interests, and I am very interested in Iran as a country. I'm the Chairman of the British Iranian Chamber of Commerce, and I'm also on the advisory board of Iran's Heritage Foundation.

*Bardia: What do you think of the British Iranian Chamber of Commerce and what is your evaluation of its activities?*

**Lamont:** Well, we exist, in normal times, to promote trade between our two countries. Unfortunately, the whole time I've been connected with the Chamber, there haven't been normal times. We have the whole issue of sanctions, and Iran's nuclear program, but I'm hoping that eventually a deal will be done between the West and Iran over its nuclear program and that we will see the lifting of sanctions and resumption of trade between our two countries. There are many people in Britain who'd like to trade with Iran and there are many Iranians I know who'd like to trade with Britain, which to put it mildly, has been extremely difficult in the last few years.

*Bardia: Now, since you've been a senior politician for most of your life, I would like to know your general views about the institution of government.*

**Lamont:** Well, generally, I believe in the impartial rule of law, and a limited government within a legal framework. I think it is very important that government behaves within a legal framework. Government cannot be arbitrary and it must be subject to rules. I believe in a strong state, but a strong state doesn't have to be a large state. It has to be an effective state, and as a conservative politician, I believe in giving people responsibility and choice. I believe a strong society is one in which people have every opportunity to better themselves and the conditions for their family. Those are my basic political beliefs.

*Bardia: So, what would be the areas that require government supervision or interference? For example, do you think government should interfere with education, healthcare, and so on?*

**Lamont:** Well, the government, obviously, has to safeguard the currency. It has also to defend the country and provide some basic services, including transport, sanitation, and in Western Europe since second World War, governments have provided a large degree of welfare, health services, education services, and also social security so that there's a safety net for those who fall on hard times. So I think it's correct that there should be a safety net, but I don't think a safety net should be too high. I think it's the job of the state to help those who, due to unfortunate circumstances, can't help themselves. But other than that, individuals should be free to make their own choices.

*Bardia: People usually assume that a government minister is a kind of 'manager' whose role is to manage departments and the staff under him. As a senior government minister did you see yourself as a manager?*

**Lamont:** Well, I'm not sure it's correct to say that I am a manager. I don't think within our political system in the UK politicians are really managers. Politicians make policy choices. The administration of departments is largely done by officials and civil servants. Of course, the political head of a department will have to decide on the running cost of his department, and in a broad sense, some allocation of resources, but politicians in our system, are really there to exercise political control, and give political direction. The detailed 'management' is left to the permanent officials.

**Bardia:** *Have you ever owned a business yourself?*

**Lamont:** No. I've never owned a business myself. I've worked in private business both before I was a minister and after, but I never owned a business.

**Bardia:** *What are your views about entrepreneurs in a society? Do you differentiate between an entrepreneur and a normal businessman?*

**Lamont:** Yes, very much so. Entrepreneur is someone who creates his own business, starts it as a germ of an idea; perhaps envisages a need that we didn't know existed until he thought of it – like Mr. Steve Jobs in the United States. A businessman who is not an entrepreneur is equivalent to, at worst, a bureaucrat or a public official. He may be sitting there filling forms. Of course, you may have many businessmen who are also entrepreneurs. You can have entrepreneurial businessmen: people who are full of initiative and new ideas. But administering and creating something new are two different things.

**Bardia:** *In that sense, what do you think of Iranians in general? Do you think they are entrepreneurial or just business people? And to what extent do you know Iranians really?*

**Lamont:** Well, as the Chairman of BICC, I know a lot of Iranians living in the UK. I have a large number of Iranian friends, and I've met many people from Iran through the Chamber, both private sector businessmen and government officials and ministers, political figures... I have met a lot of people from Iran. And I have considerable affection and admiration for Iranian culture. It distresses me that relationships between Iran and the West have been so bad during a large part of my lifetime, particularly bad between Britain, alas, and Iran. But I'm hoping, as I said earlier, that we will see a break in the clouds and some better times ahead, and of course, we draw comfort from the fact that Dr. Rouhani was partly educated in my own country, Scotland. And, in reply to the first part of your question, I think Iran is a country which has great entrepreneurial talent. You see this in Iran, you see it in the Iranian diaspora as well; people who are highly inventive and very entrepreneurial.

**Bardia:** *We know that, due to international sanctions, Iran has been cut off from a large part of the world, mainly from the global financial centers and major markets in the West, for a long time. Now there are solid hopes for an agreement between Iran and 5+1. What general economic or financial policies do you think Iranians should choose after the normalization of ties with the world?*

**Lord Lamont:** I think they should move in the direction of market oriented reforms, liberalizing their economy, and privatizing further. I think they have some very good civil servants in Iran who know exactly how to do this. You had a bit of these reforms under Mr. Khatami, and I think you had a bit of it under President Rouhani. But of course they are operating in a situation where the economy is under siege. And also there is a section of the governing system who prefer the resistance economy, and the resistance economy, while I understand the political wish for it, will not ultimately lead to the greatest prosperity for the greatest number of Iranian people. I think Iran, as I said, has a number of civil servants who've worked in international institutions and they know very well what should be done.

**Bardia:** *So you generally advise market oriented approach.*

**Lamont:** Yes, exactly.

**Bardia:** *My next question is about Globalization. What do you think about it in general? Do you think it is possible for a country to stay away from the globalization trend? Is this trend inevitable?*

**Lamont:** There's globalization in many things, including information, media and so on— but Globalization in economics, I think, is the inevitable future. Sometimes people forget that in the 19th century we had a lot of globalization and then we had a period between the wars in the 20th century where economies where more national oriented and countries were more nationalistic in their motivations, which was not very successful, and led to periods of high unemployment. But I think you can't escape the modern world. Apart from the economics, the theoretical benefits of global integration, which I believe in, are so many. I think global information systems, social media, satellite television and so on are facts of life. No country can lock itself in a cupboard any longer.

**Bardia:** *How efficient do you think BICC has been so far? What are the things that Iranian business community can benefit from BICC? Are you happy with what you've achieved so far, and do you think there's room for improvement?*

**Lamont:** Well of course BICC could improve, but BICC has operated under enormously difficult conditions, because we've been operating while there's been sanctions, and there's not much point, alas, in people joining BICC, and sometimes in the past, people have taken the view that there's not a lot of point in joining BICC, when we can't do any business with Iran. And our membership since sanctions intensified, fell quite dramatically. With the resumption of talks it increased again. But you know, at present, we're still in a situation where it's still very difficult to do business with Iran, and also even people who do legitimate business with Iran, they're frightened of being noticed in a collective organization where their names may be monitored. So BICC has not done everything I would want it to do in a normal period, but it's been up against great challenges, and the only reason we've survived is because of the support of the Iranian community, who've been very generous in supporting us even when our membership has fallen back. So I think the chamber has done a reasonable job in very, very difficult circumstances.

**Bardia:** *Are you in ties with the Chamber in Tehran? Do you coordinate the things you do, whatever limited they are, with the Chamber in Tehran?*

**Lamont:** Well, there are very limited things we can do, but we've had good relations, both with Mr. Khamooshi, and Mr. Nahavandian, and we go to each other's functions, but business in very limited, obviously.

**Bardia:** *Now I would like to ask your views about Trade Blocks such NAFTA or EU. Do you think it is beneficial for people to do what it's been done in Europe: to form trade unions and abide by their rules?*

**Lamont:** Well I think the ideal is global free trade. But as a first step, regional free trade is a good idea. I'm not in favor of each region erecting big tariff walls around

itself behind some sort of customs union, and thank goodness, the external tariff of EU is quite low. Mind you, tariffs everywhere have come down a lot. So free trade is to a considerable extent about harmonization of regulations and standards rather than tariffs, because tariffs have fallen down. I mean in TTIP, the Transatlantic Trade and Investment Partnership, which has been attempted between United States and European Union, that's going to be largely about harmonization of regulatory regimes.

*Bardia: I remember the last time we met, you talked about the responsibility of government in safeguarding the currency. How far should that responsibility extend? Should the central banks, for example, set the interest rates or control the exchange rates of hard currencies?*

**Lamont:** Well, when I said the government's responsibility to preserve the value of the currency, I meant to prevent inflation. That's what I meant. I was not talking about the external value of the currency. I was talking about its purchasing power domestically. Of course, in many parts of the world, there's not much need to say this because inflation is very low or even negative. But when you ask me what the job of the government is, it seems to me that their job is to preserve the value of the currency. It's just a basic thing. You don't want to see the value of the currency being cut by the hidden hand of the inflation. Mind you, as I say, this is not in every country a current problem, but it could become a problem again. But I'm not in favor of deflation either. On a continued long-term basis, deflation might pose some problems.

*Bardia: You're not in favor of controlling the exchange rates, are you?*

**Lamont:** Well, I think floating rate is a better system.

*Bardia: It is generally believed that, in a sense, you saved British Pound. You played a major role in preventing Britain from becoming a full EU member with Euro as its currency. What happened in that summit? Could you briefly tell us about those negotiations? Do British people and political parties appreciate what you did?*

**Lamont:** Well, nowadays you cannot find anyone who is ever in favor of Britain joining the Euro, and they all say they were against it. But the fact is they weren't. I was our country's representative at the negotiations for the Maastricht Treaty. We used to have monthly meetings. And I made it very clear, and our prime minister, John Major, agreed with this, that we would not join the single currency. The other European countries were very reluctant to believe me when I said we would not join it. But you know, nothing ever happens quite in the way you predict, but I think we predicted many of the things that would go wrong if all countries would accept a single currency. Of course, I never said that it would break up quickly, but I'm by no means convinced that the Euro will survive in the long run. You might even find Germany leaving it, because they're so fed up with paying the bills, and bailing out countries like Greece. I was against the concept of Euro both on economic and political grounds. In economics, I didn't believe that you could have economies with different structures and different sensitivities to interest rates all controlled by one central bank. Politically, I didn't think you could have a currency without

having a common government. And I didn't like to have a common government with France, Germany, Italy and different countries, different cultures, different problems, different languages. You know, we're British.

**Bardia:** *Is it true that when they wanted to modify the agreement or slightly alter the wording of your suggestions, you left the summit room in protest? Did you actually walk away from the meeting?*

**Lamont:** (with laughter) Well, that is true. The treaty was very complicated, and I wanted to make sure that there were no ways in which we could be forced by the back door to join, and I produced a list of the different parts of the treaty and I said this, this, and this... must not be applied to us, and the chairman of the meeting who was Mr. Wim Kok, who later became the prime minister of Holland, said, well we will discuss this. And I said, well it's not discussable! He made no reply. But later in the meeting he said I wish to discuss Mr. Lamont's paper. So I said I'm leaving, and I walked out. Some people were very cross at me and said this was irresponsible, but I was not in any doubt that it was the right thing to do, and when I came back into the room, they said well we have agreed to your piece of paper!

**Bardia:** *Thanks for the explanation. My next question is about the current political situation in Britain and in fact the whole Europe. Here in the UK, a centuries-old party like the Tories is almost neck and neck with The Labour, which is in a sense a Socialist party. Doesn't it worry you that the UK has come to this?*

**Lamont:** Well I don't know how 'socialist' the Labour Party is. It is redistributivist. It believes in high taxation and high spending. I believe very much in giving people control of their own money, control of their own lives and responsibility to look after their own families and work for their own families. The Labour Party, historically, has always been in favor of higher welfare provision and higher taxes to fund it. These are two alternative models. Of course, the Labour Party is nothing like the socialist party as it used to be, because it used to be in favor of nationalizing everything, and even they don't do that today. I'm obviously very strongly in favor of Mr. Cameron's government over a possible Miliband government. But I think the parties are less dramatically divided than they used to be.

**Bardia:** *Do you think Conservatives will win in the upcoming elections?*

**Lamont:** I do really. Yes.

**Bardia:** *What do you think of President Rouhani?*

**Lamont:** I am an admirer of president Rouhani. It's not because I was born in Scotland and he went to this university in Glasgow. I generally admire him. I predicted in a newspaper article that he will win the elections. I was alone in a hotel room when the result came through on the first ballot and I was almost as excited as I was by any British election, that he had won. I'd watched some of the television debates, and I thought that this man is telling the truth as he sees it, and I believe in his integrity and honesty. He's got a good turn of phrase, and quite a rough tongue, but I admired this, and I very much admired his inauguration speech, which I read and I thought it was very moving.

**Bardia:** *It's very interesting, because he didn't seem to have much chance at the beginning, and I'm surprised you predicted his victory from the start.*

**Lamont:** Well, I always said that it would be either him or Mr. Ghalibaaf. But the fact is Mr. Rouhani, who is both a cleric and a lawyer, seems to have quite a good understanding of economics, and knows the nature and benefits of globalization, because he repeatedly says that the only way Iran can prosper is by being linked to the rest of the world, and I think he's quite right in that.

**Bardia:** *Yes, and I know that he has assigned quite a capable person as the head of the National Center for Globalization Studies, Mr. Mo'ayeri.*

**Lamont:** Yes. I know.

**Bardia:** *I am sure as the head of BICC you hope the agreement between Iran and P5+1 will go through, and that the sanctions are lifted and Iran starts doing business with the rest of the world. How much hope do you have for these negotiations to come to fruition?*

**Lamont:** Well, let's hope there's an agreement. I mean it looks very odd if they don't come to an agreement. The talks have created a very good atmosphere and I think a lot of people have been surprised that how much goodwill has been apparent on both sides, and even if there was no agreement this time, I think another attempt would be made. But it would be very important that in the foreign policy of the countries involved they don't go back to where they were, shouting at each other.

**Bardia:** *As a senior Western politician who once was the Chancellor of the Exchequer of Britain, do you believe that Iran is entitled to atomic energy and technology?*

**Lamont:** Of course. I don't think anyone disputes that.

**Bardia:** *Lord Lamont, thank you very much for the time you gave to conduct this interview.*

**Lamont:** It was a pleasure. I wish you success with your magazine.

