



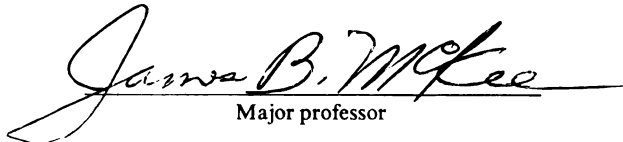
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SOCIETAL DEVELOPMENT, MODES OF PRODUCTION
AND MIGRATION IN IRAN

by
Ahmad Khalili

A DISSERTATION

Submitted to
Michigan State University
in partial fulfillment of the requirements
for the degree of

DOCTOR OF PHILOSOPHY

Department of Sociology

1983

154-09540

ABSTRACT

SOCIETAL DEVELOPMENT, MODES OF PRODUCTION AND MIGRATION IN IRAN

by

Ahmad Khalili

This study is an attempt to develop an analysis of the relationship between migration and development. Using Iran as a case study, a typology of migration is examined under different historical stages of development which are: the pre-capitalist social formation, dominated by an Asiatic mode of production; the semi-colonial period; and the modern industrial capitalist period, formed by dependent capitalism. The theoretical framework for the study is based on the notion that each social formation manifests a unique type of population change and geographical mobility.

The period of pre-capitalism in Iran, the Asiatic mode of production, was characterized by the immobilization of the population. The peasants' possession of land, their ties to the village, and the consequent integration of the producer with the means of production discouraged migration, particularly permanent migration. However, because of the restriction of the development of the labor

force, and the lack of voluntary migration, part of the population migrated from one place to another through state intervention. Forced migration is therefore the dominant type of migration in this period.

The second stage, during which Iran became part of the capitalist world system, led to semi-colonialism. This encompassed elements of both the old pre-capitalist social formation and the nascent capitalist one. While the surplus was still being appropriated through rent, the pre-capitalist mode of exploitation, the new commercial capitalist relations extracted part of the surplus from the producer through newly established relations of production. The result gave rise to urban areas, where commodities were transferred to the centers. Tabriz, the largest city in Iran during this time, emerged as a center for the transference of commodities from different parts of the country and from abroad to the European and Russian centers. Therefore, part of the commodities were produced, not for use, but for exchange. Since the country's economy was becoming increasingly dominated by foreign commercial activities, the Iranian wage labor produced at this time was transferred to Iran from the capitalist center of Russia. Because of the nature of the society in this period, the potential for migration was stronger than in the previous social formation. But it was not universal, since the fundamental forms of production had remained intact.

Capitalist social relations emerged when rent became capitalist ground rent, and the peasants were converted into a wage labor force through a policy of modernization administered from above. Afterward, the market that enabled the labor to be exchanged was created. Urbanization grew, and reflected the transformation of productive relations. The introduction of manufacturing extended these activities of production. Services and commerce in urban areas attracted the "free labor" from the countryside. Migration in this era became permanent and universal. This was a result of population pressure on the available land, and to the existence of labor markets in the towns--for the service sector and, to a lesser extent, for industry. Rural-urban migration--from the old agrarian sector to the newly created sectors--became the predominant type of migration. Urbanization then emerged as the major phenomenon of the period.

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ACKNOWLEDGMENTS

I would like to express my sincere appreciation to Professor James McKee, who chaired the dissertation committee, for his valuable guidance and counsel given for this research. I also wish to express my gratitude to Professor Allen Beegle for his friendship and valuable assistance and suggestions, to Dr. Marilyn Aronoff for useful comments on the first draft of the research, and to Professor Kevin Kelly, members of the doctoral committee.

I would also like to thank Miss Metta Anderson for typing and editing, and her generous help.

Special thanks go to my wife, Lili, for her patience, encouragement and intellectual contribution who, despite her academic hardships, provided me with great help during this period.

CHAPTER ONE

INTRODUCTION

Statement of the Problem, Its Scope and Limitations

This study is an attempt to develop a discussion on the problems of migration and development in Iran. In this light, the study examines the types and forms of human population movement generated during different historical stages of development. It is based on the notion that the process of development, through which societies have undertaken major transformations of social structures, has been accompanied by other changes, including the displacement of populations over space. It is thus argued that the successive stages of development which have shaped the societies through forces of socio-economic transformation reveal corresponding forms of population circulation. These changes have taken place as the result of both external and internal forces.

The influence of colonialism and neo-colonialism on underdeveloped countries affected their social formations and, consequently, the demographic character of these societies, through displacements of population. Movement of people, however, is certainly not peculiar to the eras

of colonialism and neo-colonialism; rather, migratory phenomena have been an intrinsic component of the long history of human life. Therefore, types of migration may be studied, not only during colonial and neo-colonial periods of domination by monopoly capitalism, but also in the period of pre-capitalist social formation.

Most of the comparative works on migration within different stages of development have been conducted on an international level, restricting their focus to migration under capitalism. Less attention has been given to processes of migration under periphery capitalism in different stages of socio-economic development, and no systematic study has been undertaken in Iran. On the contrary, most Iranian migration studies have focused on demographic aspects of population movement or, if they were concerned with socio-economic aspects of population movement, they confined themselves to the contemporary situation (Hill, 1975; Hemasi, 1974; Kazemi, 1980; Paydarfar, 1963; and others).

The present study is an attempt to illustrate the dialectical relationship between human migrations and the process of development in Iran. To achieve this purpose, the study is comprised of six major chapters. In the first chapter an attempt is made to formulate a theoretical framework for the study, and to define major concepts of the research.

The rest of the research consists of five chapters that develop a discussion on the stages of development and migration. The pre-capitalist social formation; the semi-colonialist period, when Iran was incorporated into the world capitalist system; the period in which modern industry was initiated; and, finally, the period in which Iran has been dominated by dependent capitalism, comprise the major contents of these chapters. The aim is to illustrate how capitalist social and economic relations penetrated into the society and formed peripheral capitalism. Out of this penetration and influence, different classes and a new social order emerged as new bases for future development that severely affected the demographic characteristics of Iran. In this context, migration or circulation of population during the aforementioned historical periods will be discussed. Conclusions and pertinent discussion will come at the end of the study.

Explanation of Concepts

In the following pages the concepts of development and migration are explained as they relate to the purposes of the study at hand. These explanations are not intended to be all-inclusive.

Development

The concept of development has been a controversial issue and subject to wide-ranging debate. Conventional theory used this term synonymously with the concepts of modernization, industrialization, economic growth and cultural evolution. However, Marxist theory regards development as an historical and on-going process of evolution and progress stimulated by contradiction and conflict between productive forces and the social relation of productions. According to this theoretical construct, the historical process of development passes through various phases which are identified by their social relations of production, which can be conceptualized by the term of mode of production, that is, a definite form of expressing individuals' lives which coincides with their production: with what they produce and how they produce (Marx, 1970:42). At a concrete level, mode of production refers "to those elements, activities and social relationships which are necessary to produce and reproduce real (material) life" (Harvey, 1973:199). The three basic elements that exist in every society are the object of labor, the means of production, and labor power. The way that these elements are brought together into activity, however, varies from one stage to another. History, according to Marx, has gone and will go through successive stages of development. These

stages are defined by Marx as, "progressive epochs in social and economic formations of the society. The methods employed in agriculture, industry and commerce determined the relative position of individual groups; and the different forms of ownership in the divisions of labor determined the relationships of individuals to one another with reference to the means of production and products of labour--in various stages of development" (Marx and Engels, 1970:42-44). Taking these criteria into consideration, the first form of ownership, according to Marx, appeared in tribal life corresponding to underdeveloped stages of production at which people lived by hunting and fishing, and had very elementary divisions of labor. The social structure was then limited to an extension of the family.

The second stage is identified by ancient communal and state ownership which, Marx states, emerged through the "union of several tribes into a city by agreement or by conquest, and which is still accompanied by slavery" (Ibid). At this stage, private ownership has developed which, Marx asserts, abnormally subordinates communal ownership; the division of labor has already become more developed, and the citizens hold power over their own laboring slaves which also develops class relations between citizens and slaves. Furthermore, antagonism between town and country and between industry and maritime commerce is realized.

The third stage of development is feudal or estate property. Feudal property arose out of the destructions of antiquity. Land ownership and nobility, associated with armed bodies, formed into a hierarchical structure and subjugated the producing class. Landed property became the basic form of property during this stage. The organizations of production are very restricted, and the division of labor is severely limited; while feudalism developed its base in the countryside, its counterpart, the bourgeoisie, first in the form of guilds, began to grow in the towns. Finally, at the latter stages of development when the division of labor is already more detailed and contradictions between town and country more intensified, feudalism is destroyed by the forces of the bourgeois mode of production. Capitalist relations of production become the dominant form, in which divisions of labor are extended to the separation of production and commerce. Social classes of merchants are formed, with producers separated from the means of production. As a result of the later development of industry, technology and population, and the subsequent concentration of capital, it moved and expanded not only over the nation, but beyond its borders to the extent that a world market was created.

This classical conceptualization of Marx's notion of development is an abstract definition. As Marx asserted, no society has ever experienced a certain, pure mode of

production. Societies may be identified by their social formations, that is, their synthetic composites of various modes of production.

On a concrete level, all societies have not experienced the same developmental process as the Western European countries. This is especially apparent in oriental societies, where development took different directions. For example, feudalism as a mode of production is not necessarily a valid category in the Orient. Amin argues that to try to force a predefined concept onto the reality of another society leads to talk of "the irreducibility of civilization; talk which is irrational and, finally, racist" (Amin, 1980:3).

Migration

The concept of migration has been developed in terms of both its demographic and its socio-economic role. The demographic definitions of migration emphasize the physical transition of individuals or groups and/or population structures. For example, Eisenstadt defines migration as:

...the physical transition of an individual, or a group from one society to another. This transition usually involves abandoning one social setting and entering another and different one. (Eisenstadt, 1955:1)

To Petersen, migration means:

...not merely a shift of a certain number of undifferentiated persons from one place to

another, but also a change in the occupational and population structure of both countries or regions. (Petersen, 1961:592)

These typical definitions of migration which are frequently used by students of population and demography view migration as an individual activity, confined to the changing of place of residence, and regards migration as a geographic mobility. Although some other views concerning migration seek a "comprehensive definition of migration, the nature of human mobility still is vague in this context. For example, Mongalam believes that migration is motivated behavior which implies decision-making, based on a hierarchy of values. He states:

Migration is a relatively permanent moving away of a collectivity, called migrants, from one geographical location to another, preceded by decision-making on the part of the migrants on the basis of a hierarchically ordered set of values or valued ends and resulting in changes in the interactional system of the migrants. (Mongalam, 1968:8)

Although Mongalam attempts to present a "multi-dimensional" definition of migration, his conceptualization of human migration is not seen as related to the structure of the society. Rather, migration is observed as an independent phenomenon, not reflecting social, economic and political structural changes.

While it is true that migration involves a physical transition of population and changes in residential places, it cannot be confined to that. Instead, the structural

factors that produce migration need to be taken into consideration. As Portes and Walton explain, movement of population from one region to another and from one nation to the other, is a response to their structural formation, i.e., structural inequalities between them (1981:26). In this regard, the explanation of the dynamics and consequences of migration is related to the dialectical affects between migrants, economic constraints, and strategies of development.

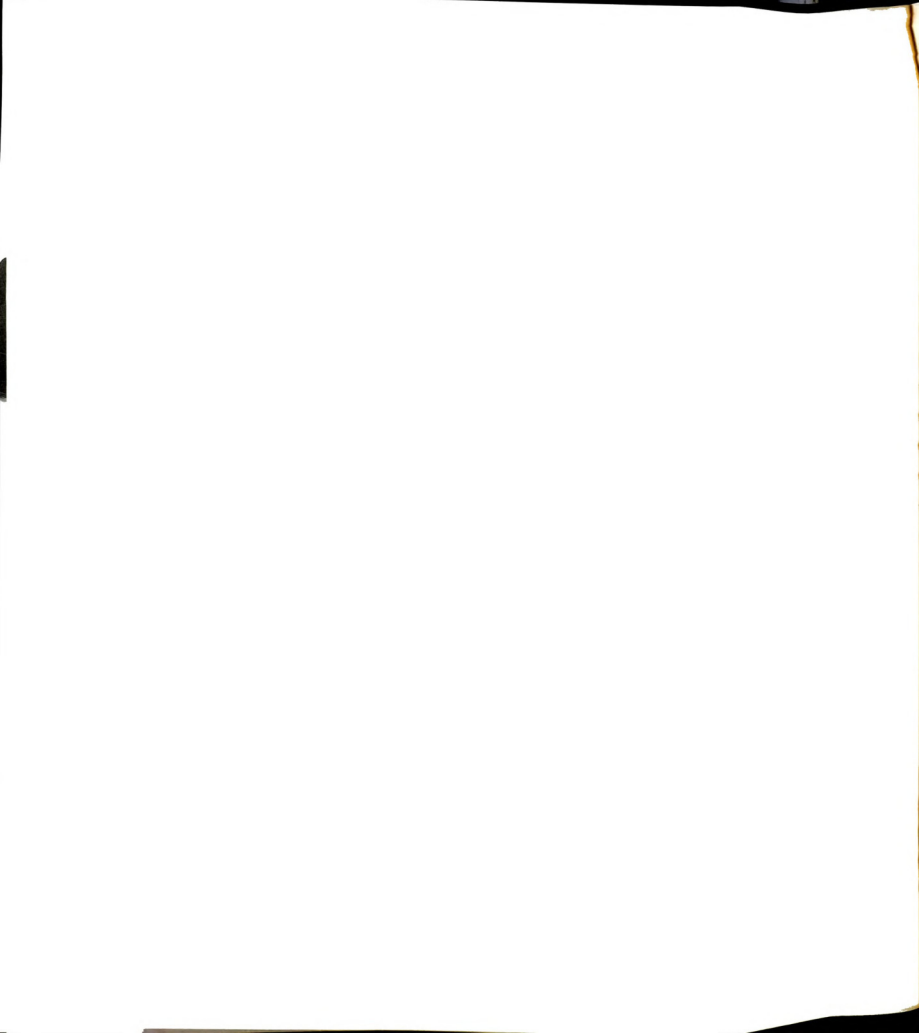
Migration in both classical Marxism and neo-Marxism is defined as a part of the total socio-economic structure which changes through different stages of development. Therefore, as the socio-economic structure is changed, migration takes various new forms.

In classical Marxism, migration is conceptualized as the circulation of human population which has become synonymous with the circulation of surplus labor, or, generally speaking, the circulation of surplus population. In pre-capitalist forms of social relations of production, for example, tribal organizations, the system required a large space for every individual or family. Over-population in such organizations of production threatened the whole system. Therefore, to save tribalism, tribes had to displace part of the population. In other words, the survival of the society depended on certain proportions in numbers. Marx states:

In all previous forms of production, the development of the productive forces was not the basis of appropriation; rather, a specific relation to the conditions of production--forms of property--appeared as an inherent barrier to the forces of production and merely had to continually reproduce. It follows, therefore, that the development of population in which the development of all production forces is summarized, would ever more strongly encounter an external barrier and thus itself appear as something to be restricted. Only a certain amount of population was commensurate with the conditions of the community (Marx, Grundriss, p. 605).

According to Marx, "overpopulation" reflected on the development of productive forces, appeared as a "barrier" to forces of production. In this sense, migration tended to be a means to overcome this barrier by opening up new territories, through the conquest and occupation of other lands.

In the capitalist mode of production, migration is, according to Marxist views, a circulation of surplus labor, a manifestation of surplus value. It is the development and movement of capital that displaces population. For example, in Europe, the industrialization of capitalist production brought about labor circulation as a social phenomenon. In an agrarian society, migration under the conditions created by capitalist development, originated from the agrarian sector. In this respect, migration becomes a process of peasant proletarianization (Amin, 1975). Those migrants are either absorbed into the factories or remain unemployed; whether peasant families are absorbed



into the labor force or not, they are assimilated into a society that already has a structure and, therefore, specific social relations of production, in place.

The Marxist concept of migration is also synonymous with urbanization and urbanism. Cities are places that commerce and industry organize, that serve to control and administer resources based in the countryside and, therefore, the major economic activities of the rural population (Roberts, 1978). As cities extract surplus from the countryside, as well as other regions, circulation of population becomes more evident. As industrialization develops, the city becomes the locus for production, extractions of surplus value, and concentrations of population (Harvey, 1973). In other words, population moves toward the city as goods and services flow to that area of the economy and surplus value is circulated and concentrated.

The neo-Marxists' view of migration can be explained in the context of world capitalist systems, and development and underdevelopment. This view argues that the exchange of commodities between nations in past centuries and the flow of capital from center to peripheries in recent centuries, did not culminate in an equilibrium between and within the nations. On the contrary, it further underdeveloped the peripheries by shaping their economies to the demands of the center (Frank, 1970; Baran, 1957; Magdoff, 1969). Therefore, the process of uneven development

takes place between center and periphery, and in the periphery but within the regions (Amin, 1975). These studies can explain the nature of migration both at the national and international levels. As Portes and Walton stated:

In agreement with the metaphor of worldwide hierarchy of exploitation, domestic rural-urban migration follows the one-way flow of economic surplus and reflected the domination of rural areas and smaller cities by the national metropolis. International labour migration, in turn, reflected the struggle of impoverished populations of the subordinate countries to gain access to advanced industrial consumption. Finally, the brain drain of professionals from the Third World was just one more manifestation of exploitation of these societies and their continuous loss of resources to the central one (Portes and Walton, 1981:28).

Therefore, according to this conceptualization, migration--especially in the form of labor migration--manifests the exploitative relation between periphery and center--either at the international or national levels. Inequality between center and periphery in terms of technology and thus utilization of resources produces labor migration toward the metropolises.

Neo-Marxists conceptualize migration at the individual level as a means of survival in which individuals search for opportunities which are distributed unequally in space (Ibid; Amin, 1974). In this regard, migrants are a source of cheap labor who enter as a commodity into new social relations of production.

These conceptualizations of migration explain that human geographic mobility is much more a structural rather than a mere individual phenomenon. Therefore, the study of migration involves a socio-economic structural analysis dealing with a multi-dimensional conceptualization. This requires a study of the conditions under which migration takes place and migrants are utilized.

Theoretical Framework of the Study

Migration theory has been developed from different perspectives and through various disciplinary orientations. Demographers, sociologists, behavioral scientists, economists, and political economists have contributed to the study of human migration using different criteria and approaches. Among them, two major categories can be distinguished: the functionalist perspective and the Marxist politico-economic perspective.

The major attempt of functionalist writings is made to construct an abstract theory of migration (Lee, 1966; Mongalam, 1968; Wilbur, 1962). In this regard, some explain migration as the basis of particular disciplinary orientations, e.g., demographic with some attempt to conceptualize migration phenomena in a multi-disciplinary context. However, the functional perspective, despite using various sociological disciplines, manifests a particular framework. First, it argues that migration is

independent phenomenon. As one may talk about "cultural system," "social system," and "personality system," it is possible to speak of the migration system (Mongalam, 1967:11-14). An individual who moves from one social organization (origin) toward another (destination), leaves previous system(s), and enters into new social systems. Therefore, the study of migration involves mainly the analysis of these three "systems."

One of the most common theoretical frameworks in this context can be found in the Push-Pull hypothesis which has dominated the mode of thinking on migration studies. Such studies are mostly concerned with the discussion of the "Push" and "Pull" factors which, according to functional views, produce migration that is "the outcome of interplay and balance of expulsion forces and attraction forces" in the two systems--origin and destination (Germaine, 1964). Attraction forces are usually taken as factors that are more abundant in destination, and expulsion forces are abundant in the origin. Taking some obstacles in between into consideration, a simple calculation of costs and benefits of the journey by migrants would motivate them either to stay or to move.

Lee argues that four factors enter into the process of decision-making in migration: 1) Factors associated with the area of origin; 2) factors associated with the area of destination; 3) intervening obstacles; and

4) personal factors (Lee, 1966). According to this view, migrants must make an effort or pay a cost to overcome the obstacles which are between them and their places of origin or destination. Such an argument isolates migration--as well as other phenomena--from the dynamics of social and economic forces.

The second argument to be noted concerning functional theory is related to methodology. It takes the individual rather than society as the unit of analysis. Thus, the thrust of the study concentrates upon the decision of the migrants, and hence the cause of migration which is mainly discussed around individual references (Mitchell, 1961; Bery, 1961; Baldwin, 1966). Therefore, according to this theory, individuals and their valued ends are the central factors that determine human migration. In this conceptualization, the effects of the internal and international structural forces are either ignored or reduced.

The third argument in the functional theory of migration relates to its economic aspects. It regards migration as essentially a self-regulatory process through which the mechanism of supply and demand can be adjusted. Migration in this approach is explained by the law of supply and demand (Myrdal, 1963).

It is said that, since returns to the factors of production are varied from one region to another, this situation, therefore, leads to a mobility of factors of production

which in turn results in the adjustment of their prices and the development of economically less-developed areas. This view is based on the hypothesis that factors of production (labor, capital, natural resources and land), are given a priori which have been distributed unequally over geographic space. Since in certain regions labor may be more abundant and capital more scarce, labor moves to where it receives the highest reward. The Lewis model and its theory of "dual economy," which has become a standpoint for many migration studies, is based on the law of supply and demand.

Lewis argues that underdeveloped societies are characterized by a dual economy: the capitalist sector and the non-capitalist subsistence sector. The higher wage in the capitalist sector induces labor transfer which in turn leads to growth in the capitalist sector. Such a growth means growing national income and, hence, growing saving investment and finally capital accumulation on which economic development depends (Lewis, 1958, 1972; Bauer, 1956). Thus, migration takes place between two sectors which are:

- (1) a traditional, rural subsistence sector characterized by zero or very low productivity "surplus" labor, and (2) a high productivity modern, urban industrial sector into which labor from the subsistence sector is generally transferred (Todaro, 1976:30).

In his model of labor transfer, Lewis does not discuss much about the causes of migration; rather, he

discusses its consequences, and hence the role of the labor transfer in economic growth and capital accumulation. He also suggests that the great inflow of migrants into the capitalist sector would eventually cease when this sector reaches some degree of overdevelopment (Lewis, 1972).

Lewis assumes the structure of capitalism and its dynamics in the underdeveloped countries as given, and therefore there is no problem with the capitalist class in these nations. He ignores the strategy of capitalist development and the international division of labor within the world capitalist system which requires peripheries to produce and/or export certain materials. Lewis assumes that multinational companies and the dependent bourgeoisie automatically reinvest their profits in a backward society. Contrary to this notion, the outflow of profit and capital from underdeveloped countries either directly or through mechanisms of unequal exchange does not allow capitalist development to occur entirely in the society in question (Emmanuel, 1972). Moreover, the international division of labor and specialization in producing certain commodities or raw materials is an obstacle to development (Amin, 1976).

In conclusion, the functional approach to migration studies does not mirror all the problems related to human migration. The idea that inequality and underdevelopment resulted from different functions performed by different

sectors of society--as the functional school believes--ignores the major causes of migratory movement: the dynamics of capitalism in the underdeveloped countries and the subsequent unequal development between different sectors. In this context, functionalism does not consider the strategic role of the international forces of colonialism and neo-colonialism in the process of capital accumulation which culminates in internal and international labor migration. Thus, the effect of political and economic institutions of the capitalist system on the underdeveloped countries is not discussed in functional theory.

As an alternative, both Marxism and neo-Marxism conceptualize the mechanism of population and its geographic movements in the context of political economy. Marx's critique of Malthusian theory and the neo-Marxists' contribution to the development of a critical theory on the nature of development and underdevelopment explain the nature of migratory movement.

Marxist Theory on Population and Migration

The basis for understanding the nature and dynamics of Third World migratory movements is to realize the processes of capitalist development in these societies. However, there is no doubt that migration is not merely a phenomenon of the contemporary era. Rather, migration of human beings has existed since the beginning of known

history. But the center of the argument lies in answers to the question of how each historic stage of development affects or shapes the structure and features of human mobility. The functionalist theory rarely responds to such questions, and if it does, its argument is static. That is, it applies an abstract law over time. For Marxists, the structure of population and other social phenomena, in general, and migration in particular, varies with different stages of development.

In different modes of social production there are different laws of the increase of population and overpopulation; the latter identical with pauperism. These different laws can simply be reduced to the different modes of relating to conditions of production, or, in respect to the living individual, the conditions of his reproduction as a member of society, since he labors and appropriates only in society. The dissolution of these relations in regard to the single individual or to part of the population, places them outside the reproductive condition of this specific basis, and hence posits them as overpopulation, and not only lacking in means but incapable of appropriating the necessities through labor, hence as paupers (Marx, 1973:604).

Marx has three interrelated points in this passage. First, he mentions that in every epoch in the historical development of social relations, one should seek specific forms, or particular problems of the dynamic population. What may, Marx states, be "overpopulation" in one stage of social development may not be so in another, and the effect may be different. The specific mode of production determines the amount of overpopulation and, in turn, the overpopulation leads to migration, presupposing different

countries in different epochs (Marx, 1973:605). This is in contrast to Malthus' theory which regards overpopulation as being of the same kind in all historical phases of societal development (Malthus, :). From Marx's point of view, Malthus reduces various complicated relations to a single relation between natural reproduction of human beings, on the one hand, and natural agricultural production on the other. Since the former trend, according to Malthus, is faster than the latter, this leads to "surplus population." Marx asserts that such alleged surplus is purely relative, and related to the mode of production, not means of subsistence.

Marx's second remark in the passage concerns the condition of production which refers to the relationship of productive forces to the form of property. It is this condition which is basic to comprehending the structural changes in population. To understand why there is more migration in the capitalist phase and particularly in the monopoly capitalist era, than in previous phases, for example feudalism, one needs to investigate the conditions of production (forms of property) and the position of population as the productive force in the process of development. For example, in the capitalist mode of production, according to Marx, since the development of labor forces of production is the basis for surplus value and capital accumulation, therefore, circulation and movement of capital is always associated with great displacement of the



labor force population which leads to overpopulation in particular regions. In contrast, in the pre-capitalist mode, the forces of production are not the basis for appropriation, due to specific relations that they have with the form of property which restricts the development of productive forces. Under the conditions of the pre-capitalist mode of production, Marx points out that, because each individual and family required certain amounts of land and certain numbers of production instruments, population growth restricted the society's ability to reproduce its own economic condition. Therefore, demand for expansion of territories or population displacement became a driving force which led to great migrations of people, invasion of communities by certain tribes, mass transformation of slaves, and the like. Such displaced people do not reveal themselves in the form of surplus labor as it has never been heard "that there were surplus slaves in antiquity" (Marx, 1973:604). Finally, Marx's third remark concerns the disintegration of relations existing between forces of production and forms of property, which place a part of the population outside of their reproductive conditions. That is, the disintegration of, for instance, feudal relations or the traditional system by the development of capitalist relations gives rise to a "surplus population" which lacks means of production and is incapable of working under the new conditions created by new relations of production. It is this dissolution of relations

that, according to Marx, makes possible the development of forces of production and the movement of labor power to where means of production are concentrated. Such development is due to the requirement of new formations when transition from one formation to another takes place in such a form that the whole system of relations, that is, the entire organization of production, tends to transfer to new forms.

As has been observed, Marx relates certain features of population to specific stages of development, and asserts that overpopulation or depopulation is a historically determined relation. That is, it is determined by specific conditions of production, and not by abstract numbers or by the absolute limit of the productivity of the necessities of life, as Malthus has indicated. Therefore, to recognize the functions of migration and the place that it has in the production circuit, one has to investigate the different stages of development that Marx recognized in the forms of precapitalist and capitalist modes of production in Europe.

On the Theory of Stages of Development in Non-Western Countries

Marx's classification of stages of development in Western Europe provides guidelines for the study of the dynamics of the evolution of human society. His study

concluded that the history of mankind constituted a succession of socioeconomic formations categorized as primitive, communal, slave, feudal, and capitalist. Marx's basic concept which provides a basis for analysis of these stages is mode of production--the type of relations of production, and level of development of productive forces--measured by other concepts such as infrastructure, superstructure, social classes, and so on. All these concepts provide the basis for an historical analysis.

In this respect, the history of society is primarily the history of the development of production, the history of various modes of production that succeed one another with the growth of productive forces. Consequently, the history of every people is ultimately conditioned by development of their productive forces which obey the same laws of development (Kausinen, 1961:4).

Marx and Engel's contributions to the history of mankind, which were essentially based on their studies in the West, created controversy among their followers, particularly when an attempt was made to apply Western-based theory to non-Western societies. While some scholars, particularly the Soviets, tried to force societies like Russia and Iran into a predefined European frame, others insisted on the specificity of the oriental societies which did not necessarily mirror European development (Krader, 1975; Tokei, 1981).

Marx and Engels did not themselves separate the characteristics of Asian society as representing a different mode of production in their early writings in German Ideology and in the New York Daily Times in 1853. However, their readings on India, China, Turkey, and, to some extent, Persia, finally did convince them that the distinctive character of oriental societies had evolved differently from that of the evolutionary development of the West. In a series of letters, Marx and Engels expressed their views on the Orient and the conditions that had created characteristics different from those of the West. Unlike Marx's systematic study of societal development in Europe, however, his contribution--with the help of Engels--on the Orient, not only lacked consistency, but was ambiguous about Asian modes of production. In this regard, Marx and Engels failed to provide cogent answers to the questions about an Asiatic mode of production, questions of property, state and class formation; in short, they applied the same standards of measure to Asia as they had used in the analyses of European societies.

In later writings on Asian modes of production that appeared in Grundrisse, Marx formulated the theory that the principal trait of production in the Asiatic mode is the extraordinary stability and endurance which exist in this type of society. He maintained that state, rather than private, ownership of land, and communal

self-sufficiency rather than the separation of agricultural from non-agricultural productions in a social division of labor, underlie oriental society, the characteristics of which "make it resistant to disintegration and economic evolution, until wrecked by external force of capitalism" (Hobsbawm, 19 :38).

The state in oriental society, according to Marx, is the most powerful body of the community. He traced the particular character of oriental society to the absence of ownership of land, and suggested in his early writings, that, under the Asiatic system, the state was the "real landlord" (Marx, 1853). The absence of private property, Marx said, is related to the strategic role of state control over the waterworks which Engels found to be a very important social function exercised by the oriental government (Engels, 1972:198). This function, Engels says, is the basis of political supremacy which depends on how well a government is able to fulfill its social functions (Ibid, p. 199).

Marx then came to the conclusion that, unlike European pre-capitalist formations, in which the existence of private property gives rise to contradictions between town and country, oriental society is characterized by links between agriculture and industry and households which each village has carried out independently in a self-sustaining circle of production and reproduction (Marx, 1973:485-7). Instead of the separation of industry and

agriculture, which intensifies antagonism between town and country, Asiatic societies promulgated a unity of agriculture and handicrafts between town and country which provided a condition that perpetuated communal property, hence reducing antagonism which otherwise might lead to dissolution of the society. This means "...whereas the city in classical antiquity is an independent organism, a seat of state and its citizens who are compelled vis-a-vis the slaves (the basis of production)--whereas in antiquity the division of labor, the class relations between citizens and slaves fully developed" (Marx-Engels, quoted by Litchtein, :70), in an Asiatic mode of production, the independent city does not exist, and the individual in society has no property but only has possessions (Mars, 1973:285). A higher proprietor, or a sole proprietor, appears as a despot, the father of many communities (Ibid, p. 473).

On the basis of this interpretation, Marx outlined the succession of modes of production in the historical-chronological sequence which measured "progress." Marx designated Asiatic, Ancient, feudal, and modern bourgeois modes of production as distinct progressive epochs in which the Asiatic mode marked the first progressive epoch (Marx, 1859:21). This sequencing shows Marx believed that feudalism would eventually appear in Asiatic societies, before they entered into capitalism.

In his final remarks on the Asiatic mode of production, Marx further formulated his theory that appeared in the Third Volume of Capital. In this theory, he focused on self-sufficiency in three communities, and further developed the nation-state. He distinguished between government, society and state, with state appearing at a certain stage of the development process, when individuation from communal bonds takes place (Kradner, 1972:32a). Engels delineates a two-stage development of state: one which emerges, resulting from community needs and serving common interests, and another that becomes a tool of repression to protect the interests of the ruling class versus producers (Engels, 1844).

In sum, Marx and Engels have shared their views on the development of the Oriental state as follows: (1) Oriental societies lacked a feudal system similar to that experienced by the West, since (2) the absence of private land ownership was a distinct feature of the orient; (3) geographical traits (climate and general territorial considerations) created the impetus for water works which, in turn, gave rise to inherently powerful social organizations to accomplish these and related affairs. Due to eventual vast and expanding activities in the social administration of the related affairs, (4) the State emerges as a powerful centralized institution which is characterized by oriental despotism.

Taking these elements into consideration, the basic condition for production becomes the state. In contrast to Europe, where good or bad harvests depend on good or bad seasons, in Asiatic society they "correspond to good or bad governments," and people become "quite accustomed to seeing agriculture deteriorate under one government and revive again under another government" (Marx, 1853). The government extracts surplus in the form of taxes and rents from village communities in which the peasants do not form an autonomous unit, but constitute components of a larger unit. The limits of this unit may be defined by the extent of the state's authority. It was in this respect that the state, in Asiatic societies, emerged as the main body of, and intrinsically connected with, society and not a separate entity within it. Infrastructure and superstructure, as well as class formation, were not defined in Asiatic society as they were in classical antiquity.

Another important theoretical point in Asiatic development is related to the dissolution of pre-capitalist society. This also differs from the classical framework in which the intensification of antagonism between town and country and the growth of a bourgeoisie class led to a bourgeoisie revolution and the triumph of this group over the feudal order. In Asiatic pre-capitalist formation, the change has taken place by the forces stimulated from outside. That is because the union between agriculture

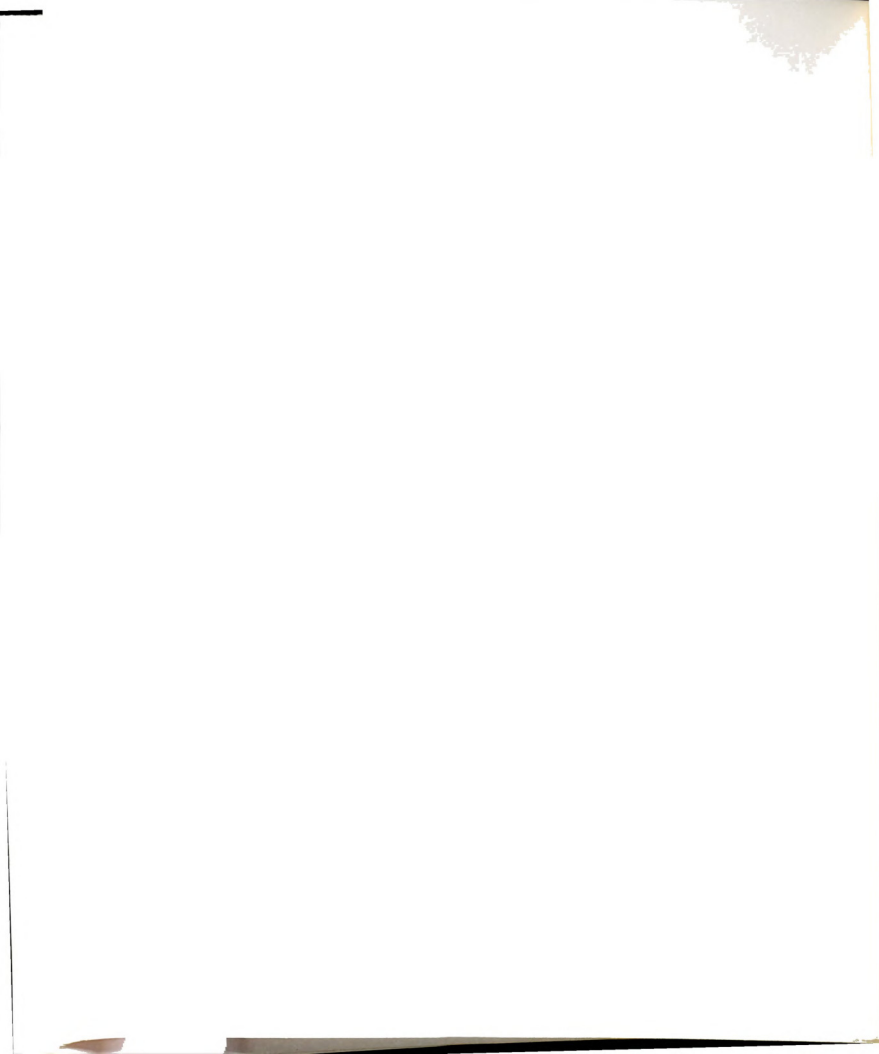
and industry, the State's sole authority over administrative and military affairs, and the powerful religious, ethnic and cultural institutions were used by the State to consolidate its authority, and made Asiatic society stagnant, traditional and resistant to change. Marx points out:

Asiatic form necessarily survives largest and most stubbornly. This is due to the fundamental principle on which it is based, that is, that the individual does not become independent of the community, that the cycle of production is self-sustaining unit of agriculture and craft manufacture (Marx, 1964:183).

This characteristic made the society resistant to disintegration and economic development, "until wrecked by the external forces of capitalism" (Ibid, p. 38). The rise and expansion of capitalism and penetration and colonialization of the Asiatic society brought about their dissolution. These forces, in fact, opened up a new period in social and economic development, and transferred the social relation of production to a capitalist one.

The development of capitalism, however, did not foster the seed of capitalism or bring about full-scale capitalism in Asiatic societies. Rather, it created peripheral capitalism, a situation that conditioned the development of the periphery on the requirements of the capitalist center (Frank, 1969; Amin, 1975). Marx expected the colonialization of India by the external capitalist forces of Britain would eventually culminate in the emergence of capitalism in her colony. However, the experience of all the colonies

that were affected by the onslaught of capitalism showed that these countries never achieved the state of capitalism. Colonialism and neo-colonialism turned out to be obstacles to development. The historical processes of development of the backward and traditional countries reveal, however, that both the internal traditionalism of oriental society and the external forces of capitalism contributed to the current condition of these societies. This supports the hypothesis that neither the internal structure and traditionalism (as functionalists view it), nor the external forces of colonialism and imperialism (as Amin, Frank and other dependency theorists believe) per se, were the cause of the backwardness, but rather a synthesis of these two factors. Such propositions put forward a different direction of development that manifested itself in different social formations than the developed capitalist formation prevalent in Europe. Whereas the Industrial Revolution, that is, improvement of technology in Europe, on the one hand, and colonialization of other regions from which they transferred natural resources, on the other, led to the immense accumulation of capital and full development of capitalism at the center, the peripheral formations never experienced full scale development, but unequal development, due to the particular characteristics of peripheral capitalism formation.



Structure of Peripheral Capitalism

The structure of peripheral capitalism has been formulated by Amin (1975:333-64) as follows:

1. They are predominantly agrarian capitalisms. The dominant class in these societies is that of the large landowner--not the feudalist, but the planter, producing for the export market. The new, dependent bourgeoisie generally arises out of the large landowners, higher civil servants, and in some cases, merchant classes. The large landowners, often associated with ruling political groups, adapted their production to the export market, grew stronger and became the bourgeoisie-type landowners. Under certain conditions, rural bourgeoisie could easily be formed within small peasant economies.

This predominance of agrarian capitalism periodically brings about agrarian crises which are common occurrences in the Third World. Whether it is caused by drought, poor planning or other factors, a crisis results in the eviction of overabundant farm labor from the production circuits, and increases the speed of migration from rural areas, despite the lack of sufficient jobs in the towns.

2. A predominance of commercial capitalism accompanying export agriculture is a second characteristic. Social formations that arise from such activities assume two basic forms: (a) an urban bourgeoisie originating in landed objarchy which can be carried out directly by colonial capital; (b) formation of a local merchant bourgeoisie which is extremely limited.

In the Eastern world, the urban bourgeoisie generally appeared much earlier than the rural bourgeoisie, whose development was obstructed by semi-feudal relations existing in rural areas. Industry in these countries was set up by the cooperation of foreign capital with bourgeoisie traders and large landowners. However, investment of foreign capital was limited, and confined to the development of specific products demanded by the center.

3. The third aspect is the tendency toward the development of national bureaucracies. This tendency essentially arises from contradictions that develop within the peripheral economy. On the one hand, bureaucratic machinery is used by political authority as a vehicle to control the economy of a country in which no private bourgeoisie has been developed because of the



backwardness caused by colonial development. Therefore, administrative influence over the life of the country can enhance trends toward state control. On the other hand, the very requirements of accelerated industrialization, in order to overcome the crises created by inadequate industrialization and increasing unemployment, leads to the development of a public sector. The subsequent strengthening of the state bureaucracy can lead to a general application of state capitalism, the trend that is increasingly found throughout the Third World.

4. Finally, the incomplete, specific nature of phenomenon of proletarianization and marginalization is the last characteristic. Uneven development and inequality in the social distribution of income create massive migratory movements from rural areas to culminate in high rates of urban growth. Even rapid industrialization is unable to cope with such a growth, and it results in unemployment and underdevelopment.

Because of the youthful character of the population and because of agrarian crises intensified under capitalism, there is a significant proportion of non-working population (economically inactive) who are dependent on the migrants.



Therefore, rapid urbanization along with the country's inability to afford the expenses of the necessary infrastructure (such as low-cost housing) create marginalization and urban poverty. Furthermore, the externally-oriented development gives rise to a distortion in resource allocation which, coupled with technological dependence, results in underemployment. In other words, the gap between economic dynamics and population dynamics brings about the phenomenon of marginalization, resulting in increasing underemployment and poverty. That is why urbanization in Third World countries results, not merely from industrialization, but from uneven, inequitable development.

Amin has generalized his theory of peripheral capitalism to encompass all of the Third World, a serious limitation of his work, because his model simply does not fit the oil-producing countries, particularly in the Middle East. In Iran, Saudi Arabia, Kuwait, the Arab Emirates, among others, agrarian capitalism was not, even historically, a major or predominant sector. Oil revenues have been their major source of exchange and the backbone for industrialization, development of bureaucracies, and administrative expansion. Therefore, accumulation of surplus through the action of the petty bourgeoisie or national



bourgeoisie, thereby strengthening bourgeoisie activities as a country's economic base, has not occurred either. Rather, oil revenues resulting from the direct acts of multinational corporations have flowed into these countries and accumulated substantial capital without the active efforts of local bourgeois merchants or landowners. Development of agrarian capitalism was limited and subordinated by the oil sector, while a substantial proportion of agriculture was still in a traditional mode.

Another argument in Amin's theory of peripheral capitalism is the formation of state capitalism. Amin regards state capitalism as the populist vehicle of the nationalist petit bourgeoisie, which is the only class strong enough (through its representation in the military and state bureaucracy) to threaten the hegemony of the comprador class. However, countries of the periphery cannot "free" themselves from dependence. That is because, Amin says, the different sectors of production are geared to the international capitalism system. First, agriculture becomes export-oriented, and therefore suffers from low and stagnant wage levels. Second, industry leaves out the marginal population which basically originated in rural areas. Third, imports take the form of capital goods and food products while exports are predominantly primary products (Amin, 1975:381). Therefore, while the rise of state capitalism at first appears to challenge the domination of foreign capital (through forces of nationalization),

nevertheless the fundamentals of capitalism are never touched. This situation paves the way for further penetration of foreign capital and further involvement of the economies of peripheral countries in the world capitalist system. This path of development can be recognized easily by specific features of state capitalism: (1) the major means of production are owned and run by the State; (2) the main objective of state development is rapid economic growth through heavy industrialization and the use of the most modern technology available which is usually financed by revenues from the export sector; (3) private domestic capitalist sectors are limited and small; (4) the inflow of private foreign capital, especially to the industrial and export sector, is immense; (5) rate of unemployment is high; (6) the technocrats and educated experts needed to run the bureaucratic machinery are developing; (7) the political structure takes the form of a central authority or dictatorship to suppress class struggle (Pfeifer, 1977).

It can be observed that state capitalism is a response to the development and growth of a world capitalist system and specific conditions of backwardness in peripheral societies. State capitalism, in fact, breaks down the barriers to the development of capitalism. While it is developing the forces of production essential to an international capitalist system, it simultaneously promotes a class structure appropriate to capitalism.



After World War II, when the U.S. and multinational corporations emerged as the organizers and leaders of world capitalism (Magdoff, 1969), the situation of the countries of the periphery changed. Previously, under British rule, class structure and social relations usually manifested themselves in the form of nationalist movement. Increasing bourgeois activities, intensified by the rise of state capitalism, encouraged and developed a national bourgeoisie. Most of these nationalist movements took place in the countries where Britain was (directly or indirectly) the major colonial power dominating the periphery, such as Iran, Egypt and Lybia.

Expansion of U.S. capital investment into the peripheries and establishing international institutions (e.g., the World Bank) to handle the exchange of credit, goods and services from the periphery to the center and vice versa (Payer, 1974) brought about a new era in periphery-center relations. That is, the dominant class alliances became international: the dependent bourgeoisie replaced feudal and comprador elements as the subordinate allies of central capitalists. In this new phase of peripheral formation, class alliances expanded beyond domestic borders, and this dependent bourgeoisie cooperated directly with multinational corporate executives and the bourgeoisie of the center, but from subordinate positions. This does not mean, however, that all aspects of the peripheral social and economic systems developed into full scale capitalist

relations. Rather due to articulation of the peripheral economies (Amin, 1975), the structure of these societies preserved their traditional features. Unequal development left some domestic economic activities isolated from development while others that served the interests of the core capitalists were given inordinate attention (Frank, 1972).

Nevertheless, the formation of the periphery in the new phases of dependent capitalist development tended to expand capitalist relations throughout the society. Dependent capitalism is a phenomenon that emerged in the peripheries under the domination of United States capitalism. The major factors that facilitated such transformations were: dissolution of the feudalist ruling class, growing comprador bourgeoisie cooperation with the big companies of the center, and the development of a working class (Jazdni, 1980).

In this phase of development, the social and economic relations of the periphery underwent dramatic changes, particularly in the agrarian community which had a structure that was incompatible with dominant bourgeoisie relations. Considering the fact that underdeveloped peripheries were fundamentally agrarian societies (Stavenhagen, 1974), it can be observed that such changes were a turning point in the historical process of social and economic development.

The domination of capitalist relations on agrarian societies and the emergence of dependent capitalism creates the structure of peripheral capitalism characterized by uneven development. The mechanism of unequal exchange between periphery and center in trade extracts a surplus from the periphery (Emmanuel, 1972; Frank, 1969:14-15), and creates a pattern of homogenous growth in the center with highly uneven growth in the periphery (Amin, 1976). This pattern of development generates the structure of underdevelopment in the periphery which itself tends to develop a national metropolitic with domestic satelllites similar to the world level (Frank, 1969:10-11). It is this pattern of development that generates migratory movement throughout the nation.

Migration under the peripheral capitalist structure appears as the major form of interaction between domestic satelllites. Metropolitic penetration of capitalist relation into rural areas and the subsequent agrarian crisis increase population pressures in rural areas faced with inadequate land resources and substandard economic and social changes. Studies in Latin America and African countries have indicated that contemporary migration in these countries resulted from a stagnation of rural resources and the socioeconomic changes accompanied by urbanization and industrialization (Singer, 1975; Roberts, 1975; Arrighi, 1970). Urban centers drain major economic and human resources from peripheral regions. According to



Browning (1971) and Gilbert (1974), migration in Latin America and Africa selects from the young adult age group and the better educated people at origin. In the case of rural-urban migration, such selectivities further stagnate the rural areas by shifting population from farm to city (Roberts, 1976). In this context, migration becomes an integral part of the survival of the household economy (Roberts, 1978:93). Thus, peasants working in nearby communities or in mines and on plantations become a major source of family household income (Ibid, p. 95). Such movement also becomes a basis for permanent migration.

In general, contemporary migration has emerged as an integral part of peripheral capitalism. Portas and Walton (1981) argue that migratory movements which produce cheap labor for the capitalist development are not automatically produced. Rather, the structure of center-periphery relations creates a condition under which labor can be released and profitability utilized in places where it is needed.

In sum, migration phenomena in peripheral societies can be explained as a reflection of both internal and international inequalities, and as a form by which people react to their situation. In this regard, the migration stream manifests the exploitative relations between two places: the dominant destination and the subordinate origin.

Types of Migration

The functionalists and the Marxists have taken different positions on the conceptualization of types of migration. A known argument from the functionalist perspective is Peterson's typology of migration (Peterson,). He attempts to generalize a typology of migration "in which various conditions under which migration takes place are related to its probable effects (Ibid, p.). Peterson uses psychological criteria to distinguish between types of migration.

If persons leave as a means of achieving the new, let us term such migration innovating. If, on the contrary, they respond to a change in conditions by trying to retain what they have had, moving geographically in order to remain where they are in all other respects, let us term such migration conservative (Ibid, p).

On the basis of this criteria, Peterson divides his typology of migration into five broad classes, designated as primitive, forced, impelled, free, and mass. The classification defines whether migrants are passive when they are faced with outside pressure (e.g., ecological, political, social), or whether they take aggressive action against these factors. The major criticism of this theory is that it reduces migration from a socio-political-economic phenomena to a merely personal act, and ignores the complex dialectical effects produced by these factors in the process of societal development. It fails to take into account the effects of outside forces (e.g., capitalism) on the

redistribution of human populations, and ignores the relations between human beings and the social organization in which they live.

Other typologies of migration accepted by the functionalists are based on a push-pull model: certain factors at the area of settlement "pull" or attract migrants (Lee, 1966). These theories also view migration as a phenomenon independent of political-economic structure, and attempt to draw an abstract "law" independent from the stages of development.

Other scholars have explained migration in the context of the dynamics of economic and political development of society. Although migration has been an intrinsic element of human life throughout history, the conditions of the social life of human populations change, progressively, so as to cope with new forms of organization. Thus human responses to new situations may take different forms from one stage to another. Contemporary Marxist scholars have discussed migration in different periods of time. Amin (1974) argues that migration under capitalism--or modern migration--is predominantly labor migration in Africa, versus the migrations of people in the pre-colonial period. One of the distinguishing characteristics of the former type of migration is that "migrants entered into societies that were already organized and structured" (Amin, 1974). Whether migration takes place from rural to urban or from rural to rural or any other direction, it is, as Amin

argues, affected by the structure that is already imposed on the recovering societies which follow the consequent pace of development. Porter and Walton (1981) also consider labor migration the dominant form of recent migration phenomenon. They distinguish this from the earlier development of mercantilism on a world scale which was termed colonizing migration. While labor migration tends to sell human work in an established market, colonizing migrations "have, as a common feature, geographic displacement to areas where appropriate natural resources and labor were more readily available" (Ibid, p. 22). Omtedt argues that different forms of circulation of human population are related to the types of circulation of capital. He asserts that, while the primary purpose of commercial colonization was appropriation of gold, spices and other objects of trade, the goal of industrial capitalism is to supply raw materials and create markets for manufacturers (1973).

These arguments bring about the idea that the nature of different types of population movement should be defined historically. However, there needs to be a basis on which migration can be formulated. Such a basis can be realized by determining the function of migrants and migration in the social relations of production. Therefore, the dynamics of migration may be explained as a part of the dynamics of another process: the process of social development.



Methodology

A fundamental aspect of methodology in social research is to find an appropriate answer to the question: what are the sources of social change? Such an answer will be the key to an analysis of the dynamics of the society, since:

To understand society, we must understand how it has been changing, and how those changes have produced a present-day society that differs from past society. To do that, we must be capable of standing back and taking a long view. If we stand too close to the trees, we may not see the forest (McKee, 1981:25).

This study is a historical study of human migration from the pre-capitalist period to the present. The research is carried out in the light of some theoretical assumptions about the structure of the world. Such an assumption can simplify the picture of the reality studied, and can be a point of departure for the conceptualization of the study and hierarchization of the role of factors and elements of the reality. With this in mind, the methodological direction of this study is constructed on the basis of a dynamic model of the process of history by reference to the dialectical concept of reality.

On the basis of this theoretical framework, migration is studied as an aspect of societal development in a historical context and in different stages of development. The unit of analysis in these stages of development is the structure and its articulated form and socio-economic

formation. Articulation of different structures--that is, unifying the principles of social formations--needs a particular theory or ideology in order to maintain control over the different aspects of production and economics.

The principal methodological task is, therefore, to realize the fundamental concretes as essential means of analysis of each stage of development. These concretes are, (1) the structure of class and class struggle; (2) political structure and the role of states; and (3) the economic structure. These concretes, of course, are not independent objects, but rather, in a dialectical context, are "relations" which are realized in connection with each other as well as with human actions.

Class Structure and Class Struggle

The most important concrete of societal development in the context of socio-economic formation is the class structure and the contradictions that exist within the classes that eventually appear in the form of class struggle. Class, according to Marxist theory, has an economic base in relation to the production, consumption, circulation, and distribution which are determined by mode of production. This means that classes are determined by the position of population among the social relations of production. To Marx, class is conceptualized theoretically at the level of concrete analysis of a specific mode of production.



Marx identifies classes in relation to the means of production. However, this classification can exist only in a pure state of a corresponding mode of production which no system in history has yet attained. Rather, combinations of modes of production or social formations exist in societies.

In every stage of development, the economic base of the society, according to Marxism, can be divided between social forces of production including means of production, technological knowledge and organizations of production, and social relations of production which comprise relations of control over production. These relations characterize the nature of the economy of the society and hence the extent and the nature of productive forces. There is contradiction, however, between social relations of production, on the one hand, and social forces of production, on the other. Struggles between classes, or social groups, arise as a result of the need to take more control over means of production. Intensification of this class struggle eventually leads to destruction of the existing socio-political structure and the establishment of a new order and class structure.

Political Structure and State

The analysis of political systems as a concrete to explain the concept of social formation is important, since



the characteristic of dominant political power in different stages of development, particularly in the oriental form, appeared as an important factor in the economic situation of the society. Therefore, the state becomes essential to an understanding of the way in which social formations operate. Central authority, however, sometimes does not appear as state, particularly in the oriental society. Rather, it may be referred to as a person, which Marx and some of his followers recognize as oriental despotism. Weber defines such characteristics as patrimonial authority which is usually organized on economics and kinship, and the ruler is designated by the rule of inheritance (Weber, 1947:349). Both Marx's notion of oriental despotism and Weber's idea of patrimonial authority can explain the effects of the personal attitudes and structural factors of the society in different stages of development.

The Economic Structure

The economic structure, in Marxist political thought, is the infrastructure of the society and the basis for every political and social act. In the discussion of the economic system as a factor explaining the social formation, economy is not separated from other aspects, since economic reality acts in dialectical relations with class structure and state.

Rather, an attempt is made to illustrate the nature of production, that is, production and surplus product which are appropriated by the exploiting class. The essential task in this respect is to investigate the major source of surplus product in each stage of development, especially in relation to the state. Therefore, discussion of the economic structure sets forth some basic questions around the issues of wealth or capital, form of property, the way labor is paid, means of production, and the like.

The above categories that are constructed to explain social formation in each stage of development, however, are not independent terms; rather, they are themselves relations which dialectically interact with each other. This is because, in the materialist dialectic view, things are defined in relation to one another.

Periodization of the Study

With respect to the theoretical framework of development, this study is concentrated on the following stages of development in Iran: (a) the period of pre-capitalism which lasted until the early nineteenth century; (b) the period in which Iran was incorporated into the capitalist market--from the early nineteenth century to the early twentieth century; (c) the period of state capitalism and industrialization which lasted until land reform (1962); and (d) the period in which Iran was dominated by a

dependent capitalist system. These will be subdivided into other periods as necessary.

Sources of Data and Limitations

This study used two different types of data. The first is historical data which relates to social, political and cultural events which have taken place in the past. These data are of actual historical events as recorded by historians and travelers, or through archeological discoveries. War or internal conflicts, rises and falls of rulers, decrees related to political and social affairs, the establishment of certain treaties, trade relations, and the like are some examples which may be used to explain the socio-economic structure of certain stages of development. Analysis of the state, class and, to some extent, economic structure in different stages of development, particularly in pre-capitalist and semi-colonial periods, is based mainly on the above data. However, in the recent period, availability of data on some subjects, e.g., imports-exports, production and the like, provided the researcher with more information on economic events which allows further elaboration of the analysis of the process of development.

The second type of data is demographic. These data are essentially used to explain and interpret migratory movement and other population composites in the four stages of development in Iran.



However, the study has some restrictions in the matter of data. Data on migration as well as other subjects have been primarily derived from historical documents, directly or indirectly, as quoted by other sources. Therefore, all statistics related to the pre-capitalist era are based on estimates of the observers. In the period of the nineteenth and early twentieth centuries, the figures are obtained from travelers' guesses and descriptive documents. In the last decade of the nineteenth century, a census was taken for the city of Teheran. Although it has many shortcomings, it provides more valid figures than other material of this period. Some demographic workshops attempted to estimate populations during the nineteenth and early twentieth centuries (Gilbar, 1976; Bharier, 1970), and this information is used in this study. Other figures related to economics and trade have been obtained from official government documents, directly or indirectly.

In the second half of the twentieth century, the statistics became more abundant and less based on estimation. Three censuses (1956, 1966 and 1976), and several surveys conducted during intercensus periods helped to organize the tables and illustrations of the research.



CHAPTER TWO

PRE-NINETEENTH CENTURY SOCIAL FORMATION IN IRAN

Introduction

The history and society of Iran have been influenced by two important factors: the physical geography of the land, and its political-economic structures. In this chapter, an attempt will be made to present a brief picture of the geographical conditions of Iran which, along with the political situation, determined the patterns of settlement and distribution of the population. The rest of this chapter will be devoted to discussion of the Asiatic mode of production as the major feature of Iran's social formation in the pre-capitalist era.

Geographical Setting of Iran

Iran is a country of great variations in altitude, climate, and vegetation which have considerably affected the distribution of population and mode of life. Vast desert areas, thick forest regions and mountain ranges are characteristic of the different parts of the country, and serve to fragment the population into separate



villages, isolated towns, and nomadic tribes. The whole country can be divided into several distinct types of geographic regions.

First, there are the vast central deserts, surrounded by several mountain ranges and marked by a severe deficiency of water and extreme temperatures. Such regions include the great central desert (Dasht-e Lut) in which agricultural activities are almost non-existent. Those that exist are only annual, and depend on peripheral and endoreic mountain streams.

The mountainous highlands are the second type of geographic region. They stretch from Azarbaijan in the northwest to the central area which forms the Zagros range, consisting of high ranges with relatively high rainfall in the north and diminishing toward the southeast. Agricultural production, which includes the standard range of grains, vegetables and subtropical fruits, is relatively good. Nomadic pastoralism is visible in the cultivation in valleys and peripheral basins. The ranges of mountains have provided great climatological diversity to the surrounding areas: cold and long winters in snow-covered mountains; temperate rains and hot summers in the lower regions.

The third type of region includes the South, East-South and parts of the central region such as Isfahan and Sirjan basins, where intensive cultivation utilizes Zayandeh-Rud water; the Yazd-Kirman basin which is mostly



irrigated by a *qanat*--an old system of irrigation using underground water through a series of interconnected wells--and Shiraz Basin, where there is oasis-based cultivations. Qanat system and oasis cultivation are, in fact, practiced in Iran because of its arid conditions. Aridity increases toward the South and Southeast, where the Mekran hills and coasts are located. There are, however, small valley and well oases where tropical cultivation of date palms and cereals is carried on.

The fourth type of geographic region is the most arable region, with rich, fertile lands, thick forests, and the subtropical humid climate of the Caspian coastlands. Farms range from commercial plantations to small holdings with an extensive variety of crops such as rice, cotton, tea, sugar cane, and tobacco. Also, such regions include the well-developed cultivated lands and advanced nomadic sedentization of the Turkman plain. This region is densely populated with many villages concentrated and close to each other. This is in contrast to the other parts of Iran which are characterized by scattered villages and sparse population which makes communication difficult.

The geographic conditions, of course, influence Iran's economic, social and political structures. Some writers have focused special attention on the geographic traits as fundamental factors that shape the society and political structure. For example, Wittfagel's thesis of "Hydraulic Societies" argues that the existence of



large-scale irrigation in societies creates strong governments with large standing armies and complex bureaucracies, contrary to those societies in which the scarcity of such irrigation systems weakened the forces of centralization (Wittfagel, 1957). Issawi argues that the absence of large, smooth-flowing rivers and the lack of communication in the huge-sized territory have prevented the emergence of a high degree of centralization of political and economic power in Iran. Instead, the arid conditions of Iran created vast areas for raising livestock, and a huge breeding ground for the development of nomadism (Issawi, 1971:1-3). However, Iran's political-economic structures through history have not been the product of its geographic conditions per se, but rather a combination of several factors--internal and external, geographic and political--which have structured the socioeconomic history of the country. These include the great range of altitudes and varieties of soil and climate; the country's location on trade routes between the Near East and Central Asia, between the Persian Gulf and other ports of the Middle East and the West; and most importantly, frequent foreign invasions which were accompanied by severe agricultural devastation; all contributed in structuring and shaping the history and society of Iran from the ancient to the Present time. Their combined effects can be observed through a systematic study of the different stages of development in the process of Iran's historical evolution.



Pre-Capitalist Social Formation

Iran, which until the reign of Reza Shah was known as Persia, is a country composed of a multiplicity of villages, tribes and towns. Many of these were isolated and economically self-contained, producing and conserving most of their own products, handicrafts as well as agricultural production. The social structure of Iranian society, therefore, reflects this early structure. Each of the tribal, rural or urban communities has its own social organization and local network. The social stratification of these communities composed, at the base, the common people: the tribesmen (Iliyat and Ashayer); the villagers (Raayat and Barzgar); and townsmen (Shahri). At the top of this stratified society were the tribal chiefs (Khans); the local nobles (a'yan); and the large fief holders (Tuyoldar); the major landowners (Malekin); the senior "Ulama" (religious leaders); and the wealthy merchants (Tujjar-i omdeh) (Abrahamian, 1982:17-18).

Among the different social organizations in Iranian society, the tribal communities have had an important position in the social and political history of Iran, up to the early twentieth century. The conflict between tribal communities, as well as invasions of foreign tribes, frequently transformed the political system from one dynasty to another, and affected the mode of life, distribution of population and even patterns of the settlement. This



can be observed from the time when a native population of Persia initiated a sedentary life.

Bobek has noted that the sedentary lifestyle involved various forms of herding and irrigated or non-irrigated agriculture which was spread over the Iranian plateau, and was destroyed by the migration of the Indo-Iranians, who replaced it with a mode of life of large-scale nomadism (Bobek, 1957; in English, 1960:18). The Indo-Iranians then began to settle and to develop agriculture as a part of worship of the Avesta people.

Historical records indicate that permanent settlement in Persia took place during Achaemetian (559-330 B.C.), when the Persians developed closer ties with the ancient commercial center of Babylon, used coins and banks, constructed royal routes and posts, and progressed in agriculture and irrigation systems which included the construction of small dams, qanat, and plantations of cotton and fodder (Olmosteal, 1948; Ghirshman, 1954). During this period, nomads were restricted to a much smaller area than they occupy today.

The Achaemenid Empire was destroyed by the invasion of Alexander the Great. He and his Seleucid Successors brought many features of Greek civilization to the Persian culture. More cities were founded, routes and public works developed, and agricultural techniques markedly improved. Also, transportation facilities allowed the

exchange of plants, farm animals and handicrafts between Iran, the Mediterranean area, China, and Greece, which then led to international trading (Ghirshman, 1954).

Centuries later, another strong emperor named Sassanian came to power. His dynasty (224-641 A.D.) centralized and further unified Persian society. The Sassanid is known for a vast and well-administered system, a strong military and armed forces, and powerful, influential landlords and religious leaders. The social stratification in this period located the king and his family, his army officers, major landlords and the clergy at the top, and the peasants and urban dwellers, who were the basic source of production and tax revenue for the empire, at the bottom (Frye, 1953:240-260).

During this period, art and crafts grew, trades with other continents, such as China and Africa expanded, and urban centers developed. Frye points out that the Sassanid Kings, in contrast to their predecessors, greatly favored urbanism (Ibid, 1963:202). However, the growth of the cities was partly because of the expansion of trade when Persia became a crossroads between central Asia, China and the Graeco-Roman world (BauSani, 1971:51), and partly because of the establishment of garrisons and military barriers to protect agricultural lands (English, 1960, ch. 2).

The growth of the cities, the rise of a strong centralized government and ancient traditional bureaucracy,



and the development of industry, commerce and trade routes reflect an organized pattern of settlement that was built up under the early empires of Iranian history. In this period, the King of Kings emerged as the head of the country, and the Satrap, as head of provincial administration, replaced the former tribal chiefs (Christensen, 1936, in Lambton, 1953:11), and the country enjoyed a development of agriculture as the main source of revenue, a taxation system, and strong central government. Lambton quotes from Christensen that "the feudal nobility had to pay taxes to central government or local government or both, and were obliged to perform military services" (Ibid:13). Nevertheless, she questions the existence of a feudal system in this period as well as in the whole history of Iran, unlike Christensen and Soviet scholars who mark the Sassanian dynasty as the period of feudalism in Iran (Ashraf, 1972:18-20). She argues that the nature of the feudal system in this period is not similar to that of Europe.

The decline of the Sassanid period was brought about by the growing contradictions within the system. The widespread miseries of public and social life, the weakening of the State, difficulties in the collection of taxations, and pressure from the peasants (Ibid:14-15) made the systems vulnerable to outside forces, especially with the rise of Islam and its strength in the Arab Peninsula.

The conquest of Persia was not a difficult task for Muslim Arabs (Lambton, 1953:17), and it marks a major



break in Iranian history. The Islamization of Persia brought a new theory of state and economy. It changed theories of ownership, local administration, taxation, and local customs which ultimately created a new civilization unified by the ideology of Islam. These new theories of ownership, as well as other aspects of Islamic culture, were practical until the recent period. However, a wide divergence between theory and practice arose from using different measures to adopt Koranic precepts and to fit various solutions into the framework of law. This created major controversies, particularly on the issues of land and land ownership. In this respect, however, major characteristics of the institution of land holding, despite the rise and fall of dynasties and subsequent redistribution of land and changes in the proportion of different types of landholding, remained untouched for centuries.

Although the theoretical framework of Islam, concerning different aspects of life, encouraged settlement, cultivation and urbanization, most of the rulers that came into power in Iran were from different tribal communities--either from outside or inside--and imposed their own modes of life. For example, the migration of the Turks in the eleventh century, and the invasion of the Mongols in the thirteenth century, significantly changed the Persian patterns of settlement. The Turks migrated from Turkistan toward Persia, gradually spread all over the country, and ruled Iran for a century (Pigulevskaya, 1975:265-273).



The Mongols invaded Persia from central Asia, and reached outward to most of the territories, confiscated the lands, destroyed many areas, and established their own empire for more than a century (Ibid:324-383; Lambton, ch. iv).

The impact of the invasions of the tribes was, in addition to severe devastation of agriculture and depopulation of many rural areas and even cities, the imposition of a new mode of life. Invasions of Mongols and Seljuq brought about a tribal mode of life, and bedouinization resulted from, first, the destruction of agricultural lands and irrigation systems, and the adoption of pastoral nomadism, the dominant type of production of tribal communities. Second, the adoption of the *Yailaq* and *qishlaq* system (moving from summer home to winter home and back during the year) converted certain areas into places where people could live only for particular seasons since, during the rest of the year, economic activities ceased. Similarly, the migration of Turkish tribes resulted in bedouinization of the Babichistan, whose origins were probably in the northern region (Frye, 1961:44-50). These processes occurred under conditions which favored cultivation, but peasants were forced to adopt nomadism as a way of life (De Planhol, 1968:409).

The impact of these invasions was not confined to short term effects; rather, they intensified the processes of nomadization until the political system of the country was taken over by a powerful dynasty. Iranian history has



revealed that the political, economic and demographic situation of the country was conditional on the strength or weaknesses of these dynasties which were originally nomadic tribes. Each of these dynasties interpreted Islam according to its own interests, and used it as an ideology to consolidate its power.

Between the thirteenth and nineteenth centuries, four dynasties--the Safavid, Afsharid, Zand, and Qajar--had profound effects on the prosperity or scarcity, centralization or decentralization, and redistribution of population throughout the country. A brief discussion on the nature of these political systems will reveal the social formation of the society in this period of the pre-capitalist era and its effect on the distribution of population.

The most powerful dynasty to emerge out of the anarchi situation after the fall of the Mongols was the Safavid, which originated in an influential tribe in Azarbaijan. They moved to Isfahan where they became the "princely camp" and most populous city for centuries, and established a strong centralized state with a strong traditional bureaucracy. Shah Abbas, a member of this dynasty, rose to absolute power, and established the centralized Asiatic System characterized by familiar methods of oriental despotism. He crushed rural tribes, reduced the number of tribesmen in his army, and recruited new troops of Georgian slaves, who were baseless in the country and who therefore became his own personal dependents. He reduced the influence



of other tribal elements by his bureaucratic administration, and attempted to make other elements in the power structure dependent upon him. He greatly contributed to the redistribution of the population, especially in the relocation of other tribes in order to reduce their unity and therefore their power, and transferred craftsmen and artisans to Isfahan and other regions, where their labor was necessary (Savary, 1962).

The leader of the despotic government extended his bureaucratic machinery to other aspects of the economic structure. He created a network of state-controlled commerce and industry, protected local industries and trade through various measures, constructed roads, caravanseries, official postal services and customs houses, and secured the roads. Shah Abbas also encouraged foreign merchants to buy Persian commodities, opening trade routes between East and West through Persia, and increased exports and imports. His interests in commercial and industrial activity led him to recognize independent guild organizations in urban economic activities. According to Minorsky, under the Safavid period, each trade formed a guild headed by a chief, who was elected by guild members; unlike the West, the Persian guilds were not spontaneous and autonomous organizations.

As a result of increasing economic activities during Shah Abbas's period, which was associated with strong centralized power, cities, among them Isfahan, found an



important position in the urban community. Isfahan, during the reign of Shah Abbas, was promoted to a metropolitan rank as the head of an entire empire. Curzon describes the city as a natural geographic center in the empire which stretched from Georgia to Afghanistan, for it was located at a spot within equal distance of all corners of a huge dominion (Curzon, 1892:22). But beyond this geo-political advantage, the growth of Isfahan as well as some other cities, was partly due to the Shah's encouragement of the development of craftwork and trade which achieved momentum during his reign in the pre-capitalist era. In addition, agricultural activities achieved significant development in this period. The travelers of the seventeenth century describe the successful achievements of Iranians in irrigation systems including the development and improvements of qanats, dams and drainage. Chardin points out that Iran enjoyed substantial economic growth in agricultural productivity especially in the regions closed to market places (Pigulevskaya, 1975:533-536). Politically also, the rise of the Safavid marked a new period in Persian history since the country emerged as a national state after a longer period of domination by the tribal mode of life. Unlike previous dynasties, the Safavid during Shah Abbas's reign (1587-1629) did not depend on tribal forces; rather, he recruited from non-tribal elements--basically Georgian and Armenian--for the military forces,



and expanding the bureaucracy which absolutely depended upon the Shah.

This period also marked a new era in the "Islamization" of Persia in which Shiism became the official religion of the country, and the institution of clerigism--Ruhaniat--was founded. In this period, much attention was paid to the theological development of Islam, and the clergy obtained much power at this time (Keddie, 1981:1-23).

The Safavid's policy toward land was to change the land appropriation policy and reduce the *Iqta* system, the means that were used by previous states to consolidate their political power. They developed the theoretical absence of property by encouraging the institution of *Waqf* (religious endowment). Furthermore, the rulers became the sole landowners, and their position was reinforced by the theory of divine right (Lambton:105).

Therefore, the policies of the Safavid dynasty, especially those of Shah Abbas, and their strong despotic governments, transformed the political system from the nomadic tribal Turks to the settled Persian feudalists, which brought about a new mode of life that was sedentary and characterized by urban settlement. Increasing industry, crafts and agriculture, as well as commercial activities, were developed by productive labor forces, traditional bourgeoisie and guilds. Such achievements were very important after a long period in which the country was ruled by the structure of tribalism.



However, these processes did not evolve to the higher stages of development. Rather, the fall of the Safavid dynasty which was brought about by the invasion of Afghan tribes, brought ruin, destruction and disorder to the administration of the country. The succeeding ruler, Nadir Shah (1736-1747), the founder of the Afsharid dynasty, intensified this destruction by continuous war against tribal communities and neighboring countries (Lockhart, 1938). He came from a tribal community near Mashhad, which he chose as a capital, staged campaigns against other tribal communities to resettle them, and then garrisoned the newly conquered territories. Thus, many people were relocated and their lands confiscated (Ibid:91). His constant campaigns were paid for by enormous taxes and heavy contributions. Nadir Shah accumulated and hoarded people like a miser with treasure, to use them for campaigns but without using them for long-term productive activities. For this reason, when Nadir was assassinated, many people found themselves free from his bondage, and rose against his successors, which subsequently led to a chaotic situation among the rival tribes (Ibid).

At the beginning of the second half of the eighteenth century, after a longer period of conflict between various tribes followed by relative stability, the country finally fell under the power of three major tribal chieftains, who exercised their power over their territories. In the North, the Qajar tribe, located in Astarabad (now Gorgan)



was headed by Hasan Khan Qajar; in the South was the Zandieh tribe, led by Karim Khan Zand; and in the Northwest was Azarbaijan, with the tribal chief Azad Khan. Each was prepared to take over the central government.

The struggle finally culminated in the victory of the South over the other two, and Karim Khan Zand became the new leader of Persia (1750-1779). His city, Shiraz, became the new capital and the center of political, economic and cultural activities which used to be in Isfahan and Mashhad shifted to the South, where the Zand tribes were located.

Karim Khan is known for his liberal thought and good treatment of the peasants and the poor. Under his rule, Persia enjoyed relative peace and stability. Tribal kinship relations aided this stability as he received support from the tribes of the Hamadon Plains and Kurdish foothills such as the Zand, Zanganeh and Kalhur, who were originally tied to the Zandieh tribe.

Karim Khan's goals were to repopulate his realm--which had lost its population during the continuous tribal conflicts in the past--and to attract population to the capital (Malcom, 1815:210-215). He started some reforms, such as the redistribution of unused land and providing subsidies for cultivators, rebuilt Shiraz, and improved the surrounding areas with irrigation systems and other agricultural activities.



In other fields of economic activity, he paid much attention to attracting foreign merchants and local industries. He encouraged Armenian merchants by reducing their taxes, and revitalized domestic crafts and industries.

Despite political and economic policies which differed from those of his predecessors, the basic structure of Karim Khan's administration and state did not change. His tendency "was toward direct administration by the officials of the state rather than to a return to the practice of making assignments to the military leaders"

(Lambton:133). Karim Khan preserved absolute power as the head of state, and had direct control over the collection of revenues. He never took the title of Shah, but contented himself with that of *Vakil*, or "Regent" (Lockhart:48).

Karim Khan's good treatment of his people and his attempt to strengthen ties with other tribal communities, especially his efforts to settle some tribes in their original dwelling places and engage them in agriculture, caused them to obey his central authority. Therefore, Karim Khan succeeded in uniting the fragmented country of Iran, and thus collected further revenue from most of the tribal communities throughout the country (Ibid.).

Nevertheless, Karim Khan was not as successful in establishing a centralized government as had been Shah Abbas. On the contrary, the death of Karim Khan was followed by another chaotic period and the emergence of Mohammad Khan Qajar (1794-1797), the founder of the Qajar



dynasty, who established a strong centralized power in Teheran which became the new capital because it was close to his tribe in Mazandoran (Karimani, 1976:182-83).

The cycle of depopulation and repopulation was repeated again. Mohammad Khan continued the chronic depopulation of Azarbaijan in his campaign against Russian Georgia, and began to remove the people Karim Khan had settled in Fars. This resulted in the depopulation of the South and repopulation of the North, which became the new center of political and economic power (Lambton, 1953).

One reason for the decline of the South and the rise of the Qajar in the North was the new position that the northern region occupied in the country. In the south, after Shah Abbas, the foreign merchants did not find Persia a suitable place for commercial activity, and preferred to move to other countries. During the Zand dynasty, British merchants moved their offices from the Bushih seaport to Basrah in the Ottoman Empire (1770) which they saw as more advantageous than Persia. At the same time, the Dutch occupied Khark Island in the Persian Gulf, taking control of the sea routes toward Basrah which diminished the position of commercial activities in the South.

Meanwhile, the economic situation in the northern provinces became more developed as they produced the cotton and silk which was demanded by the world market (Figulevskaya, 1975). The routes that connected Iran to Russia and Turkey through the northern provinces and



improvement in commercial relations between Iran and Russia, especially through the Caspian Sea, advanced the position of this region. This allowed the Qajar to mobilize their forces and renew their long campaign against their rivals. The South, despite Karim Khan's efforts to improve the economic conditions of the region, never returned to pre-Afghan invasion status because trade activities in the Persian Gulf declined, and the center of commercial activities in the late eighteenth century shifted toward the north. Throughout the nineteenth and early twentieth centuries, the Qajar family governed the country as the lost tribal rulers of Iranian history. The outside forces of colonialism as well as contradictions arising within the system finally ended the centuries of tribal domination.

Although tribal populations never exceeded one-third of the total population, as compared with villagers and urban dwellers, tribalism was always a dominant force in Iranian history, whether in the form of nomadism or sedentarism. The reason was that cities never developed as independent production units in the pre-capitalist era, and always relied on village production. In addition, the absentee village lord and tribal chiefs were seated in the towns while the basic economic units were in the country. The cities became stopping places for caravans and the sites of market and social activities. The spatial

organization of the cities reflected their social, political and economic positions.

At the centre were caravansera and the "costel" of the local chieftain, which soon came to be surrounded by a citadel (Kuhandiz); and around the caravansera were established meeting places, bazars and living quarters (Shahrستان)
(Behnam, 1968)

Thus, the feudal lords and chieftains who were the leading promoters of the villages and tribal communities, were dominant urban figures as well; hence, contradiction between urban and rural areas were never realized. Cities were also the targets of frequent invasion by outside nomads or rival tribes. As a result, although cities were important elements of Iranian civilization and always played a significant part in the history of the country, sometimes obtaining international importance from their locations on great international highways, they were vulnerable to depopulation through natural disasters or war and plundering. Finally, a lack of roads and unsuitable geographic conditions, in most parts of the country, resulted in scattered villages and towns whose isolation from each other made them self-sufficient units. Thus, no urban centers emerged before the nineteenth century, except during the Safavid Period of economic prosperity and international trade. The only change that took place was to shift the capital from one town to another, not because of the economic situation but as a response to the political exigencies of the time (Ibid.). Iranian towns were exclusively centers



of craftsmanship, with little trade, for a long period of time. This characteristic did not change until the forces of colonialism influenced Iran from without, and disintegrated the pre-capitalist social formation, culmination in the emergence of a new social order.

Types of Migration in the Pre-Capitalist Period in Iran

One of the distinctive features of Iranian society is the role of the political system on the major aspects of societal development, and demographic structure is no exception. That is to say, the distribution of population is not only determined by geographic conditions, but also to a large extent by the political system. The rise and fall of empires and dynasties, the change in the location of political centers, frequent civil war, invasion and pillaging, all have been accompanied by effective changes in the demographic character of the population by massive redistribution and high mortality rates. Nevertheless, the geographic conditions still remain as an important factor, particularly in early times.

In ancient times, migration toward the Iranian plateau was basically conditioned by the ecological features of the region. People moved to the region or the boundaries which had cultivatable or irrigative land. The Zagros region in Iran was recognized as suitable for settlement

by the people who, in prehistoric times, moved there. The natural features of this region determined the type of settlement in various parts including the mountains of Alvand, Lake Uromia Basin or the Plain of Ecbatan (now Hamadan). The accessibility of certain regions, the difficulties in passing beyond to another area because of the ruggedness of the mountain, or the ease of access to particular regions all became important geographic factors in shaping the pattern of settlement in that area (Cuyler, 1967). In other parts of Iran, other groups, such as the so-called Indo-European people, entered and spread over the Iranian plateau. The pastoral way of life was lightly curbed in the mountains such as Zagros, and empire builders erected cities and towns in the plains regions of Fars and Ecbatan. The rise and development of great empires from 550 B.C. to 651 A.D., which were accompanied by a strong state, organized bureaucracy and military systems, and progressive communication between different areas, led to great international contacts, development of handicrafts, agriculture and irrigation systems which settled the population and brought about sedentarization. This was because the expansion of agriculture in this period as the basis of production meant land had become the essential means of production. On the one hand, the village community as a unit of production required a settled mode of life. On the other hand, the strong centralized state and bureaucratic organizations maintained



security and unified the system, as well as facilitating the collection of taxes or tributes, and prevented tribal invasion either from outside or from inside until the empire became weak.

At the end of the Sassanid period, the Persian empire faced internal problems and a weak central government, and was defeated by Arab Muslims who brought a new course of development.

In the new period after Arab conquest and especially after the Medieval era, Iranian history reveals a continuous conflict between different tribal organizations, and the rise and fall of dynasties. These were usually accompanied by nomadization or sedentarization which in turn reflected the nature and character of the dominant political power. The Seljuqs and Mongols, for example, introduced a nomadic type, while the Shah Abbas period encouraged sedentarization when he established one of the strongest bureaucratic and centralized political systems in Persian history. There were also frequent invasions from inside or outside which became principally responsible--directly or indirectly--for the destruction of agricultural settlements, and displacement of population. This explains the determinant role of the ruler and the state in the socio-political and economic conditions of the society.

In this context, the central theme is to explain the types of migration with reference to the pre-capitalist



social formation of Iran characterized by the Asiatic mode of production, that is, a system in which the despotic character of the Shah appeared as the absolute power of the patrimonial household and the community he ruled. The Shah was located at the center of the political, economic and social systems and at the top of hierarchical relations of production. Theoretically, the ruler owned the totality of the soil, and typically prevailed over an extreme judicial indetermination on the land.

Unlike European feudalism in which landlords were "independent" and the state had a protector role, in the Asiatic mode of production in general (Anderson, 1974:49-62), and in Iran particularly, the state was the owner of the land and leased certain rights of land or village exploitation to assignees, such as military or civilian functionaries in lieu of military services or salaries. The social formation of Iran was formed chiefly by the Asiatic mode of production, which was characterized by the method of oriental despotism, a predominant absence of private land property, and state ownership.

The relation between the site and type of migration, and the pre-capitalist social formation can be explained in the above context, that is, to study the extent of human mobility and its predominant types in the period under discussion. This period, however, can be characterized by both the immobility and mobility of populations.

Some social, political and economic forces were involved in determining such patterns which are categorized as follows:

(a) Forces Encouraging Immobility

(i) Land Tenure System and Economy

The major social and economic condition which was an obstruction to economic growth and mobility was the land tenure system, the system which determined the social relations of production in the economy based on land tenancy. Although feudalism was not a dominant characteristic of the social formations of pre-capitalist Iran, it did socially, though not functionally, dominate the agrarian structure of this period. The feudal lords exploited the land through peasants on the basis of sharecropping, or else. The peasants, however, possessed the land, and therefore enjoyed relative independence, as compared to European serfdom. However, they were tied to the village community which appeared as a unit of production and self-sufficiency. This made the villages independent of the rest of the surrounding society.

One of the most important institutions which continued from medieval times until the beginning of the twentieth century was *Iqta*. The State granted land or its revenue or both to its

officers and functionaries in lieu of military services, salaries or other forms of payment. The landlord, therefore, was not independent, but worked for the state. Even in the course of time, when the assignees under certain circumstances seized the land and transferred it into private land, the landlord still held his assignment at the will of the ruler (Lambton, 1969:19-22).

In terms of peasants' rights, he possessed the land by the right of cultivation (*Nasaq*). *Nasaq* was a privilege without which the peasant was regarded as landless. *Nasaq* was transferable to a peasant's heirs which meant the community protected itself by leasing a part of the right to *Nasaq* to residents, thus squeezing out newcomers. Village dwellers could acquire *Nasaq* by working at least three years on the landlord's property.

The position of the village and land in the country, the relation between the state and the landlord, and the latter to the peasant, and finally the right of possession of the land, were all conditions that discouraged the mobility of peasant, especially for permanent migration. Movement to another area meant surrendering the right to possess land (Ashraf, 1972:57-58).



In addition, the peasants' debts to the landlord obliged them to stay in the villages. The landlord levied a tithe on the peasants in addition to collecting a share of crops grown on his land. Furthermore, the peasant was obliged to do unpaid labor service, or *bigari*. Lambton states,

The provision of men for labor service had been a common obligation upon those who held land from the sixteenth century onwards, and probably from early times also (Lambton, 1969:25).

The state also levied taxes on peasants in different forms, such as *ushr* (tithe), which created a "debt bondage" for the peasant. All these restrictions forced immobility in the peasant community during the pre-capitalist era.

(ii) Coercion and Paternalism

Coercion and paternalism have always been instruments to undermine peasants and subordinate them in the community. The landlord had complete social, economic and judicial power over his territory. The coercive power included physical punishment for failure to perform some "obligations." The peasant had to obtain permission for some common practices, such as marriage or other social affairs, leaving the village, and the like.

In addition to the land, the landlord had some key resources at his disposal. Construction or improvement of bridges or a qanat to supply water for irrigation and the like put the peasant in a position of subservient dependence. The peasants' access to these facilities not only depended upon their ability to pay, but also on the landlord's good will.

The paternalistic social relations between the landlord and the peasants were not only because of an imposition of superior power of the landlord, but also because of the inferior position of the peasant. Standing points out that:

By inducing a sense of dependent insecurity landlords have undermined peasants' independence and initiative. By means of a web of restrictive paternalistic practices including ties of fictive kinship, the peasant has been reminded almost daily that he should be grateful, not only for the use of a plot of land, but for protection against the ever-present threat of destitution. In return, he has been expected to reciprocate by servility, to provide labor or rent as required, and to remain on the land (Standing, 1981:177).

Such a psychological attitude which existed in the Iranian community for a long time, can be explained in the historical context of the Iranian social and political system. Indeed, insecurity has always threatened Iranian peasants, either through natural disasters or frequent invasions. While the basic source of

government revenue has been agriculture, the peasants' social and economic needs have been totally ignored. Peasants faced government agents, the tax collector, once a year, but otherwise they and their community remained in isolation. The landlord, who controlled the key resources and to whom the peasants were in debt, appeared as the sole power. This situation allowed the landlord to alter the amount of surplus he extracted, and thus prevent any accumulation of wealth by the peasants, while he did not spend his wealth on the village. The peasant, his family and the kinship network which existed in the village had to rely on complementary efforts for the survival of the community including the production of crops and reproduction through the protection of its members. This left the peasant on the borderline between subsistence and destitution, a condition that was further conducive to conservative behavior characteristics of the peasant communities. Unless this subsistence level were subjected to invasion from outside or confiscation by the state or the landlord, the peasants still locked themselves into the villages. Along with the hierarchy of the relation of production at the bottom of which were the peasants, the religious

institutions also justified such social stratification, thus attaching the peasants to the village and providing another source of immobility.

(iii) The Positions of Town and Country

The major characteristic of pre-capitalist society, either in the Asiatic form or as European feudalism, was that the mode of production based on agriculture and food production is the main material base for the mode of production. In Europe, the landlord resided on his large estate in the countryside, where the political, economic and social power was based. Consequently, the growth of feudalist social relations was accompanied by the restriction of urban growth.

In the Asiatic society, while the bulk of the state's revenue came from the rural areas, the center of political power was in the town. Land ownership was to some extent an urban phenomenon because the large landlords were essentially urban dwellers (Lambton, 1969:20). That is to say, while the economic base was in the countryside, the landlord's political power was structured in the town. This condition prevented the contradiction between town and countryside from being realized. In Europe, the urban

community fostered the seeds of bourgeoisie by organizing independent guilds, the growth of which threatened the power base of feudalism in the countryside. In the Asiatic formation, however, the state--the great landowner--not only controlled all the land in the society, but also controlled the merchants, traders and subsequently, the guilds. While the function of the state in Europe was to protect the independent feudal lords in the countryside, in the Asiatic form it stood as the absolute power, and maintained its power by means of bureaucracy. As a result, it was the urban community which dominated the rural one in pre-capitalist Iran, and not vice-versa. Therefore, rural areas were subordinated by the towns, thus preventing any disintegration.

In addition, the self-contained nature of the rural community which produced and consumed its agricultural and crafts goods allowed it to be an independent economic unit. The undeveloped communication and transportation, along with the aforementioned economic and political features of the relation between towns and the countryside was another restriction to population movement. Furthermore, the villages were

scattered through the vast territory, and the low population size created extremely sparsely populated areas which further intensified immobility.

(iv) The Role of the State

In the feudal society of Europe, the central authority was essentially non-intervention government which reflected political decentralization. However, in the Asiatic society, the role of the state was fundamental. Engels points out that a good or bad harvest is due to the climatological conditions in Europe, whereas it was due to good or bad government in the East (1971).

The role of the state in pre-capitalist Iran as a reflection of population mobility has had a dual character: it both discouraged and enforced geographic mobility. The type of ownership of the land, social and political isolation of the villages, the debt bondage provided by the landlord and state taxes, and the inferior political position of the villagers in the political hierarchy reinforced population immobility in the pre-capitalist period. However, the major migratory movement that took place in pre-capitalist Iran reflected the second characteristic

of the state. The state and its centralized characteristics were able to redistribute the population for economic, political and social reasons. It even was able to transfer a city from one place to another, as for example took place under Shah Abbas.

(b) Forces Involving Mobility

In the absence of a major voluntary movement, the forced migration appeared to be the major feature of mobility in pre-capitalist Iran. This Section is devoted to characterizing the major forced migration which took place during three successive reigns, from the sixteenth to the end of the eighteenth centuries. Although the data provided are merely a guess by historians, it has enabled the researcher to show the trend of the movement, the regions that were affected, and the role that these forced migrations played on the strengthening of state power and extracting surplus from the labor force.

The rise of despotism and a strong state in the Orient was due to the political, economic, geographic, and ideological specificities of these societies. In the West, the emergence of the absolutist state "was a compensation for the disappearance of serfdom in the context of



an increasingly urban economy which it did not completely control and to which it had to adapt" (Anderson, 1974:195). In the Orient, "it was a device for the consolidation of serfdom, in a landscape scoured of autonomous urban life or resistancy" (Ibid.). In Iran, the continuous conflicts between tribal communities for scarce resources and their supremacy over resistant self-sufficient villages which were sometimes owned by absentee proprietors as tribal chief, tuyoldar, religious foundations (vaqfs), or the crown, revitalized the communal type of organization and administration, and gave rise to a strong Shah. The social, economic and political structure of the country could be more democratic or despotic, centralized or decentralized, economically prosperous or stagnant, with reference to the characteristic of the state and the personage of the Shah. Therefore, it is common to see a highly developed, prosperous area and a large populated city converted to a place of extreme pauperism and depopulation, or vice-versa, in the following dynasties or the Shahs. Iranian history particularly after the medieval centuries reveals such patterns as was discussed previously. In the following sections, some cases

will be examined to who major migratory movement which took place in the different eras of the pre-capitalist period.

(i) Forced Migration under the Safavid
(Shah Abbas)

The reign of Shah Abbas is considered a period of prosperity. Commercial and industrial activities stimulated the growth of some cities including Isfahan, Tabriz, Kashan, Yazd, Karman, Shiraz, Mashhad, Bandar Abbas, Hamadan, Qazwin, Ardabil, and Barfurush (now, Amol).

Isfahan was destroyed in 1387 by Timur, who ordered a public massacre of 70,000 people, but the city was reconstructed, developed and populated in the Safavid period. Chardin estimated that in the middle of the seventeenth century, Isfahan consisted of 1,500 villages. The city itself consisted of 12 gates, 162 mosques, 48 *Madressehs* (religious schools), 1802 caravan-series, 273 baths, and 12 cemeteries; total inhabitants varied between 100,000 and 600,000. Chardin compares Isfahan to the great cities of Europe, and states that it may have been the largest city in the world in the mid-17th century, despite its location in the desert and



in a country harrassed by periodic wars, invasions and massacres (Ibid.).

Kashan, another important city reported by travelers, was a prosperous and commercially significant city. Geoffrey Ducket, who sailed to Persia in the sixteenth century, entered Kashan in 1573, and reported:

A town that consisteth altogether of merchandise, and the best trade of all the land is there, being greatly frequented by the merchants of India. An idle person is not suffered to live among them (Curzon, 1966: Vol. II, p. 428).

Herbert stated in 1627 that:

This noble city is in comparison not less than York or Norwich about 4000 families being accounted in her. A more industrious and civil people or a town better governed in Persia elsewhere has not (Ibid.).

Tabriz, located in the northwest province of Azarbaijan, despite damage caused by way and a severe earthquake in 1641 (Lockhart, 1939), was flourishing thirty years later (1671) when Chardin described it:

It is really and truly a very large and potent city; as being the second in Persia, both in dignity, in grandeur, in riches, in trade, and in number of inhabitants. It contains 15,000 houses and 15,000 shops... and it is a lovely sight to see their vast extent, their largeness, their beautiful duomos...; the number of people that are there all the day long, and the vast quantities of merchandise with which they are filled (Ibid).



Tabriz contained 300 caravanseries, 1250 mosques, and a population of 555,000 (Ibid: Vol. I, p. 520).

During Shah Abbas's reign, a series of massive transferences of people took place, both to secure the Shah's throne, and to concentrate the labor population for economic reasons. These forced migrations were said to be one of the Shah's major policies for stabilizing the country.

Thousands of Kurds were transferred to northern Khurasan and the Atrek valley, because Shah Abbas suspected them of collaborating with his enemy, the Ottoman Turks. It is also recorded that Shah Abbas redistributed Qajar tribes to reduce their influence. In order to make them harmless, he divided them into three branches:

Of these, one was sent to Marve and Khorasan, another was established in Karabaghi and the third was settled at Astrabad, and on the banks of Gorgan. In these exposed situations the Kajars soon became greatly reduced in strength, on account of their losses in the frontier wars with Lesghis, Turks and Turkemans (Perry, 1975).

Another redistribution of population which took place scattered the tribes located in the boundaries of the north called Arasbaran--the Aras valley in east Julfa. The Shah rounded up all the tribesmen located there, and resettled them. Some were moved further east, and others



were sent southward from Qarabagh for the defense of the Cisarayian bank.

One of the striking features of the forced migration under Shah Abbas was the transformation of the inhabitants of Armenia of Julfa and other parts of Azarbaijan to new Julfa in Isfahan. Settlement of the Armenians in their new location was formed by planned colonization. Julfa in Azarbaijan was an Armenian town which included, according to Chardin, 3400 houses and 30,000 persons, and more than a dozen churches (Curzon, 1966: Vol. II, p. 52). However, Armenians were not confined to Julfa, but scattered in other parts of Azarbaijan such as Uromieh. Browne states that 400,000 Armenian families were removed forcibly by cutting off water supplies and armed attacks. Of this number, 27,000 families were settled in Gilan, 24,000 moved to Mazandoran (Browne, 1965:318), some resettled in the Bahktiari foothills, and 5000 were settled in Shiraz at the request of the governor.

The depopulation policy took a systematic form. In Azarbaijan, it included moving the large cities of Tabriz and Uromieh toward other regions within Azarbaijan or elsewhere. Depopulation was also harsh. Any resistance was subjected

to massacre. All immovable properties such as houses, churches, crops, etc., were destroyed.

The process of resettlement was also very painful because of an inability to adjust to the new environment. In the process of transferring the Azarbaijani people, the state resettled 27,000 of them in Mazandoran to use their labor for silk production--the most expensive product that Iran exported at that time. The majority of them in this process are reported to have succumbed to the humid and malarial climate of the Caspian Sea (Browne, op cit: 318). Of 24,000 who again settled in Mazandoran, only a quarter are said to have survived (Ibid.).

The resettlement policy tended to be selective. The unskilled labor seems to have been resettled in the areas needing manual labor, such as Mazandoran. The Armenians, who were known as skilled craftsmen, merchants and traders, were resettled in New Julfa, where Shah Abbas encouraged them to develop their skills and allowed them to build up their church.

In 1615, the Shah removed thousands of prisoners to Ganja, survivors of the Shah's campaign against rebels, along with Georgian prisoners, and 20,000 Armenian prisoners from Erzerum, and resettled them in Shiraz or



elsewhere. Some of the Georgians and Armenians were enrolled as royal *gholamani* (servants) (Savory, 1962). The tribe of Qaramanlu, in Qarabaq, Azarbaijan province, was resettled in Fars, presumably to ensure their loyalty (Lambton, 1962:1102).

Shah Abbas's policy to redistribute the population of some regions helped to secure his throne from rival tribes, and to develop commercial and industrial activities. His encouragement of this development affected the development of labor forces which led to considerable development of crafts (Pigulevskaya, 1975:537-45). During the sixteenth and seventeenth centuries when Europe expanded its trade with the East, Iran enjoyed a prosperous period of contact with the outside.

In the reign of the Safavid, especially during the era of Shah Abbas, foreign trade was in the hands of Armenian and Christian merchants (Pigulevskaya, 1975:541-42). In newly established Julfa, the wealthier merchants had established a monopoly in the silk trade with western Europe, China and many countries around the world (Ibid.).

In sum, the Shah's economic and political policies at this time led to the imposition of forced migration and a redistribution of

population, the purpose of which was to use the labor force in different sectors of the economy, and to consolidate his political power by reducing the position of his rivals.

(ii) Forced Migration under Nadir Shah (1736-1747)

The fall of the Safavid dynasty was accompanied by the invasion of Afghans in 1722, causing extreme devastation to the peoples, cities and farms. This period was "remarkable only for the ruin which [it] brought about, espeically in Isfahan and the neighborhood" (Lambton, 1953:129). In 1736, Nadir Shah came to power under chaotic conditions resulting from the rise of tribal rivalries.

The reign of Nadir Shah saw major population movement in the form of forced migration. Since he was from Kalat near Mashhad, a provincial city in Khurasan, he transferred the capital from Isfahan--where he was threatened by the rival tribes--to Mashhad, where he could enjoy the support of his neighbors. Following this, he made an effort to gather people from all over the country, which used to be under the Safavid, and resettled them in the Khurasan region. He accomplished this, and resettled some of these people in the Atrek valley to prevent Turkman



raids. Others were put to work in agricultural lands around Mashhad, Nishapar, Quchan and Torbati Jam. To prevent possible uprisings against him, Nadir Shah began to fragment the tribes, particularly in Azarbaijan and Central Zagros, by sending a large number of them where he could keep them under surveillance. There are some statistics on the size of part of the forced migration in this period. In 1728, Nadir Shah moved the first group of Abdali tribesmen from Herat to Torbati Jam, Langar and Mashhad. A few years later, some 60,000 from this population were moved and settled in Mashhad, Nishabour and Damghan (Lockhart, 1938:54). By 1738, Nadir removed some of the settled population of Nishabour and Gurgon to Qandhar to counterbalance the fragmented Ghilzai (Anvari, 197 :120). When Nadir Shah defeated the Ollman and ousted them from Tabriz in 1740, he moved 56,000 families including Turks, Kurds, Afshar, Turkman, and Bakhtiari to Mashhad (Lockhart, op cit:51-2). Later, some 10,000 families were sent to Torbati Jam in Kharasar (Ibid:110). Nadir Shah also exiled some 6000 Georgian families of his opponents from Tiflis to Khorasan in 1736 (Ibid:91). From Kurdistan, 13,000 families of Bakhtiari were resettled in Khorasan (Anvari, op cit:189).

These transformations served several purposes for Nadir Shah. First, like his predecessors, he rearranged the tribal community to prevent any attack from his enemies and gathered them in Khorasan where he had more control over them. Second, he accumulated and hoarded people like a treasure (Perry, 1975:210) to be used when needed. He used them to work on the farms, but in times of war, the migrants became a considerable part of his troops. Most of Nadir Shah's period is a record of war with neighboring countries in an attempt to expand his territory, to seize the treasury and plague the defeated areas. Therefore, the political system under him basically exhibited a pattern of communal organization in which intensive labor force and plundering neighboring communities were the main source of production. There are good reasons, therefore, to believe that Nadir Shah had "the lion's share of forced migrations to his credit" (Ibid:208).

(c) Migration under the Zand

The period of Karin Khan Zand is said to be a period of peace after the decline of Nadir (Lambton, 1953:133). He emerged as a more democratic leader than his predecessors. The tribal

kinship relations to some extent helped to stabilize Karim Khan's political power as they came from the Hamadan Plains and Kurdish foothills. The Zandieh, Zanganeh and Kalhur peoples were originally tied to the Zand tribe. However, the major factor contributing to relative stability at this time was the external condition. A weak Ottoman empire, a Russia unconcerned with Iran, and a strong but friendly Georgian kingdom led the new leader to consolidate his power and unify the fragmented community of Iran without having to use his troops to protect the frontiers.

The relatively stable situation under Karim Khan encouraged many exiled and refugee people who had been forcibly scattered during previous kings or who had migrated to neighboring areas under extreme oppression to return to their previous origins. Among these were the wealthy urban dwellers and craftsmen, who migrated to Iraq and India after the Afghan invasion in 1722 (Malcom, 1815: Vol. II:213). Therefore, migration patterns under Karim Khan may not be classified as forced migration since it has been recorded that much of the migrations which took place were voluntary and/or return migration. For example, the migration of the tribesmen around



Fars, Kharramsha and Kirmonshah to Shiraz took place in order to support Karim Khan (Fasai, Vol I:219).

The most important effort to redistribute population was Karim Khan's program for the repopulation of Shiraz which was heavily damaged during Afghan's invasion and under Nadir Shah. Karim Khan's contribution to the reconstruction of Shiraz and the return of the city to prosperity attracted thousands of Christians, Jews and Moslems, who became involved in commercial trade and craft works (Pigulevskaya, op cit:615). For the first time, he appeared as a ruler who paid attention to the conditions of the peasants, reducing tributes and taxes which had already been imposed on them, and specifically limited the feudal lord's power over the peasants (Ibid.). Unlike Nadir Shah, who devastated labor for a population, Karim Khan developed it by establishing industries and large irrigation networks in Fars and in the south (Ibid.).

Some limited cases of forced migration, however, have been recorded in this period. When Karim Khan visited Azarbaijan and the Caspian, he took with him several prominent chiefs of Tabriz, Salmas, Qaja-dagh, and Shirvan together

with their families as hostages in an attempt to induce the members of their tribes to move to Shiraz (Nami, 1938:105).

Following a short but chaotic period, Iran was again ruled in peace and better conditions than previously, and the people enjoyed the economic prosperity that came about (Pigulevskaya, 1975:615-16). However, this period ended on Karim Khan's death in 1779, and a civil war marked the last years of the Zand dynasty, bringing about suffering and hardship. The emergence of the Qajar brought a new era in political and economic conditions to Iran, and affected settlement and resettlement processes when the capital was shifted to the north.

Summary

The pre-capitalist period in Iran can be characterized by mobility and immobility of the population. Mobility can be observed in the form of forced migrations imposed mainly by the rulers. The constant conflict between tribal populations or between tribal and settled populations, have had a great impact on the redistribution of the population. People were forced to move, not only because of threats to the throne or from threats from certain tribes,

but also because they were used as labor, though to a lesser extent when compared to other forms of migrations.

In the absence of voluntary migration, people were essentially immobile because of certain socio-political and cultural circumstances. Immobility was essentially a structural issue, since people were attached to their villages as members of a social, economic and cultural system. Lack of contact with other places also reinforced this immobility. However, under the socio-economic conditions of the pre-capitalist system, such as the land tenure system, landlordism and despotism, immobility was a prominent feature of population characteristics.

CHAPTER THREE

THE INCORPORATION OF IRAN INTO WORLD CAPITALISM

Introduction

Iran in the nineteenth century experienced a profound change in its social, economic and political structure. In this period, a transformation took place from pre-capitalist social formation, characterized by oriental despotism, to a constitutional monarchy with the outward forms of Western institutions and capitalist-oriented policies. From the third decade of the nineteenth century onward, the external forces of colonial power began to influence the vacuum created by the weak and decentralized traditional system of a "self-administration" society under Qajar rulers. The internal conditions of the society, under the impact of the external forces of colonialism, came up with a new situation, "semi-colonialism," which marked a new period in external relations and social formations in Iran. This chapter attempts to study the period in which Iran was incorporated into the world capitalist system and the subsequent impact on the political and economic relations of the society. In this respect, the study will discuss the effect of both the internal and external factors that shaped Iranian society.

The Political System and Economy in the Early 19th Century

The political system of Iran in the nineteenth century under the Qajar dynasty displayed many characteristics of oriental despotism. The Qajar, like every dynasty that ruled Iran since the Middle Ages, originated in a tribal community, and came to power with the backing of other tribal forces (Keddie, 1971:3-4). However, unlike the Safavid--a good illustration of oriental despotism and the most centralized government in the pre-capitalist period--the Qajar constituted a decentralized and weak government. Nevertheless, the Qajar dynasty, like its predecessors, the Safavid, Afshar and Zand dynasties, was characterized by the same pattern of class structure in the early nineteenth century.

Keddie distinguishes three major and powerful "social groups" in the early nineteenth century who ruled the Iranian government including tribal leaders, landlords and leaders of the Ulama (Keddie, 1971:3-20). In this composition, the tribal chiefs obtained their power from their tribal communities which remained virtually self-governing units. The Ulama were an independent and non-governmental center of power, but the landlords were the essential body of the government. In this ruling and political apparatus, the Shah had special positions, and carried "absolute command over the life and property of every one of his subjects" (Curzon, 1966:Vol. I:391). The traditional

bureaucracy, the military and court figures and overall the "state" identified with the Shah. There was no regulation for the country's economy; rather, everything was carried out by the *Farman* (the Shah's decree). The power position and the functions of the Shah and his relation to traditional bureaucracy can be described in the following phrases:

The monarch titled himself the Shah-in-Shah, the King of Kings; The Asylum of the Universe... The Guardian of the Flock... The Conqueror of Lands; the Shadow of God on Earth; and soon, on theory his powers were extensive. He owned all secular lands he had not previously granted away. He could reclaim the property of those he disgraced. His word was law. He had the sole right to give concessions, privileges, and monopolies. He summoned his people to arms whenever he deemed it necessary. He intervened directly in the market, fixing prices, buying, selling and stockpiling food... And he appeared to make and unmake the main officials of the realm: the *Qatirs* (Ministers), *mastawfis* (accountants) and *mirzos* (secretaries) in the central and provincial courts; the army officers and administrative *hakim* (governors) throughout the country; the tribal *il Khan* (chiefs)...; the *Shayk al-Uskans binubakkt* at the heart of Muslim communities in the cities; ...and even many of the minor officials at local level, such as the word and guild *Kad Khudas* (Headmen), the *Malik al-tajjars* leading the merchant societies, the *Kalantars* supervising guild products, and the *muhasibs* overseeing the general affairs of the bazaars. The arm of the Shah appeared to extend from his *barbar* (Court) into all regions and layers of his empire (Abrabimian, 1974:9-10).

Neither Marxist conceptualization of state, i.e., a production of class antagonism (Lenin, 1970:290-2), nor Weber's definition, i.e., the state as "a human community that (successfully) claims the monopoly of the legitimate

use of physical force within a given territory" (Greth and Mills, 1958:78), can be applied to the political system and the ruling apparatus of the Qajar dynasty. Rather, the Qajar had no state since there were various groups, tribes, city factories, local government, and even ulamas who had private armies and were in continuous conflict with the central government (Abrahamian, 1982; Keddie, 1971). The nineteenth century ruling apparatus in Iran therefore lacked a centralization, a large standing army and even extensive bureaucracy. Nevertheless, there were central authorities whose power essentially came from the "divine rights" as viewed by religious leaders.

This situation led to an argument on the nature of the political system in Iran in the period under study. Abrahamian (1974) characterized the system as oriental despotism, and Ashraf (1971), borrowing Weber's view of types of traditional authority and Marx's notion of Asiatic mode of production, identifies the type of political system in this period as patrimonial despotism. Although Weber's interpretation of patrimonialism from a Marxist view is a superstructural explanation, it should be considered that, in the societies overall, the superstructural elements always had been imposed on the structure of the societies, and even appeared to be an intrinsic element of the structure (Anderson, 1975). Therefore, with respect to the social formation of oriental societies,

the despotic character of the political system of Iran has been formed not only on an economic but also on a traditional and generally cultural basis.

The economy in the nineteenth century, although subjected to change, left the traditional character of the society untouched. The agrarian structure, the tribalism and the urban population still constituted the same patterns as they were centuries ago.

Although there is no source to indicate the demographic composition of the population of nineteenth century Iran, several observations have estimated that the population of the country around the 1850's could be 10 million people, of which eight to nine percent were urban dwellers, and the rest included peasant, tribesmen and other villagers (Thomson, 1968:249). Gilbar has estimated that at least 80 to 85 percent of the total economically active population was engaged in agricultural production, and the remaining 15 to 20 percent were employed in handicrafts and service sectors of the economy (Gilbar, 1979:15).

The dominant sector in the economy of Iranian society in the nineteenth century was agriculture which, despite climatic and other environmental variations, had essentially similar patterns of cultivation. The most important unit of production was the village, with its primary function of self-sufficiency (Abbott, 1857:152-53). However, there was a certain amount of trade taking place between principal agricultural towns or between large cities and



agricultural districts which transfer foods and other agricultural productivity from one place to another (Olson, 1981:178-83).

The major production in the agricultural sector consisted of cash crops including grain, silk, tobacco, rice, fruit, and animal husbandry. Silk and grain constituted the bulk of exports, especially silk which was mainly produced for export. Opium in the second half of the nineteenth century found a major international market. Grain was the major staple crop in most of the regions; western Azarbaijan, northwest and northeast Kharasan, Hamadan, Kermonshah, and Isfahan were the major areas of cultivation. The surplus produced from these items was to a large extent exported to neighboring countries (Dickson, 1859, in Olson, *ibid*:186). Silk was cultivated mainly in Gilan and Mazandoran, and constituted the major cash crop for those areas. The bulk of the agricultural output--around 1801--was exported. Tobacco, another important cash crop, was cultivated mostly in Azarbaijan, Isfahan and Fars, and was consumed throughout the country. A considerable amount was also exported to neighboring countries, and to Egypt and Arabia (Issawi, 1971:249-251). Other cash crop items such as different kinds of fruit and rice were also produced in the north and northwest and, to a lesser extent, in Kurdistan and Khorasan. About four percent of the total export was dried fruit which was mostly cultivated in Azarbaijan (*Ibid*).



Agricultural activities also owed part of their development to animal husbandry and its related products including meat, eggs, milk and the like. But the major supply from animal husbandry was in raw materials such as goat hair, sheep and camel wool, skins and hides were exported in large quantities (Dickson, 1865, in Gilbar, op cit:188). However, animal husbandry was basically a nomadic economic activity, and village flocks were usually comparatively small. However, Iran to a large extent exported these products.

Industry as another sector of the economy constituted a significant part of the country's economy. The principal cities such as Isfahan, Mashhad, Kerman, Shiraz, Tabriz, Kachan, Yazd, and Hamadan were the major centers of craftsmanship in the 1850's. Cotton, silk and wool manufacturing, and textile industries were among the most active in urban life. Other factors such as paper, candle, glass, gunpowder, linen-weaving, and sugar refining can be included (Issawi, op cit:258-305).

Another economic sector--the most important one--was commerce. The nineteenth century was, in fact, a period during which commercial activity rapidly increased. Merchant communities were to be found in major urban centers. It has been estimated that 50 percent of townsmen were composed of merchants and artisans in the early decades of this century (Kuznetsova, in Gilbar, op cit:201). The

agricultural products in addition to local consumption were traded with neighboring countries including Turkey, Afghanistan, Russia, and India.

Iran's increasing export activities at the beginning of the nineteenth century created a favorable condition for the country's balance of trade. Two reports illustrate this trend. Fraser (1833), on the basis of official reports and information given by merchants, has provided a rough estimate of exports for the year ending May 1821 as follows:

Table 1.

Estimated Values of Exported Goods -- 1820-1821

Exports to India from the port of Bashihr (according to official reports)	305,000
Exports from Barfurush (estimated by merchants at about 215,000) together with the remaining exports from Gilan and Mazandoran	250,000
Exports from the smaller parts of the Persian Gulf, including the Islands	10,000
Commerce with Baghdad, including silk	200,000
Commerce with the rest of Turkey	200,000
Commerce with Tiflis and Georgia	200,000
Exports to Bukhora and the States Eastward	50,000
Commerce with Arabia	10,000
TOTAL	1,225,000

Source: Fraser (1833), quoted by Lambton (1970), pp.350-351

Iran's foreign trade in the mid-nineteenth century also illustrates the same pattern as in the 1830's, in which the balance of trade even showed a small surplus (Table 2).



Table 2

Average Values of Iran's Import-Export in the 1850's

Import from Western Regions	12,950,000	Thales
Import from Eastern Regions	8,000,000	"
TOTAL	20,950,000	"
Export to Western Regions	13,200,000	"
Export to Eastern Regions	7,800,000	"
TOTAL	21,000,000	"

Source: Malcom, John, The Melville Papers, 1930, in
Issawi, 1971:262.

This situation, compared to other Asiatic societies which a conditions similar to those of Iran, was a favorable one (Issawi, 1966).

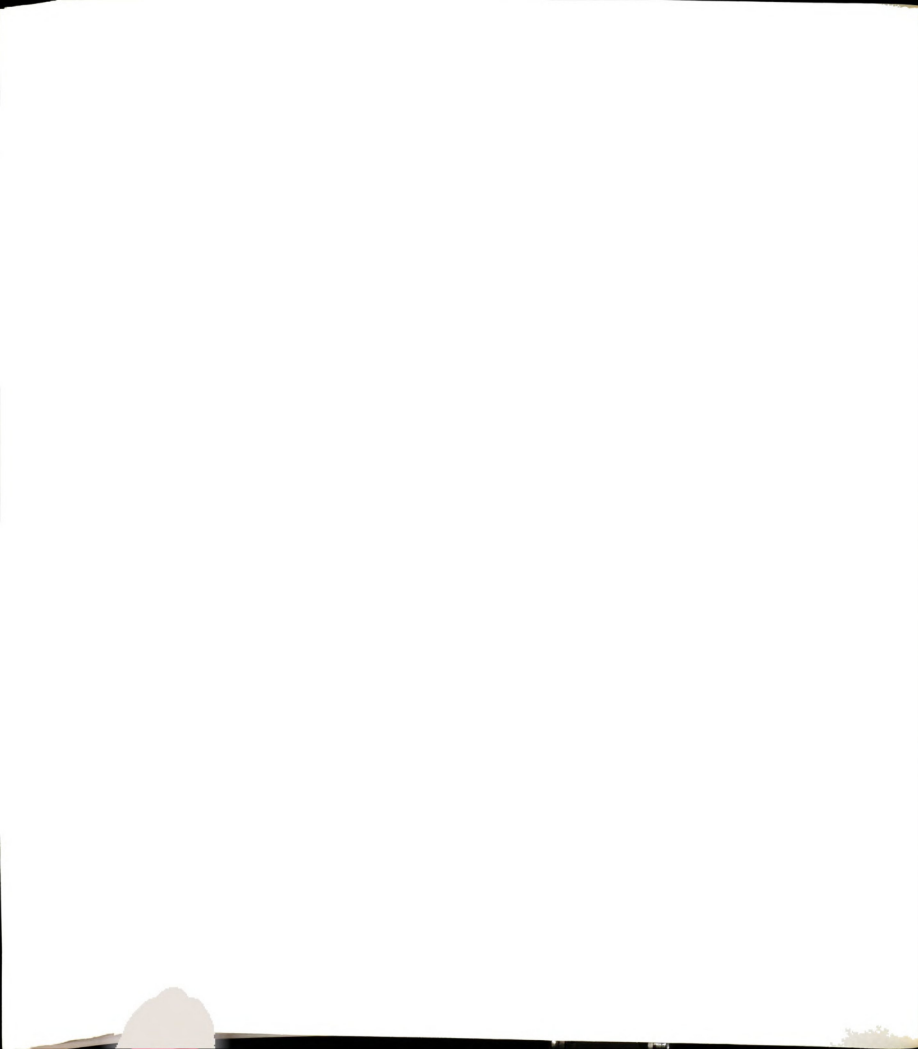
From the above discussions, it can be observed that the revenue of the State has been derived basically from the following sources. The first was land which constituted the major course of government revenue. However, many districts were out of the Central Authority's control because of the decentralized character of the political system. Tribal communities, for example, made no direct contribution to the country's revenue, and the *tuyuls* (assignments) were alienated from the government's control (Lambton, 1970:217). The most important and extensive category of land was *Khaliseh* (crown lands). While the Crown exercised its power to extend the *Khaliseh* lands, and therefore to collect taxes directly, the landlords sought to collect the *tuyul* and even use the lands as private estates (*arbabi*), therefore escaping from taxes and increasing their control over the peasants (Issawi, 1971:208).

The second source of government revenue was taxes on trade which were levied in the form of customs duties and road taxes and tolls (Mahdavi). There were no specific measurements for customs duties, and mostly they were determined by *farmans* (the Shah's decree). Road taxes were taken in every city through which the goods passed. These became a heavy burden on Iranian merchants, and constituted a serious obstacle to the development of domestic commercial activities. Merchandise was subject to numerous arbitrary taxes when they passed through *rahdari* stations as well (Abdukav, 1963; Lambton, 1970).

However, the government was faced with serious shortages after the fourth decade of the nineteenth century because of serious unrest in some districts and serious epidemics in prosperous provinces such as Gilan and Mazandoran which greatly reduced the population and damaged the crops (Kelly, 1968:249-51). This situation led to continual crises that pushed the country into the grip of foreign forces which, along with the other circumstances--the nature of the society--created a semi-colonial situation.

Emergence of Semi-Colonialism in Iran

From about the mid-nineteenth century, international capitalism engendered a commercial revolution in many of the countries outside capitalist ones. The great expansion of trade in this period was based on social and economic



circumstances which were brought about by the Industrial Revolution and its subsequent technological innovations. This tended to make capitalism a universal force that intensified commercial activities in underdeveloped countries. As a result of the expansion of capitalist commercial activities beyond the territory of the Center, colonialism became a primary social force to stimulate economic growth at the Center while contributing to a sharpening of inequality in the periphery.

Iran in this period was dominated by two major colonial powers: Britain and Russia. The importance of Iran to these forces was not only because of its geo-political situation, but also because of Iran's position on the international highway of world trade. Both colonial powers competed to gain control over political and economic administration; both used various instruments to expand their community of interests by extending commercial networks as well as political influence. Therefore, both caused Iran to emerge as a buffer zone and a community of interest for the colonial forces which were basically Britain and Russia and, to a lesser extent, other Western European capitalists such as Belgium, Holland, France, Austria, etc. Consequently, Iran, under the influence of colonial powers, was subjected to considerable change. However, Iran did not experience colonialism directly; rather, it emerged as a semi-colonial country under pressure from foreign forces. It is termed semi-colonialism because under

colonial influence, the country could preserve its judicial independence in two ways: first, because of rivalries and stalemate situations (Rey, 1963:69), and second, because of the decentralized political system and the weakness of the government.

Although the incorporation of Iran's economy into the world market can be traced back to the fifteenth and sixteenth centuries--particularly during the Safavid period--nevertheless, it was during the nineteenth century that Iran's relations with the outside undermined its domestic productivity. Russia, Britain, Portugal, and other European countries had already established commercial relations with the country. However, the conditions that imposed semi-colonialism on Iran began with periods of catastrophic wars between Iran and Great Britain, and between Iran and Russia, which concluded with series of treaties such as the Gulistan Treaty, the Turkomanchai Treaty and the Treaty of Teheran (Hurewitz, 1956: Vol. I:124). These treaties allowed Russia and England to intervene in the political and economic affairs of the country, and compete openly with each other to take more advantage of the situation. For example, the Treaty of Teheran of 1814 allowed Great Britain to provide troops or subsidiaries in the event of aggression on Iran. Later, the Treaty of Turkomanchai was signed, and assumed for Russia the role of protector of the ruling Qajar dynasty, and "secured the obedient servility of the weak and degenerate Iranian

monarch" (Lenczowski, 1949:2). However, beyond this and in addition to extraterritorial privileges it gave to Russia, the treaty established a framework for foreign trade which allowed Russia the right to appoint consuls or commercial agents whenever the goods of commerce might require, and it further adopted a policy to protect commerce and secure their respective subjects (Hurewitz, *ibid.*).

However, while the Perso-Russian treaties were commercial ones which gave Russia a great advantage, the British government was trying for political advantage, and considered the economics of the situation to be peripheral. The British did regard the Russo-Iranian treaties as a threat to their dominion of India, and therefore attempted to counter the Russian advances (Norris, 1967:59, in Lambton, 1970:229). But starting with their political influence, the British increased and expanded their commercial activities after 1840. By the late nineteenth century, Russia had furthered its trade with Iran, but by then, both countries had established themselves as dominant forces in directing the country's major political and economic policies.

From 1834 to 1864, Iran experienced a significant growth in foreign trade, first because of increasing agricultural production in silk, cotton and wheat, but more importantly, opium had become a major cash crop much in demand by the British in the second half of the nineteenth century (Thomson, 1869). At the same time, the importation



of manufactured goods from European countries, Russia and neighboring nations also increased.

Two external conditions paved the way for increasing foreign commercial activity. First, the Persian Gulf became an important region for increasing commercial traffic between India and Europe, primarily through the British East India Company (Olson, 1981); Britain was therefore concerned about securing the region for itself. Second, extensions of Russian rule to Central Asia and the need for the protection of Iran's northern provinces led to Russian influence in the country (Malcom, 1829). Development of communications such as telegram services between India and Europe through Iran and the relative improvement in transportation--steam navigation on the Caspian Sea and the Persian Gulf--contributed to more rapid commercial activities than before. The opening of the Suez Canal in 1869 connected Iran with Europe, giving the two regions easier access to each other with the steam-powered freighters (Issawi, 1966:146-53). In the north, Russian activity also brought some construction of ports and roads around the Caspian Sea, through Azarbaijan and Khurasan.

Although several foreign nationalities such as Greeks, Italians, Prussians, the Swiss, and Austrians were engaged in commercial activities in Iran, Russian and British pursuits remained the backbone of Iran's foreign trade in the nineteenth century. The value of imported goods from

Europe roughly quadrupled between 1825 and 1870. The bulk of these commodities--cotton fabrics and piece goods--came from Britain (Ibid:83, 89-90). However, in the last decades of the nineteenth century (especially the 1880's) and the first decades of the twentieth century, Russia's share of imports increased sharply, while those from Great Britain declined (Ibid:70-72). This great shift was caused by a worldwide trend (Robinson, 1954).

Increasing commercial activities brought about several economic institutions. Banks and foreign firms were established to transfer the surplus from the country to British and Russian centers. The Teheran branch of the London-based New Oriental Banking Corporation opened in 1888, and expanded its offices to Mashhad, Tabriz, Rasht, Isfahan, and Bushihr (Issawi, op cit:346). In 1890, the Imperial Bank of Persia was established which monopolized the exploitation of iron, copper, lead, mercury, coal, and manganese mines, as well as the incipient petroleum wells (Curzon, 1966:513).

The Russians also founded a bank, the Bank des Prets, in 1891, which later became a branch of the Russian State Bank. Like the Imperial Bank, this one expanded its activities into other fields of commercial affairs including real estate, loans to the Iranian government and the like (Ibid.).

The establishment of these financial agencies facilitated capital transactions which, with the increasing foreign trade activities, affected the government's budget and began to show rising deficits. As a result of this, loans were contracted with other foreign banks, and consequently, the country was soon trapped into the cycle of foreign debts. To compensate for these loans, the government began to pledge certain revenues and to make certain concessions for foreign companies. In this period, called "concession hunting" by Keddie, the country's resources were plundered by foreign corporations and consortia. It was a "game of speculators and adventurers, out for quick profits, whose suits were matched against those of other courtiers and the shah, who equally wanted to get as much money with as little trouble as possible" (Keddie, 1966:7). Some of these concessions were the collection of road tolls and transit taxes from Iranian merchants, the monopoly of railway construction, mining and banking, tobacco, and--before long--oil (Curzon, 1966:528-85).

These foreign commercial activities were intensified in the second half of the nineteenth century. Under the semi-colonial situation, they had a profound effect on the social and economic structure of Iran which finally shaped the political structure of Iran at the beginning of the twentieth century.

The Impact of Semi-Colonialism

The dynamics of the world capitalist system and the increasing economic and political interests of Britain and Russia in Iran which led to the emergence of a semi-colonial situation in the country, forced the economy and the society into significant changes, while it also reinforced some traditional institutions by their own structures. The major impact of semi-colonialism which began in the early decades of the nineteenth century and continued to the third decade of the twentieth can be outlined as follows.

I. The Decline of the Crafts

One of the most important impacts which foreign trade had on the semi-colonial situation in Iran was the decline of domestic products. At the beginning of the nineteenth century, the traditional industries formed a significant part of domestic production. The textile industry which was enormously developed in many cities (Malcom, 1930) was able to maintain its good position into the middle of the century (Lambton, 1979:217-18; Abbott, 1849:50). In the country, peasants and particularly nomads continued their long tradition of producing goods, noticeably the handwoven carpets.

Some cities prospered in semi-colonialism because of the development of their industrial activities. Isfahan

was the largest industrial center which could afford to employ almost all of its inhabitants, despite its large population (Abbott, Ibid.). Cotton and silk spinning, shawl and carpet factories, and many other manufacturing goods such as military weapons, glass works, sheep and lambskin were produced by thousands of industries in Kashan, Yazd, Kirunm and Hiraz for internal markets and even for export.

The traditional industries, however, failed to compete with the machine-made goods flowing into the country. In the second half of the nineteenth century, Iran was affected by the Industrial Revolution and the rise of capitalism in Europe. The increase in foreign imports at this time severely damaged the handicrafts. For example, silk, wool and cotton which were the major exported goods now "constituted 63.3 percent of Persia's total visible imports but only 27.2 of its total visible exports" (Blau, 1857:167-68, in Gilbar, op cit). Polak reported on the decline of the crafts in cities that used to be leading productive crafts work centers (Yazd, Isfahan, Tabriz, and Mashhad, for example), as the result of the exportation of raw silk to Europe (Polak, 1865, in Issawi, Ibid:271). Curzon describes the decline of the silk weaving industry as the result of a shift toward the cultivation of the poppy in order to supply British demand for opium (Curzon, 1966:242).

Many nineteenth century writers confirm the decline of handicrafts which resulted from the importation of

machine-made European goods. This decline, however, was related to the silk production and textiles which failed to compete with European textile goods. That was because European textile goods demanded raw materials--silkworms, cotton--and exported manufactured goods which had a superior quality as compared with domestic products (Abbott and Thompson's Report in Issawi, Ibid:224-227). The decline of the craftwork in the field of textiles affected the employment conditions at the factories which then transferred part of the workers to other fields, especially in rising modern factories.

II. Introduction of Private Land Ownership and the Deline of the Peasantry

Under colonial penetration, Iran was also characterized by agrarian structures. By 1884, approximately three-quarters of the population was living in rural areas including the nomadic population. Before the development of foreign commercial activities, Iran's agricultural production was more than its domestic needs, and a considerable amount of it was exported to foreign countries. Rice, wheat, dried fruit, cotton, opium, silk, wool, tobacco, the skins of goats, sheep and cattle, etc., were the indigenous products whose surplus was exported after feeding, sustaining or clothing the people (Curzon, Ibid:Vol. II: 469-584). Keddie (1972:364-42), Lambton (1953:143-145), and Fraser (1833:204) reported that Iran's agricultural

production and the conditions of the peasants' standard of living were better in the early nineteenth century than they were later on. Chardin, who observed the country in the seventeenth century, reported a comfortable standard for Iranian peasants which he compared favorably with those in the West (Chardin, 1732, in Keddie, op cit).

The impact of the West on the peasantry left the living conditions of the peasant communities in the late nineteenth century on the bare edge of subsistence. The influence of colonial powers not only eliminated the conditions for the development of a national market for domestic agricultural production, but also lowered the peasants' conditions by encouraging large landholding and reinforcing landlordism in the social formation of the country. Keddie argues that an important factor which has historically been responsible for low peasant conditions and low productivity in Iran inhibited in structural dimensions and not in natural limitations (Ibid.). She asserts that this decline in the peasants' position in the late nineteenth and early twentieth centuries can not be accounted for without considering the impact of the West.

The important consequences of the influence of colonial powers on the agrarian structure of Iranian society was the introduction of private land ownership, and further development of large-scale landholding institutions and landlordism (Keddie, 1975). Such conditions were in favor of both feudal and nomadic leaders by which they took



advantage of Western influences in order to secure and enhance their positions. This took place mainly when the central government lost its control over tribal nomads after the Russo-Iranian wars of 1813 and 1828, and also the Anglo-Iranian war of 1857, by which Iran lost its independence and fell into the semi-colonial situation.

The colonial powers not only supported the landlords and feudals of the ruling elements, but also the tribal chieftains even when these latter were in conflict with the central authority. The relationship between British companies and the Bakhtiar tribal chieftain, the most powerful and largest tribe in Iran, is an indication of such linkage. The Anglo-Persian Oil Company was created in 1909 and entered into a separate contract with the tribal chief of the Bakhtiari, because of the central government's inability to provide security for the company. The company then arranged for a security agreement with the Bakhtiari (Ramazani, 1966:121; Lenczowki, 1960; Garthwait, 1969:24-44).

This relationship further strengthened the tribal communities, and made them to some extent independent of the central authority. The Qajar rulers of the nineteenth century, unlike their predecessor dynasties, did not use military force over the tribes; rather, they "made effective use of carrot and stick policies in keeping control of the tribes" (Keddie, 1978:309). Therefore, the autonomy of the tribal population and their power was reinforced during this period.

The reinforcement of tribalism had two major devastating effects on the socio-economic structure of the country. First, the lack of control over the tribal communities--estimated to be one-half of the Iranian population at the beginning of the nineteenth century (Malcom, 1815: Vol. II, in Issawi, 1966:20)--came out with a loss in tax revenue; the tribes only irregularly contributed to the Shah's armed forces (Lambton, 1961:131). The result was further pressure on the peasants and urban dwellers, who were burdened with a new economic strain in order to compensate for this loss. Second, the reinforcement of tribalism further undermined the social and economic structure of the country since it has served for centuries as a major internal factor retarding political and economic development and, consequently, the development of productive forces. This condition affected both peasants and tribesmen (Helfgott, 1977).

Another contributing factor in the decline of the peasants at this time was the government's increasing need for collecting taxes in cash, instead of in kind. Continued government involvement in the world market and borrowing money from foreign banks led to an increase in the government's debts at the expense of the peasants' situation. As Keddie states:

The government began to ask for cash taxes, and to pay these the peasant had to sell his crops at the artificial low exchange rates, after giving profits to middlemen who could

resell the grain on the open market. Then, as now, the peasant had to sell grain right after the harvest, or even pledge his crop before the harvest, and afterward had to repurchase grain in the season at a high price to keep himself and his family fed (Keddie, 1975:5)

However, the situation of the peasants varied from one district to another. In the northern Caspian Sea area, peasants enjoyed a relatively prosperous situation because of a better climate as compared to the southern, central, much of the eastern and even southwestern areas, where peasants suffered from the arid conditions. Consequently, the economic strain became more tolerable for the former group than for the latter. But, generally, the conditions of the peasants were those of destitution, making them subject to high land rents, heavy fiscal demands from the central and provincial administrations, and frequent robberies by nomads (Dickson, 1861, in Gilbar, op cit:188).

Another element that contributed to the impoverishment of the peasants was the gradual formation of private land ownership. Already the three major institutions of land-holding systems, *Khaliseh*, *tuyal* and *vaqf*, controlled the lands throughout the country. The institutions of private land ownership instead of the various feudalistic forms of land tenure systems, were established by the development of a cash crop production which was demanded by the world market's desire for opium and cottons. British merchants encouraged Iranians to cultivate opium, which they transported and sold in the Far East (Keddie, 1975:6).

The Russians urged the planting of more cotton which was needed for thier textile industries (Abdulaeu, in Issawi, op cit:246). The strong demand in the world market sharply increased the production of these crops, especially opium. The cultivation of opium expanded very quickly, not only because of the prosperous market for it, but also for its profitability, as compared to grain. Grain netted about a third of what the opium harvest would yield on an equal space of ground (Issawi, Ibid:239). Also, the rise in the demand for cotton led the Russian and Armenian merchants to advance money to Iranian cultivators, thus stimulating an increase in their production. This also improved its quality (Ibid:245-46). These activities brought cash money into the hands of cultivators, and made land an alienable property that could be purchased. The systematic sale of State land by the Shah in the late nineteenth century--to meet fiscal needs--meant that landlords, prosperous peasants and especially merchants could afford to purchase land (Curzon, 1966). In addition, some efforts were made to convert *tuyal* and *vaqf* land into private land; this took place toward the end of the nineteenth century.

The emergence of land ownership and the expropriations of land from peasants tied up cultivation in the landlord's property. This pattern of land ownership introduced *Arbabi* land (the private land belonging to the feudal), and brought about the social relations of *Arbab-raayati* (the relation upon which the peasant as a feudal tenant

holds a subordinate position) which continued until the Land Reform of the 1960's. As a result of this pattern of tenure, along with the development of cash crops for the international markets, the phenomenon of the landless peasant emerged and grew. This was the incipient stage of capitalist landownership that further developed in the twentieth century.

III. The Growth of the Urban Population and the Rise of New Urban Centers

During the course of the nineteenth century, when Iran was incorporated into the international capitalist trade and financial network, the new economic and political trends affected the size, location and structure of the cities in Iran. The outward-oriented economic trend which began with the export of primary products, and the increasing commercial activity that brought the country into new stages of social and economic relations, along with the geo-political position of Iran between East and West routes, all affected the shifting alignment of the cities.

The principal change that took place in the first half of the nineteenth century was a shift in the direction of Iranian trade away from its main partners, Afghanistan, Turkey, Central Asia, and India, toward Britain and Russia; the former accounted for at least half of Iran's total trade by the 1850's and 1860's, and the latter



took two-thirds of Iran's trade between the 1860's and up to 1913 (Issawi, op cit:71-72). This shift was accompanied by a change in the channels through which the trades passed.

The major trade routes that transferred goods from different parts of the world to Iran constituted a network that reflected the position of the urban centers. These routes were drawn (1) from Trebizond to Tabriz; (2) from the Caucasus in Russia to Tabriz; (3) from the line of the Volga across the Caspian Sea to Rasht or Astrabad; (4) from Karachi in Pakistan through Herat to Mashhad or through Quain to Nishabar; (5) from Bandar Abbas--a port city in the Persian Gulf--through Yazd or Kirman; (6) from Bushire--also a port city in the Persian Gulf--through Shiraz and Thana through Isfahan or Yazd; (7) from Baghdad through Kermanshah or Shushtadr or to the north through Kurdistan; and (8) from Central Asia via Mashhad (Pelly, 1874:58, in Issawi, op cit:74; Lambton, 1970:219). The major trade activity, however, was in Tabriz, Mashhad and Isfahan, where merchandise was exported to or imported from Russia, Turkey, the Persian Gulf, India, and Central Asia.

This network of trade routes formed a triangle within which major concentrations of populations could be found. The base of this triangle was a line drawn from Tabriz on the West, along the southern shore of the Caspian Sea to Mashhad in the east, with the side lines drawn from

and Tabriz respectively to Isfahan. The cities that grew during the nineteenth century were located within this network which linked cities to each other and Iran with her neighbors and Europe.

The positions of the cities in the country were determined by the multiplicity of functions of economic, political and cultural factors, but their locations on the major trade routes was a determining factor. Some cities combined the role of industrial and trade centers such as Isfahan, while some, in addition to their locations on the major trade routes, enjoyed the privilege of being the political center, such as Teheran. All of these affected the rise of the urban centers.

The political and economic changes that took place during the second half of the nineteenth and early twentieth centuries affected the size of the population of various cities. According to some travelers, eight cities had populations of over 200,000 in the second decade of the nineteenth century (Ousely, 1819; Kinneir, 1813). Also in this period, the number of cities with populations of 10,000-20,000 were a dozen or more (Kinneir, Ibid.). Thomson estimated the number of cities with populations of 10,000 or more in the mid-nineteenth century at 30 (Thomson, 1867).

However, at the end of the nineteenth century, a substantial change took place in the size and structure of the major cities. The number of cities with over 10,000

inhabitants was estimated at 56, of which three cities had 100,000 or more inhabitants (Bhatrier, 1972:51-61). The major population changes which occurred, according to various estimations, can be summarized in the following table.

Table 3
Population Changes in Major Iranian Cities Between 1813 and 1900

Urban Centers over 10,000	Estimated Pop. 1813	Estimated Pop. 1900
Isfahan	200,000	100,000
Yazd	60,000-70,000	75,000
Teheran	60,000	200,000
Mashhad	50,000	75,000
Shiraz	20,000	60,000
Tabriz	30,000	200,000
Khay	25,000	60,000
Qazwin	25,000	40,000

Source: J. M. Kinneir, A Geographical Memoir of the Persian Empire, 1813; W. Ousely, Travels in Various Countries, 1819, cited in G. Hambly (1864); J. Bharier, "The Growth of Town and Village in Iran: 1900-66," Middle Eastern Studies, 8, (January, 1972), 51-61.

It can be observed that three major cities were affected by dramatic changes during the nineteenth century. While the population of Isfahan declined, both Teheran and Tabriz emerged as two major cities in the same period.

Isfahan, a city that during the reign of the Safavid in the sixteenth century had emerged as a metropolitan center which competed well with large cities of the world, received major damage by the successors of the Safavid, and never returned to its previous position because of the rise of Tabriz. It lost its position as the capital of Iran while it still remained as the major industrial

city and a commercial center. When Agha Mohammad Khan transferred the capital from the south (Shiraz) to Teheran, less attention was paid to the security and development of the southern regions by the Qajar rulers. In addition, the invasion of Isfahan by the Afghans and Nadir Shah's attack on this region during the sixteenth and seventeenth centuries, largely devastated the city and depopulated it. Therefore, despite the fact that Isfahan was the center of craftsmen, artisans and industrial work, it failed to stand in the same position that Teheran and Tabriz did in this period.

Tabriz emerged as Iran's major city in the second half of the nineteenth century. Its population rose from approximately 30,000 in 1810, to nearly 200,000 at the turn of the century, an indication of major urban growth when compared to other cities (Lockhart, 1939). The city was located at the junction of the main routes between Iran and Constantinopol, on the one hand, and Iran and Tiflis on the other.

Tabriz became a leading commercial center and the most populous city in Iran. Like Tiflis, Trebizond and Baghdad, Tabriz also emerged as an international trade center. Commodities received from Turkey, Russia and Bushihr via Isfahan and Qazvin passed through Tabriz. Opening new routes between Tabriz and Trebizond in the late 1830's, while increasing Bushihr's trade because

of the establishment of British naval power in the Persian Gulf (Issawi, 1966:135-36) further strengthened the position of Tabriz as the largest city in Iran during the nineteenth century.

However, Tabriz did not stay in this position. At the end of the nineteenth century, the city began to decline because of external and internal conditions imposed upon it. Externally, the opening of the Suez Canal in 1869 and the establishment of steamer service on the Tigris River in Iraq (Ibid:146-43) intensified competition between companies to transport their commodities through Trebizond and Russia, on the one hand, and through the Persian Gulf via Basra and Baghdad, on the other. British and Dutch companies diverted their trade toward the southern route which damaged northern trade for Iran (Issawi, 1971:33-35). The Russians also began to divert the Trebizond-Tabriz trade through Tiflis (Ibid.). Although this shift led to increased merchandise between Iran and Europe through Russia, the decline of the Trebizond-Tabriz route (which also facilitated Constantinopol-Trebizond-Tiflis trade) damaged the position of Tabriz as the largest city in Iran (Issawi, 1970).

Internally, the emergence of Teheran as the new capital and its growing position as both an important political center and a distribution center for merchandise received from Tabriz, the Caspian seaports, Nishapour, and destined

other parts of the country or for neighboring regions, reduced the position of Tabriz as the largest city in Iran.

Teheran, which was an agrarian community before 1786, became a city in which 100,000 people lived in the 1860's, according to Eastwick (1864). The first census held for Teheran in 1874 estimated the city's population at 155,736 (Amani, 1970). The Encyclopaedia Britannica put the population of Teheran at 280,000 in 1910, which well exceeded Tabriz (200,000) at that time.

Once Teheran became the capital of the country, it grew more rapidly than other cities. During the reign of Nasir Al-Din Shah, a few modern industries were established which added a new dimension to the economic structure of the city. However, Teheran owed its commercial importance not to industrial or agricultural production, but to its central location between the north, northwest and northeast, on the one hand, and the presence of the royal court on the other. A considerable amount of goods were received from Tabriz and the Caspian seaports, and destined for Kiva and Bokhara (MacLean, 1890, in Issawi, op cit:122-24) passed through Teheran. Goods received from each section of the country in Teheran were re-exported to other cities such as Asterabad, Qum, Arak, Khorasan, and other national areas (Ibid.). In 1875, a road was constructed between Teheran and Mazandoran, where the Qajar tribes were located. This road, however, connected Teheran to Enzali Seaport, and was used for communications with



Russia which used to go through Qazwin and Tabriz. This situation, along with modernization efforts made by the government, promoted Teheran to the level of the largest city at the beginning of the twentieth century (Hemmasi, 1977).

Other cities were also affected more or less by political and economic changes in this period. Kermanshah, the provincial capital in the west and located on the Iran-Baghdad route, grew with 12,000 houses (Lockhart, 1939:55). Khoy, in 1813, had been recorded as one of the largest and most populous cities with a population of 50,000 (Morier, 1818:299), but in 1867, it had declined to 20,000 (Thomson, 1868, in Issawi, Ibid.). Thomson estimated the urban population around one million for 1868, and Bharier put the total population (urban) at 2.07 million for 1900 (Bharier, 1968).

Although the estimated figures are unable to show the systematic changes which have been taking place in the urban population during the period under discussion, it is agreed among writers that, in the second half of the nineteenth century, the urban population grew in a few large cities. In this respect, the rise of Tabriz as the major city in Iran at this period replaced Isfahan, but then the growth of Teheran as the central city replaced Tabriz at the beginning of the twentieth century; this has been confirmed by almost all the writers.

IV. The Position of the Bourgeoisie and the Working Class

One of the major consequences of Western influence in Iran was the rise of social classes--*Tabaqate Ijtimaee*. The increasing commercial activities, the establishment of modern factories, the institution of modern education, all contributed to the emergence of classes that, in the late nineteenth century, became the visible components of Iranian political and economic structure. These new classes included the bourgeoisie and the emerging working class.

The bourgeoisie in Iran at this point can be essentially referred to as the traditional bourgeoisie composed of prosperous merchants--*Tujjor*--money lenders, and traders. The rapid increase of commercial activity in the second half of the nineteenth century intensified the activities of the traditional bourgeoisie. The position of this social class in the social stratification of the society came after the large landowners--the leading members of the traditional bureaucracy and military--and the ulama. The lower section of traditional bourgeoisie was made up of the artisans and small shopkeepers--*Kasabeh va pishehvar*. At the bottom of the social scale were rank-and-file Iranians including porters, beggars, peddlars and the like.

The traditional bourgeoisie was concentrated in the bazaar, one complex spatial organization, a well-organized and cohesive social body in the political and economic history of the urban community. The function of the bazaar

was multiplicit. It was the central market for craftsmen, retailers, wholesalers, a location for shopping, a place through which the absentee landlords often sold parts of their agricultural surplus. It was a community with face-to-face relationships, a place for recreation and spending leisure time, as well as a location for major religious centers such as Grand Mosques (*Masjed e Jam-e*). Merchants were very influential in the bazaar. Their leader was given the title *Malik al-tojjar*, and he occupied this position by the decree of the shah or provincial governor. The shah controlled the bazaar through him.

The pettit bourgeoisie, organized into guilds (*Asnaf*), maintained the backbone of the bazaar community. The traditional pettit bourgeoisie was also controlled by the head of *Asnaf*, who was appointed to his position by the Sherif (*Kalantari*) (Floor, 1975:99-116).

The role of the bazaar, nevertheless, did not confine itself to economic functions. Rather, its social and political roles were determined by the life of the Iranian people. The religious ceremonies and activities brough bazaari to the Grand Mosque every day which allied them with the ulama and enforced the cohesiveness of the bazaar community (Ashraf, 1971:183-86); Bonnie, 1980:234-35). Furthermore, the Islamic economic laws greatly followed by bazaari and religious ceremonies were usually sponsored by the individual guilds and even wealthy Tojjari.

This pattern of relationships meant that the traditional bourgeoisie and the ulama supported each other, and constituted the bazaar as a political arena to protest government policies. Both tobacco protests and constitutional revolutions in the late nineteenth and early twentieth centuries manifested to a great extent the bazaar's role in political and social movements.

Foreign commercial activities had considerable effect on bazaar community during the period under study. The leading merchants who controlled imports and exports of commodities were more and more involved in the international market. They began to trade those products which were in demand by the world market. The commodities involved included cotton, grain, and cloth, but at the same time, they began to limit their trade to specific fields (Abdulleau, op cit:44). European firms, particularly the British, opened offices in the large cities such as Tabriz, Mashhad, and Yazd, and competed directly with local products (Issawi, op cit:267-68). Moreover, many prosperous merchants converted their businesses into selling foreign products, and even became agents for British or Russian enterprises (Ashraf, 1971:190). The superior technology of foreign manufactured goods, in fact, destroyed the domestic industries which were important during the Safavid period. Several attempts made by the traditional bourgeoisie to establish factories and to develop the national banking

system which already worked in the form of institutions of *Sarrafi* (money exchanges) failed because of the existence of foreign banks--the Imperial Bank established by the British, and the Discount and Loan Bank of Russia.

The introduction of foreign goods into local markets converted part of the bazaar's role into a supplier of foreign-made commodities. This process was intensified by an increasing tax strain on local products and facilities provided for foreign goods (Stevens to Sheil correspondence, 1851). The rise of the comprador bourgeoisie is reflected in this period because of the merchants' continued involvement in the buying and selling of foreign goods. Nevertheless, the comprador elements, along with commercial bourgeoisie which achieved unprecedented growth at the turn of the century also had a national character. However, another feature of the comprador element was its reluctance to invest first in industry, first because of the huge profits obtained from the import and export of goods, and second, because of insecurity in the capital which was an effect of the feudalistic character of the dominant ruling apparatus.

Contradictions between the bourgeoisie and the feudals did not intensify at this time because the despotic character of the state required the bourgeoisie to maintain strong ties with the government in order to capture the home market. In the absence of industrial growth, such

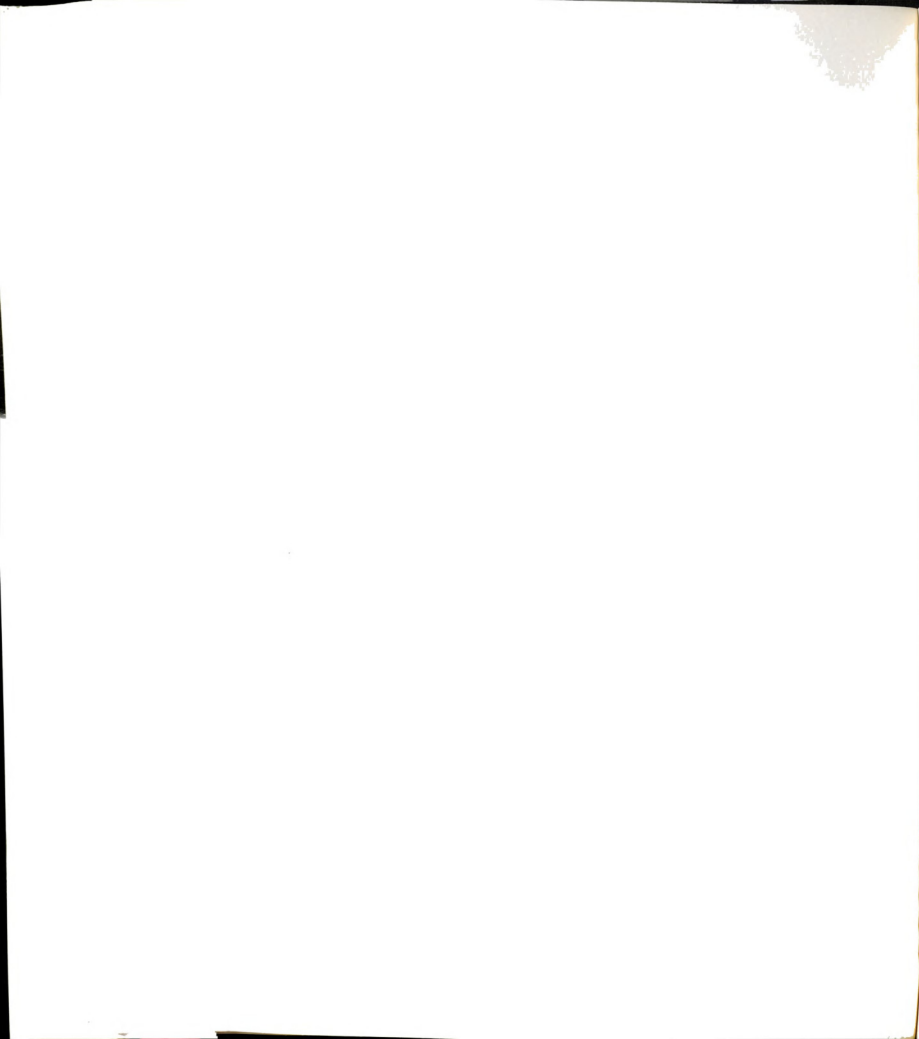
contradiction never materialized, but it was intensified with colonialism, e.g., the tobacco movement in the late nineteenth century.

Because of the nature of the commercial bourgeoisie at this time, labor forces did not develop with the growing activity; rather, raw materials or domestic products were supplied by the traditional laborers or by the bourgeoisie itself involved in land ownership. For that reason, the industrial working class remained very small. However, the oil industries established in Baku, Russia, absorbed the unemployed people into that region (Abdulleau, in Issawi, Ibid:42-54). The Iranian working class, therefore, was basically formed outside the country.

In general, the Iranian working class is a product of three basic sources: first, from the peasantry, especially from rural areas near large cities to which they migrate, going to the industrial units in and around the towns. The second source are craftsmen and artisans, who constituted a highly-skilled section of workers. The decline of handicrafts transferred part of this class to the working class population (Issawi, op cit:279). Finally, there was the mass of urban poor, who were concentrated in the large cities and around the bazaar community. Abdulleav quoted travelers who reported that the overcrowded poor and unemployed inhabitants were very visible in the streets and around the commercial centers were "ready to sell their labour for a piece of bread" (Ibid.).

The most important movement that materialized in the modern industrial working class was the return of approximately 160,000 Iranian workers from the Russian oil industry in 1911 (Ibid.). In addition, the opening up of the oil industry in Abadan in 1909 further contributed to the development of a working class. However, it should be mentioned that the industrial working population remained small because of the lack of significant modern industry in the nineteenth century. Although the incipient stages of formation of the working class took place at this time, it did not grow with any remarkable speed until the third decade of the present century.

In sum, the incorporation of Iran into the world capitalist system was marked by the emergence of semi-colonialism, a period in which foreign commercial activities intensified. Consequently, the crafts declined and the peasantry was further retarded. The exportation of raw materials such as silk, opium, cotton, etc., and the importation of foreign products damaged domestic goods and production which resulted in a strain on traders, small merchants and artisans, while foreign merchants enjoyed facilities provided by the state. These activities were associated with the spatial arrangements of commercial activities which in turn affected the size and location of central units. Tabriz emerged as the largest city because of its location on the conjunction of three international routes, but later Teheran became a center of distribution



and political activities. Teheran competed well with Tabriz from early in the twentieth century, because of the change of direction of international trade, and also because of the presence of the royal court. These changes contributed to the redistribution of the population, and the creation of new central activities, the process of which will be discussed in the next section.

The Impact of Semi-Colonialism on Population Movement

Increasing commercial activities resulting from the penetration of capitalism by the forces of the colonial powers brought about a breakthrough in the traditional and immobile pre-capitalist social formation of Iran under which the old social relation of production was subject to change. Reference has already been made to the forces of world capitalist system on the eve of a major concentration of capital at the international level which affected the socio-economic structure of Iran. In this section, an attempt will be made to study the characteristics of the population and how the migration movements were affected in the new situation.

I. Population Characteristics

The government's attempt to hold a general census in 1860 did not go beyond a preliminary stage, and data about the population during the nineteenth century are based on many estimates which were made by European travelers (Gilbar, 1976:125). One enumeration was held in Teheran in 1884 which marked the first Iranian census (Amani, 1972). Recent scholars have attempted to estimate the population of the nineteenth century through a retrogressive calculation (Bharier, 1968:275-76).

Many estimates on the total population were made by European travelers or officials who visited or worked

in Iran for several years. Gilbar, on the basis of several criteria and retrogression calculation, has estimated the population of Iran between 1872 and 1900 based on probable net growth (Table 4).

Table 4
The Probable Population of Iran -
1890 - 1900 (Retrogression)

<u>Year</u>	<u>Net Growth</u>		<u>Mil.</u>
	0.5%	.75%	1.0%
1890	9.38	9.15	8.92
1891	9.43	9.22	9.01
1892	9.47	9.29	9.10
1893	9.52	9.36	9.19
1894	9.57	9.43	9.29
1895	9.62	9.50	9.38
1896	9.66	9.57	9.47
1897	9.71	9.64	9.57
1898	9.76	9.71	9.66
1899	9.81	9.79	9.76
1900	9.86	9.86	9.86

Source: Gilbar, (1979). His estimate is based on: J. Bhariar, 1968; Issawi, 1971:20; Houtum-Schindler, Encyclopaedia Britannica, Ed. (11), Persia.

Gilbar gives the average annual growth at 0.5% on the basis of a European report on health conditions in Iran, and therefore put the birth rate and death rate at 45-5- and 40-45 per thousand respectively (Gilbar, 1979:178).

The proportion of rural and urban population was given by Bahriar, who calculated Iran's population between 1900-1910 (Table 5).



Table 5

The Population of Iran: 1900-1910 by Urban and Rural

<u>Year</u>	<u>Total</u>	<u>Urban</u>	<u>Rural</u>
1900	9.86	2.07	7.79
1901	9.92	9.08	7.84
1902	9.99	2.10	7.89
1903	10.07	2.11	7.96
1904	10.14	2.13	8.01
1905	10.21	2.14	8.07
1906	10.29	2.16	8.13
1907	10.36	2.18	8.18
1908	10.43	2.19	8.24
1909	10.51	2.21	8.30
1910	10.58	2.22	8.36

Source: Bahrier, J. Growth of Towns and Villages in Iran: 1900-1966, in The Population of Iran, Momeni, (ed.).

These figures showed a great change from the mid-nineteenth century. Based on various reports of the urban population at that time, it was estimated that approximately 800,000 people lived in towns of 10,000 or more inhabitants (Gilbar, 1979:180). This means that the urban population in the 1850's accounted for about eight percent of the total settled population (total population estimate: 6.5 million).

These figures draw only a rough picture of Iran's population structure. It shows that, at the turn of the century, the urban population had grown significantly, while the rural population remained high. At the same time, the rate of natural growth was very low. In terms of the distribution of the population over different regions, it has been reported that the north, northwestern and northeastern provinces had the major population



concentration in the mid-1850's. In general, about half the country's population lived in Azarbaijan, the Caspian littoral and norther Kharasan. Relatively high concentrations of settled and nomadic populations were also reported in the central provinces of Qazwin, Teheran, Yazd, and Isfahan, the eastern provinces of Kirmanshah, and some parts of the southern provinces of Khuzistan and Fars (Ibid.).

II. Structure of Migration

The rise of the cities in the late nineteenth century was more the result of migration than of natural growth, since the latter was not significant at the time. In the early twentieth century, however, three towns held the position of being the largest cities with more than 100,000 inhabitants: Teheran, Tabriz and Isfahan. The major growth at the beginning of the twentieth century took place in Teheran; its population rose from 70,000 in 1873, to 280,000 in 1908.

The rapid growth of Teheran came from its increasing commercial activities and its position as the new capital of Iran. The bulk of the city's population, therefore, was made up of migrants. They came primarily from small towns, and a considerable portion of them have been reported as merchants, though many came from different tribes. In a report written in 1896, Thomas Gordon stated that "people who have money to spend appear to be attracted more than ever to the capital. Those who before were

content with the provincial towns now build houses in Teheran" (Gordon, 1896:65). People from Shahsawan, Afshar, Kangarlu, and Qara Guslu tribes moved to Teheran between 1870 and 1880 (U.K. Government of India, 1885:457). Thus, the groups of unskilled laborers, most of whom had been peasants and nomads grew up in the capital.

Major landlords were also attracted to the new capital, as well as tribal chieftains and other dignitaries who deemed it necessary to be close to the center of power (Firozi, 1977:342). As a result, Teheran was gradually transformed from a small village near Raj--before the nineteenth century--to the largest city at the turn of the century.

Tabriz became the largest city after the mid-nineteenth century. But during the late nineteenth and into the early twentieth centuries, migrations decreased substantially as the commercial importance of Tabriz declined (since this was affected by the lessening of trade along the Trebizond-Tabriz route) (Issawi, 1970:22-7).

The average annual growth rate of the other major towns bears witness to a substantial growth in their commercial activities (Itimad al-Saltana, 1888:90).

In terms of regional and interregional movements, in addition to the migration of peasants from one village to another (Curzon, 1966: Vol. II:491; Balfour, 1922:22), and migrations of nomads between their winter and summer quarters, two interregional movements took place. In

1871-72, many thousands of townsmen and peasants migrated from the southern and central provinces to the Caspian littoral in search of food. In the vicinity of Rasht-- a provincial city in Gilan--20,000 to 30,000 people arrived (Abbott, 1871). In the 1890's, a movement of peasants from Azarbaijan and, to a lesser extent, from Kirman and Yazd, to villages in the northeastern regions of Iran took place (MacLean, 1904). This movement was caused by an economic depression in Azarbaijan and certain districts in the central and southern provinces, on the one hand, and increasing economic activities in Khorasan, where the cotton cultivation was increased to meet Russia's demand for this commodity.

The major migration phenomenon in this period was the growth of migration to neighboring countries, particularly to Russia. Hundreds of thousands of peasants, craftsmen and the urban poor populations moved to various parts of Russia, where the oil field industries, railroad construction and mining activities were in operation. This was the largest voluntary movement to take place at the time, and originated in the northern, western and eastern provinces. Table 6 (on the following page), has been derived from Abduleau's data which are based on Russian archives.

Table 6

Migration from Iran to Russia in the Late 19th and
Early 20th Centuries

Year	No. of Visas granted in Tabriz/Uromieh for Russia	No. of Iranians working non-oil ind. in Russia	No. of Iranians workers in Baku oil fields	% of Iranian workers in oil ind. in Russia
1891	26,855	---	---	---
1893	---	---	770	11
1904	32,866	---	5,222	22.2
1904	54,846 ^a	---	---	---
1905	300,000	5,150	---	---
1911	193,000	---	---	---
1912	---	---	---	29.1
1915	---	---	13,500 ^b (27.5%)	---

^aIncludes only unskilled workers

^bPercentage of Iranians to Russian workers

Source: Compiled from Abdureau (1963)

Other data on the immigration to Russia which is presented by Gilbar (based on Entrier), indicates that between 1876 and 1890, some 195,000 Iranians immigrated to Russia legally. In 1896 alone, over 56,000 legal emigrants entered Russia. Between 1900-13, about 1.765 million Iranians legally left for that country. But if the number of illegal migrants is taken into account, the figures would be much higher than that (Entrier, 1965:60, in Gilbar, Ibid.). Many of these emigrants returned home after a few years. The data indicate that 1.412 million Iranians returned from Russia between 1900 and 1913.

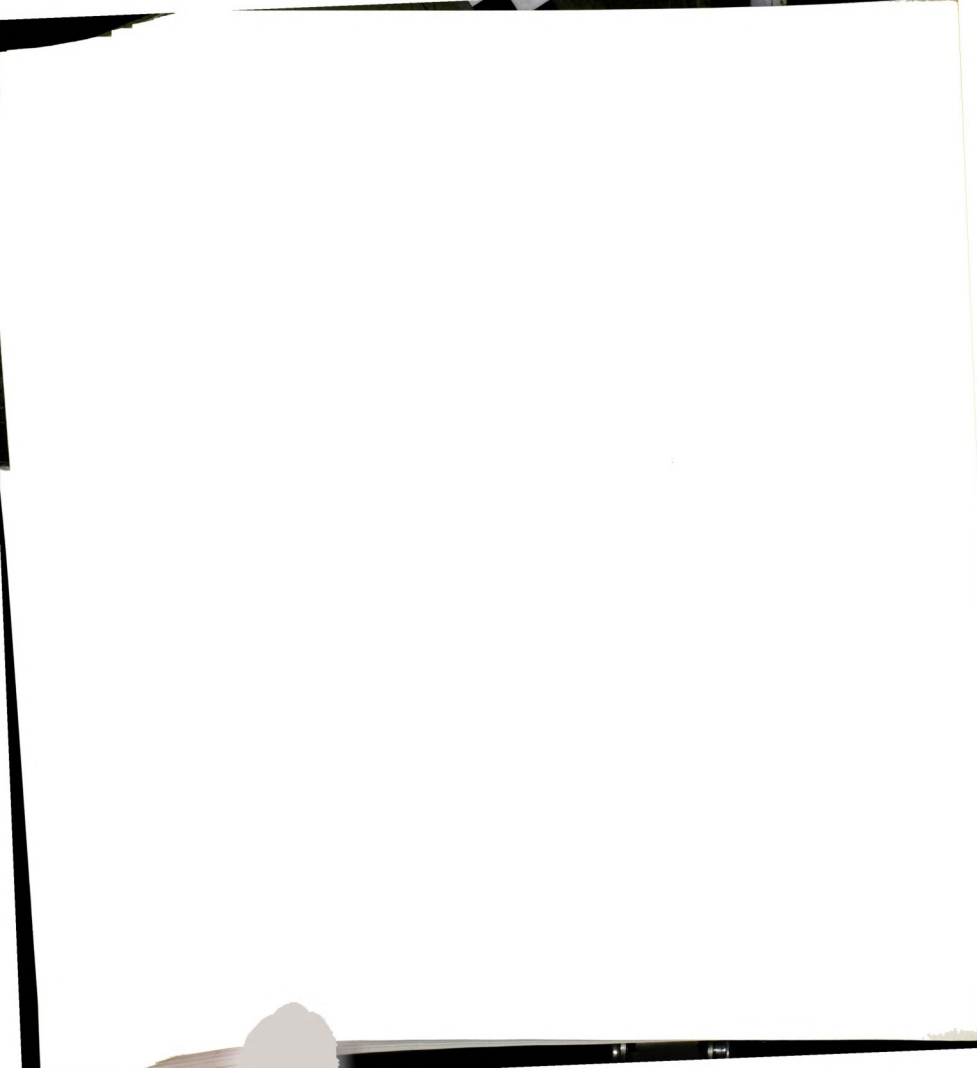
Migration from semi-colonial Iran to capitalist Russia was based on the rapid economic growth of the latter. The development of oil fields, the construction of the

Transcaspiian Railway, and various mining enterprises became a major source of migration movement. However, not all emigrants engaged in industry; rather, they were involved in many different jobs in Russia. Gordon, who visited Russian Caspian provinces several times, wrote in 1896:

Baku swarms with Persians, resident and migratory. They are seen everywhere--as shopkeepers, mechanics, masons, carpenters, coachmen, carterers, and laborers, all in a bustle of business... Most of the new buildings in Tiflis were built by Persians and thousands were engaged in the construction of the Trans-Caspian Railway. The permanent workmen now employed on it are largely Persians, and Ashkhabad... has a resident population of over twelve thousands. There are said to be twenty thousands of Persians, from the provinces of Azarbaijan and Hamadan working last summer (1895) on the new railway from Tiflis to Alexandropol and Kars, now being built, and doubtless many of them will permanently settle on the line... Persian porters are to be found (as far as) Petrovsk and Astrachain (Gordon, 1896:8-10).

The increasing demand for workers in Russia led to the establishment of offices in rural Iran to register the laborers for export. Mannanov reports that in 1909 there were 25 offices established in the villages of Khorasan to issue passports to Russia (Mannanov, 1958, in Issawi, 1970:52).

Migration to other countries also increased during this period, with significant movement to Herat, Karachi, Muscat, Zanzibar, India, Turkey, and Syria (Abduleau, op cit). Iranian trading communities could be found in most major commercial centers in the adjacent countries (Fasai,



1894:332). However, there was a difference in the structure of migration to Russia and to the Middle East and India.

First, the size of the migratory movement to the latter countries was far lower than to Russia. Second, the Iranian migration to Russia consisted of artisans, peasants and nomads who left the country temporarily with the aim of saving money, whereas migration to the Middle East and India was of merchants or those who engaged in trade after they had established themselves in their new place of residence. According to Malikzada:

In the beginning of the twentieth century, most Persians living outside of the country were, with the exception of the Russian Caspian provinces, concentrated in the major commercial centers of the adjacent territories, and were engaged almost exclusively in commerce. To a great extent they were agents and representatives of large Persian import and export trading firms (Malikzada, 1949:28).

However, there are also reports indicating that many poor people, among them peasants, crossed the border and entered these countries illegally (Issawi, op cit:42-52).

In terms of an agricultural labor force, according to several records, the decline in the peasantry and in agricultural production was affected by the penetration of colonial forces which caused a decrease in the size and proportion of this group of the population. According to Thomson, the agricultural labor force declined 10-15 percent during the beginning of the twentieth century,

in comparison with the 1860's (Thomson, 1968:248-50). Such a decline can be estimated from other trends including the growth of the proportion of the urban population, an increase in commercial and service activities, and the migration of peasants to join the industrial labor force. Many of the poor people found in and around the large cities were peasants (Abduleau, op cit).

Finally, immigration of European merchants and officials can be observed in this period. Most of the travelers of the late nineteenth century indicated that European mercantile activities in Iran's economic community were very visible (Curzon, 1966: Vol. I:334; Abbott, 1872: Vol. :299). The number of Europeans increased from 150 in the mid-nineteenth century to 800 in 1890 (Issawi, op cit:23), and some 1,000 in 1901, and to 1,200 in 1904 (Gilbar, op cit:154). The growth of these European residencies was caused by the increasing commercial activity of European firms and merchants (Curzon: op cit: Vol. I:334).

An overview of the process of socio-economic development in the nineteenth century shows several distinct features. First, Western penetration into Iran dissolved the pre-capitalist social formation, and brought about new social relations in the political and economic structure of Iran including the intensification of certain commercial activities stimulated by foreign goods, and the development of industries. Second, the new situation

undermined the traditional industries and the agricultural sector because they were unable to compete with the increasing importation of foreign goods. Third, the sectorial unevenness was the result of concentrations of economic activities in some areas, while failing to improve peasant conditions and leaving craftsmen and the traditional labor force without ways to provide their own livelihoods. Fourth, increasing commercial activities intensified commercial traffic through the international routes, and gave rise to commercial, or "entrepote," cities where a part of the surplus could be circulated. The rise of these cities undermined the position of other ones by preventing the surplus from being distributed proportionately.

All these changes contributed to a displacement of the population from the sources where they were reared to areas of concentration. Moreover, the surplus extracted by the forces of capitalism did not circulate within the country, but were accumulated in the capitalist centers of Britain, Russia and other European countries. Semi-colonialism in Iran, therefore, did not experience the major industrial development going on at the same time in capitalist Russia and Europe, both of which were well ahead of Iran on the road to economic growth.

Under the political and economic semi-colonialist system, the following patterns of migration can be observed. The first was intra-sectoral migration, that is,

the migration of merchants and traders to large cities such as Teheran, Tabriz and Isfahan, where foreign commercial activities provided opportunities for better trading. A mercantile migration also took place in the external direction, toward Karachi, Bombay, Bukhara, and others, making them major centers for trading communities. This pattern appeared to be the dominant type during the second half of the nineteenth century.

Another intra-sectoral migration was that of the peasants to other rural areas for seasonal or manual work. This type of migration could be found where villages were more concentrated within a region, such as in the north. However, there are no figures to illustrate this phenomenon except a few records. Nevertheless, because of social and physical barriers, this kind of movement would be less extensive than other types.

A form of inter-sectoral migration was that of the labor force--particularly craftsmen and artisans--into the modern sector. This appeared in the late nineteenth century, and marked the incipient stage of the formation of a modern working class. Over a million people who migrated to the Russian oil fields and other industrial areas came from different sectors of the economy to the modern one. However, such a development of the labor force was more the result of the economic development of Russian capitalism than of the semi-colonialism of Iran.



Nevertheless, migration toward the modern sector was a progressive stage in the formation of a working class population.

This pattern of migration also reveals that the modern Iranian working class had found three sources of labor: the peasantry was the main source, followed by the traditional working class, and then the urban poor. In fact, migration appeared as the essence of the new social category--the proletariat--which enabled the peasants and the traditional workers to sell their labor in the created market.

Semi-colonialism as compared to the pre-capitalist social formation explains some of the distinct features in terms of population movement. First, the dissolution of the previous mode of production released that part of the labor force which had seen itself bonded to the immobile feudalist social relation. However, since the new social relations did not reach into all aspects of the socio-economic structure, it appeared to have a "dual" function: on the one hand, the surplus extracted through rent with the dominant type of Asiatic social relations, and on the other, the surplus was extracted through wage-labor which encouraged the development of productive forces. Second, the new social formation, despite its preservation of much of the characteristics of the pre-capitalist social

formation, broke down the barriers to the development of social forces, and enabled them to become a potential force for fundamental changes in the political and economic structure of the society.

CHAPTER THREE

A. THE BEGINNING OF MODERN INDUSTRIAL CAPITALISM

I. The Condition of the World Capitalist System

In the period between 1870 and 1930, capitalist expansion reached the stage which was known as Imperialism. This stage which, according to Lenin, was the highest stage of capitalism, was characterized by the dominance of monopolies, finance capital, the export of capital--rather than the export of commodities--and the formation of international monopolies (Lenin, 1966). The impact of this process on the peripheral countries was to transfer the mode of production and to give rise to a new social formation.

The transformation of pre-capitalist social formations took place in Iran through the constitution of semi-colonial situations to incorporate Iran into the world market. By the beginning of the twentieth century, Iran had gradually left behind the character of semi-colonialism, and had entered into a new situation: State Capitalism.

At the turn of the century, the growth of world trade had quickened in comparison to the previous three decades (Woytinsky, 1955), in which Britain was the principal trading country (Schlote, 1952:42-3; Magdoff, 1962:54-62). The basic changes in the international division of labor and the transformation of modes of production in most

peripheral nations was associated with this expansion of world trade. Britain kept its position as the outstanding foreign investor in the world until 1937. However, by that time, the expansion of Nazi Germany had taken the place of the English, and Germany's foreign trades exceeded those of Great Britain (Magdoff, 1965: 54-55). Competition between the capitalist nations which culminated with World War II also affected Iran, particularly in the late 1930's and the 1940's.

Reza Shah's attempt to escape the entanglements of Britain and Russia (by now, the Soviet Union) did not, however, lead him to establish an independent nation. Instead, his anti-British and anti-Soviet policies came together in his establishment of close relations with Nazi Germany by the end of the 1930's; this relationship outlasted the Second World War. Reza Shah was willing to help the Germans by allowing them to send troops through Iran in order to open a new front against Soviet Russia (Hurewitz, 1969:271-73). However, the occupation of Iran by a Soviet-British military unit ended both German supremacy in the war and Reza Shah's authority in Iran.

Iran's economic link with the external forces of capitalism during this period succeeded as capitalist-oriented development plans were implemented in the country. Despite Reza Shah's anti-British propaganda, trade with that country accounted for the majority of Iranian trade in the 1920's, while trade with the Soviet Union was reduced



substantially (Bharier, 1971:102-16). Nevertheless, Britain's major interest in Iran lay in the Anglo-Iranian Oil Company, which was largely owned by English investors. Reza Shah's emphasis on the construction of roads in the south also strengthened British-Iranian trade (Keddie, 1981:106). In the absence of other valuable exports, this trade resulted in a negative balance of trade and a subsequent economic crisis during the 1930's which caused the Iranian currency to fall one-third (Ibid.). Consequently, heavy taxes were imposed on consumer goods which directly affected the majority of the Iranian people.

At the same time, economic relations with capitalist centers and the occupation of Iranian territory had devastating effects on the people. However, the temporary decline of the European capitalist countries because of World War II was a breakthrough for Iranian foreign relations. At this time the weakness of the central government--after the abdication of Reza Shah--and the absence of a dominant external power made possible the rise of political parties and organizations, and a demand for democratic rights by the people. Under such conditions, the national bourgeoisie became a nationalist movement whose seed had been planted in the nineteenth century and which cropped up in the early 1950's.

II. The Emergence of State Capitalism in Iran

Increasing foreign economic and political power in Iran, lack of reform, and a growing financial crisis at the end of the nineteenth century led to an anti-government movement composed of urban bourgeoisie and the petit bourgeoisie which included shopkeepers, craftsmen, artisans, merchants--and the liberal intellectuals. The movement, which was intensified by "anti-foreign" agitation by the ulama, culminated in the Constitutional Revolution in 1906.

The Constitutional Revolution succeeded in breaking down the old despotic regimes and giving Iran a constitutional structure. It also was able to divide the Shah's absolute power into legislative, executive and judicial powers. However, it failed to transfer political power to the domestic bourgeoisie. Except for the first session of the *Majlis* (Parliament), the majority of the deputies' seats fell into the hands of the feudals. Although the old monarchy had been undermined by the revolution, a power struggle between the old feudals, the bourgeoisie, petit bourgeoisie, and foreign forces continued for about a decade. Failure of democratic and radical movements in Azarbaijan, Khorasan and Gilan, on the one hand, and the effort of tribal leaders and feudals to control the political power in Parliament--backed by foreign forces--on the other, brought about an anarchic situation after the Constitutional Revolution of 1906-07.

In 1921, Reza Khan, the son of a small landowner and a former army colonel who had lived on a modest salary, emerged out of the anarchic post-revolutionary situation, and came to power by a British-sponsored coup d'état (Abrahamian, 1982:117-18; Keddie, 1981:87-88). This appeared to have ended the period of disintegration and anarchy.

Under the new Reza Shah, Iran implemented a series of efforts aimed at modernization and social changes entitled *Nazameh Jadid*--The New Order--the context of which was determined by the structural forces of imperialism. This period (1925-1941) can be considered a transitional one which instituted dependent capitalism by forming state capitalism. The government took the leading role in establishing the social and economic relations of capitalism by centralizing the State. Various economic and social reforms were implemented such as industrialization, modernization, educational reforms, and the like, all of which affected the class structure of the society and the position of the country in the world capitalist system.

The political and economic structure under state capitalism can be characterized as follows:

(a) The State

During this period, the State moved toward a strongly centralized power. However, this authority differed from previous traditional authoritarian

governments. While tribal kinship, the "divine rights" of the Shah and the traditional tribal army remained the driving forces behind the traditional authoritarian role of the Shah, Reza Shah consolidated his power on the basis of four major components: a new modernized army, the government bureaucracy, the strength of the court, and the ideology of nationalism.

From 1921 to 1941, an annual average of 33.5 percent of the total revenues were allocated to military needs (Banani, 1961). Between 1921 and 1941, the defense budget increased more than five-fold (Abrahamian, 1982:136). The Shah succeeded in building up a semi-modern army as an essential instrument of centralized authority. At this time, the armed forces were large enough to maintain authority (government).

The second means of Reza Shah's autocratic power was the new state bureaucracy which gradually replaced the traditional one. As Abrahamian stated, Reza Shah

Gradually transformed the haphazard collection of traditional *mustawfis*, hereditary *mirzas*, and central ministers without provincial ministries into some 90,000 full-time government personnel employed in ten civilian ministries of Interior, Foreign Affairs, Justice, Finance, Education, Trade, Post and Telegraph, Agriculture, Roads, and Industry. The Interior Ministry, which supervised the police, internal administration, medical services, elections, and military conscription was entirely reorganized (Abrahamian, Ibid:137).

The established bureaucracy, for the first time, could maintain a hierarchy through which a contract between state

and provincial towns, countries, and even some villages was made possible. At the top of this hierarchy were the ministries which formed the cabinet under direct control of the Shah. Like the army, the bureaucracy grew progressively, and appeared as a force supporting the central authority (Keddie, 1981:95).

Allocation of so much of the national budget for military purposes, moreover, resulted in an expansion of the Westernized army to such an extent that, by 1941, the Iranian army could mobilize 400,000 organized men (Banani, op cit). The majority of these young men were from rural areas and tribes. Their assignments to different parts of the country provided a temporary compulsory change in place of residence. During this period, Iranian officers were sent abroad for training, and the army began to form into different brigades, divisions and units which developed with its quasi-modernization.

The military elite gradually took a position in Reza Shah's regime which gave them the advantage of a better standard of living and high salaries while enjoying favors provided by the monarch (Abrahamian, op cit). Reza Shah took command of the army, and built an efficient chain of command from his military office to the various parts of the army.

A further strength of the Shah came from wealth accumulated by confiscating land and investing in industries (Wilber, 1975:243-44), and by becoming a protector and benefactor to the loyalties in the court. In this way, the interests of the upper elements of the bureaucracy and the military were linked with the interests of the Shah to support the status quo.

Finally, the unification of the country appeared as an important instrument to consolidate the power of village communities, tribes, religious authority, and urban social forces through the ideology of nationalism subordinated the role of these forces in the political community of the country. This new ideology identified the different groups, segments and individuals with the Iranian nation and Reza Shah himself as "anti-foreign" figures.

(b) The Economic Policy and Social Reforms

Iran's economic policy in this period was oriented toward state capitalism. This meant that the government was directly involved with economic activities including monopolies, foreign trade, the establishment of state banks, commercial agencies, the installation of state-owned industries, and the creation of the state-owned Trans-Iranian railway system. Such a

policy made the state the major monopoly in urban economic activity.

According to government sources, 33% of imports and 49% of the exports were controlled by state monopolies by 1936 (Bank-i Melli Bulletin, 1936:6). In addition, several state banks, commercial agencies, industrial units such as sugar, cotton, textiles, cement, chemicals and the like, were established which led the state to emerge as the largest industrial, financial and commercial bureaucratic corporation in the country. The state capitalism which implemented these new policies transferred Iran from the hand of the feudal and tribal elements that had dominated the country for centuries into the grip of the bourgeoisie. These policies can be summarized as follows:

(i) The Policy of Industrialization and Modernization

Industrialization and modernization constituted the major activities of the state at this time. Attempts at industrialization began in the late 1920's when Iran appeared to be one of the most backward agrarian countries in the world.

Major emphasis was placed on the construction of roads and heavy industrial projects. The strategic military considerations remained

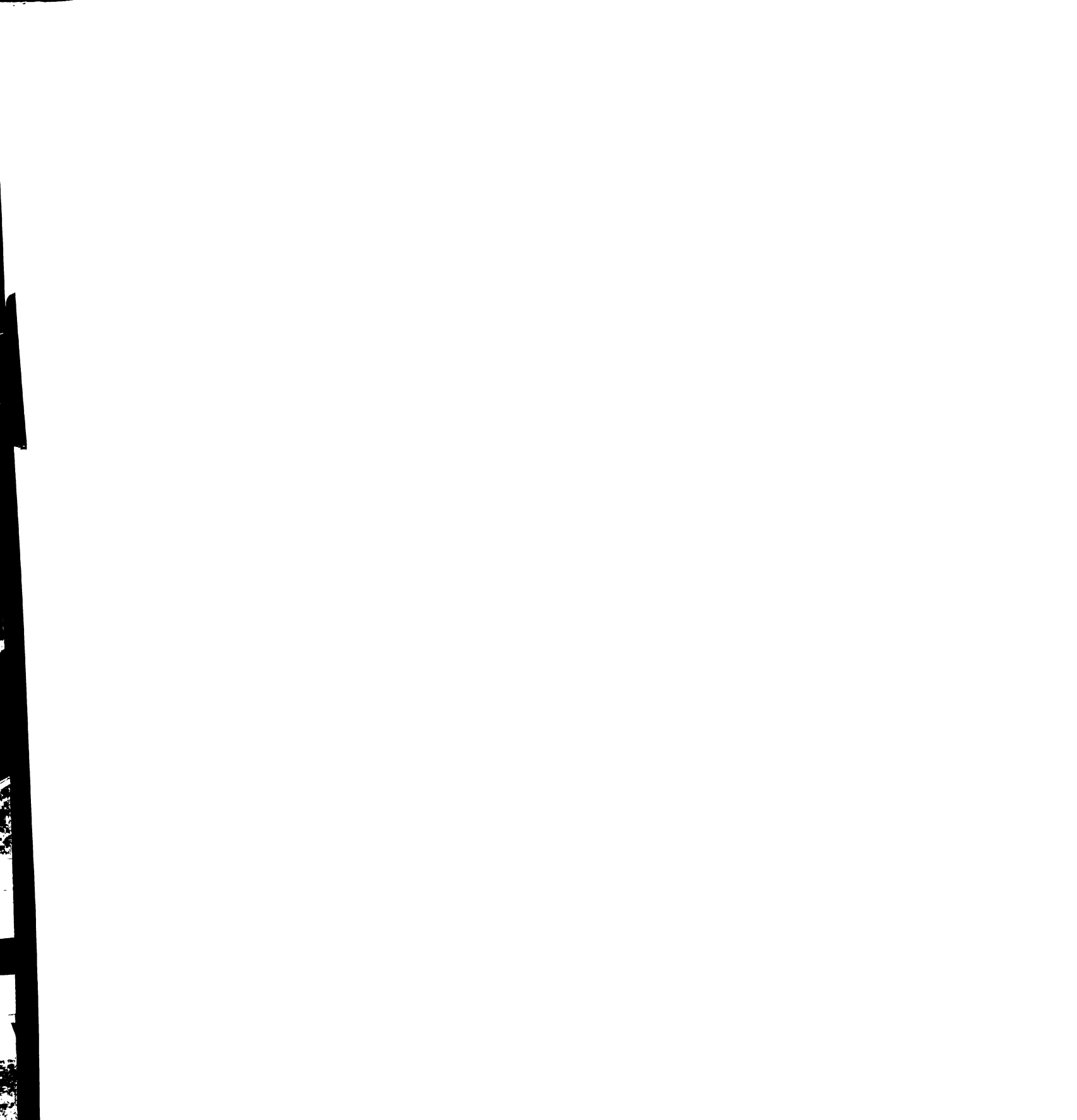
a priority motivation for both industry and transportation development. The first project was the Trans-Iranian Railway which connected the Caspian port of Bandar Shah in the north to the Persian Gulf port of Bandar Shahpour in the south. Later, the West-East Railroad crossed the North-South Railway at Teheran which accounted for a total of 1,000 miles. These tracks were constructed by German, British, American, and several other European engineers which later contributed to the building of the roads (Abrahamian, Ibid:146). A Ministry of Roads was established, and the length of highways increased from 2,000 miles in 1925 to 14,000 miles in 1941. Most of these roads were built primarily for military purposes, as well as for the infrastructure for economic development (Ibid.; Keddie, 1981:99). Simultaneously, the importation of motor vehicles rose from about 600 in 1928 to about 25,000 in 1942 (Wilber, 1948:143-44) which incorporated the circulation of goods, as well as increasing the government's military and political control over different parts of the country.

Industrial activity also first began in the fields of textile, cement, sugar, and steel-making plants. Between 1933 and 1940, the number

of registered firms and industrial units increased from 93 to 1,725, and their total capital investment expanded from 143 million to 1,869 million riales. Whereas in 1925 five of twenty modern industrial plants were large--having more than 50 workers--in 1941 the number of modern industries increased to 346, of which 146 were the large installations (Abrahamian, 1982:146-47). The heavy industries were owned either by the Shah or the government.

The industrial units were concentrated in Teheran, with 43% of the large industries, while Isfahan had 6% of the large industries. The rest were distributed among Mashhad, Shiraz, Yazd, Ahvaz, Bushihr, Kashan, and Chalus, where most of the leading industries were for textiles. However, the production from these factories was much below the nation's needs. For example, textile factories only produced 14% of the demand, and sugar refineries could only produce 29% of the total domestic needs (Tabari, 1956).

Another industrial development in this era was the exploitation of the oil industry. Although the largest refinery in the world was established in Abadan, and despite the increasing commercial operation and exploration for oil, the industry itself was not integrated into



the Iranian economy. While oil production increased from 2.3 million metric tons in 1921 to 17 million metric tons by 1945 (Issawi and Yeganeh, 1962:140-51), only small parts of the profits were turned over to the government, and of that money, most was spent on the continued modernization of the military (Elwell-Sutton, 1955:84).

Although industrialization during Reza Shah was a breakthrough for the economic development of Iran, it did not have much effect on the national economy. The figures show that despite huge revenues from oil, 80% of the government's revenue came instead from Customs excise duties by 1941 (Issawi and Yeganeh, Ibid.) which indicates that neither industrialization nor oil production had been able to lift Iran from the very low level at which it found itself after World War II.

The drive to establish capitalist social relations required the major participation of technocrats and educated people. Several reforms in the educational field were carried out to improve this situation. The opening of Teheran University, increasing the number of schools, and sending students to European countries for higher education and technical training were

part of the major modernization program undertaken at this time. The number of schools increased from 612 in 1923 to 8,036 in 1938, and the number of students rose from 47,236 to 55,131 at the same period (Hamzavi, 1942:422-23). Also by 1938, some of these students were being sent abroad for higher education.

Equipped with an organized military, new bureaucracy and administration, and court patronage, Reza Shah succeeded in keeping a segment of the old upper class on his side, but he failed to retain any significant support from the traditional middle class and lower class including the petit bourgeoisie, the working class, and the peasants. In fact, the lower classes paid the major price for Reza Shah's policies while it was totally ignored and kept from enjoying the first fruits of modernization, industrialization and social reforms. This was because, in spite of Reza Shah's outward economic policies and his drive to modernization, he was unable to integrate the economy which remained unbalanced.

(ii) The Agricultural Development Policy
and the Conditions of the Peasants

The agrarian structure of Iran remained the key problem because of low productivity, primitive methods and a lack of government support. The peasant and tribe masses--who made up 90% of Iran's population in the late 1920's--were excluded from reform measures, but at the same time, made to bear the heavy tax burden which was required for the modernization plan (Iambton, 1953:178-93). But in contrast to the peasants' position, the landlords enjoyed government support when it strengthened the old system encouraging large private land ownership while 95-98% of the agricultural population was reportedly landless (Sanjub, 1934:117, 127, 138; Keddie, 1981:103).

One of the major developments in the pattern of the landholding system in this period was the growing private ownership of land in large amounts. The development of the international market for local agricultural products such as cotton, opium, tea, and the like, gave the landowners new opportunities to expand their properties. The state took several important steps in supporting this. First was compulsory registration of land properties by the owners.

The Department of Registration required the border of the land or village to be registered by the owner or owners. A written statement from the neighboring village or villages could prove that certain pieces of land belonged to the claimant or claimants. This meant that expropriation of land which had begun in the mid-nineteenth century became legalized through such land registration procedures. The land could be considered as an individual's private property if it had been in his continuous possession for 30 years or more (Lambton, 1953:182-83). This code was supplemented by successive codes in 1928, 1929 and 1931, and strengthened the position of the landlords, who were able to register land to which peasants had old titles by using their influence in the courts and bureaucracy (Ibid:297). New landlords emerged, and the old ones became richer. The large landowners and the influential could register the most prosperous villages in their areas, or those with the highest annual rainfall (Ibid:269-71), and did so. Reza Shah himself became the largest landowner in the country by possessing 2,167 villages including the best lands throughout the country. The villages provided him with an annual income of \$4.3-5 million (U.S. Army,

1963:443). These codes brought further concentration of the land into the hands of the landlords. The royal families, together with the large landowners and tribal Khans, owned about 80% of the cultivatable lands, pastures and forests throughout the country (Ivariu, 1977:70). By 1950, about 80% of the gross national product still came from agricultural output. Out of this, it is estimated that only 20% of the agricultural products came from small properties--the peasant cultivators. One report estimated that, by 1950, the royal family had appropriated over 53,000 cultivatable hectares, and 27,000 hectares in fallow lands in which about 300,000 had been settled (Ettelaat, 1950).

The second step encouraging private landownership (*Arabi* land) was the sale of state and crown lands (*Khaliseh*) to private individuals. As of 1931, various laws were passed to sell *Khaliseh* to the highest bidder in different parts of the country (Lambton, 1953:240-45). She states,

The minimum price was to be ten times the average annual value of the crops for the three years immediately preceding the sale. Properties worth less than 50,000 rs., (approximately £ 294) were to be sold for cash and others were to be paid for in installments over five years provided a first payment of a quarter of the value or at least 50,000 rs was made (Lambton, 1953:240).

Therefore, only previous owners and rich individuals could afford to purchase the land, thus making their properties larger. As a result, the private ownership of land became institutionalized. This situations even penetrated into the tribes and pastured nomads.

Finally, the development of a capitalist farming system with cash crop production brought another element into the land tenure system at this time. The government exempted agricultural machinery from customs duties and cash crops from taxes. In this way, the cash crop producers--rich farmers and the owners who could afford to purchase the machinery--found a favorable protection.

Consequently, Reza Shah's policy of land tenure and agricultural development concentrated the land back into the hands of the landowners. But although the power of the big feudals and tribal chiefs was reduced in this period, the large landownership did not pose a threat to the central authority because of the emergence of Reza Shah as the biggest landowner of all. Furthermore, the expanding bureaucracy and the military could carry the government into most parts of the country, thereby substantially

reducing the power of the tribal chiefs and the feudal elements in the political community.

In summation, the political and economic structure of Iran under Reza Shah manifested itself by state capitalism in which the state emerged as a major monopoly. However, the state was also composed of the big landlords and the feudals who were associated with and sometimes were identified as the new bureaucrats and the military elite, which can be characterized by a bourgeoisie-feudal structure. Reza Shah not only emerged as the biggest landowner, but also one of the main industrial shareholders.

The government therefore extracted surplus from both industrial and land units, and added a new tax system. The bureaucracy became the chief instrument for collecting taxes which, along with the government's policy of exerting fiscal pressure on consumers, reinforced its strength. The new land policies also transferred agricultural taxes from the landowners to the peasant cultivators. These taxes were collected by the new landlord's appointee, the *Kadkhoda* (village headman). The landlords, who were largely influential in government bureaucracy and particularly in Parliament, could easily escape taxation (Abrahamian, 1982; Keddie, 1981). The general condition of the Iranian people was not actually much better than that of the peasants. One observer indicated that, "by the time of the outbreak of World War II, the economic position of the

average Iranian was considerably and chronically worse than it had been in 1925" (Cooke, 1952:238). However, Reza Shah's modernization policy restructuring the society by bringing in the bourgeoisie elements into the political and economic systems and by reinforcing the feudal-bourgeoisie social class on which he could rely.

III. The Impact of State Capitalism on Class Structure

The emergence of state capitalism and Reza Shah's policy of modernization and industrialization stratified Iranian class structure. A new urban middle class which included bureaucrats and technocrats rose and expanded in this period. The new situation also restructured the political power by adding new elements in the ruling class--bureaucrats and technocrats vis-a-vis the landowning class and tribal chiefs. In addition, the new policy of modernization and industrialization gave rise to the growth of a dependent bourgeoisie, and the emergence of a group of contractors and profiteers whose interests were linked with the interests of the Court and high-ranking officials (Ashraf, 1971:68). Finally, state capitalism gave rise to the growth of the industrial working class which expanded in the late 1930's. The ruling class which was composed of the landowning and bourgeoisie classes accumulated wealth and capital not only through the confiscation of land and related activities, but also through bourgeoisie activity. Reza Shah, the son of a small landholder,

became the largest landowner within less than two decades by confiscating lands and villages from their legal owners (U.S. Army, 1975:443). Monopolies established under exclusive government control increased the state's commercial activities. Large merchants joined the government and formed semi-official trade monopolies in which they enjoyed government protection while shifting the burdens and crises to small merchants and the consumers (Keddie, 1981:107). Moreover, investment in the industries made it possible for further capitalist activities to be undertaken by elements of the ruling class, at the top of which was Reza Shah.

Another significant change in the class structure of Iranian society that took place at this time was the rise of the middle class bourgeoisie which became an instrument of modernization. As a result of educational reform, industrialization and modernization, a group of intellectuals, profiteers, contractors, and bureaucrats began to grow, but were subordinate to and dependent upon the central authority. This group benefited from the outcome of the modernization policies. However, the middle class was not as large as the ruling class; however, both landowners and the industrially-oriented created demands and required services which tended to preserve the technocrats and professionals (Bill, 1964:56).

The most neglected and longest-suffering class under Reza Shah were the peasant and working classes. The peasant

class was the largest productive labor force in the country. The policies of modernization and social reform did not even touch this segment of the population; rather, increased economic strain brought them a very low standard of living (Hayden, 1949). Keddie states that the weakest point in Reza Shah's modernization and industrialization policies was the encouragement of landlordism and the decline of rural standards. The former was the result of the confiscation of land and its further concentration in the hands of privileged figures; the latter was intensified by the imposition of more and more taxes.

Two kinds of taxes put a heavy economic strain on the rural population. The first was the indirect tax levied on consumer items such as sugar, tea and tobacco which had a high consumption among in the rural areas, and the direct tax on cultivators which was previously levied on the landowners. Combined with the concentration of land in the hands of new and old landlords, a major strain was imposed on the peasants' economic situation (Ivanu, 1977:70).

Modernization and industrialization did not, however, result in fundamental socio-economic changes in this period, and the society in which agriculture still employed almost 90% of its working people was characterized as an agrarian structure. The peasant class was composed of three major elements: small proprietors, sharecroppers and landless peasants. The peasant proprietor worked primarily

as a family, and their properties were too small to meet the needs of the families unless supplemented by some income from outside, such as casual labor on the roads, weaving, etc. (Lambton, 1953:277). State capitalism severely dispositioned this productive social group. A natural disaster could cause them to slide into the category of the landless peasant, if their land was not confiscated or sold to pay debts. Lambton points out that,

The tendency for the peasant proprietor to lose land to merchants, speculators, and others after a bad year or series of bad years would seem to be relatively widespread. Merchants and others from the towns or their agents are often met with in the country after a bad year looking for possible bargains in land. Further, money-lending at exorbitant rates of interest by merchants and others to the peasant proprietor to tide him over bad times frequently ends in a loss of the latter's land to the money-lenders. Similarly, the landowners often buy up land owned by neighboring peasant proprietors in such circumstances (Lambton, 1953:277).

This group of peasants could be found in different parts of the country, but it was not a widespread phenomenon. Their activities were not limited to their villages; rather, they sought to find work in other places, even if they had to move further distances. Jamalzadeh refers to them as "a veritable army of wandering agricultural workers" (Jamalzadeh, 1935).

The second category was the sharecropping peasant, or tenant, who comprised the vast majority of the peasant class. Although they were also landless, they worked on the land by virtue of a contract for a specific or even

an unspecified period of time. The sharecropping agreement constituted one of the basic relations between landowner and peasant. Traditionally, five elements were necessary for crop production: land, water, draught animals, seed, and labor. In theory, each element equaled one share, and went to whichever of the parties provided it. The peasant usually provided one or two shares, and took one-fifth or two-fifths of the crop. This type of agreement was called *Muzaraeh*, the most widespread type of *Arbab-Raayati* relation.

The third category of peasants were the landless ones, those who did not own the land or who did not work on cultivation. This section of the peasant population was the most impoverished group in the rural community. They had to do *bigari* (unpaid labor) for the *arbab* (landowner) which left them in an inferior position in the community. There are no statistics to indicate the size of this population group in the first half of the twentieth century. However, a study conducted in 1934 revealed that private landowners held about 80% of the cultivated land, and the state and *vaqf* held 10% each. Half of this amount was in the hands of the largest landowners. However, 95 to 98% of the agricultural population was reportedly landless (Sondjabi, 1934). These figures include both the non-cultivator population and the sharecropping peasants who worked on *arbab* lands. The difference between these two groups is that the latter traditionally had the right to cultivation,

called *nasagh* (holder). Those who did not have such a right were called *Khuwshnishin* (landless), and included the non-cultivator population--traders, shopkeepers, manual laborers, and the like.

The development of the working class population was significant during this period. Between 1900 and 1925, only eight modern factories (mainly textile) were established in Iran (excluding the oil industry), five of which were located in Teheran. The total number of employees in these factories did not exceed 3,500 (Bharier, 1971:171). Other industries developed later in Tabriz, Isfahan, Mashhad, and similar cities. By 1928, Teheran had over 15,000 workers in various industrial workplaces (Ibid.).

However, the most important period of industrialization was between 1934 and 1938, during which the founding of new factories accelerated. These were often of the large-scale type, such as those already in Teheran and the other large cities. Along with the construction of the railway industries and the roads, these factories absorbed a considerable number of peasants and craftsmen into the working class population. By 1938, the number of workers absorbed into the state-owned factories and railway construction reached approximately 50,000, concentrated mostly in Teheran, Isfahan, Tabriz and, to some extent, Mashhad (Agricultural and Industrial Activity and Manpower in Iran, 1949:550-562; Abrahamian, 1982:146-47). By 1941, the industrial proletariat had grown rapidly, numbering 170,000

workers, and thus forming the modern proletariat (Abrahamian, 1981:213-14). However, that particular social group formed less than 4% of the total labor force, and remained concentrated in a few large cities.

Over 75% of the working class was concentrated in Teheran, Tabriz, Isfahan, Gilan, and Mozandoran. Distribution of this class was as follows: Teheran, 64,000 wage earners in the 62 modern industrial and a few handicrafts workshops; Isfahan, 1,100 in its nine large textile mills alone; the oil industry employed 16,000 workers in the refinery at Abadan, and another 4,000 at the drilling wells in Khazistan (Ibid.).

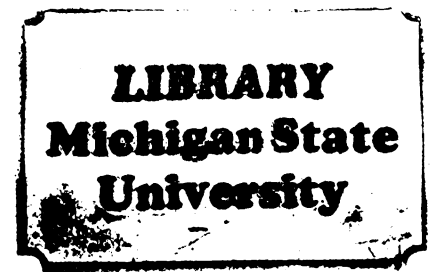
The traditional working class in Iran was also made up of a group which basically represented the guilds, a pre-industrial organization. By 1914, there were estimated to be 126,300 people employed in industrial and artisan activities, and half of them were in the carpet industry (Holiday, 1978:8). However, the number of carpet industry workers increased in 1937-38 (Pakdaman, 1976:245-50). This traditional working class has been the largest working class population in Iran, and one of the major sources of the modern working class which increased after the mid-1950's.

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IV. The Dynamics of Class Struggle

The major components which intensified class struggles during this period were the arbitrary rule of Reza Shah, his autocratic control of his regime through the nationwide hierarchy, and the economic gap created between the major segments of the population (privileged classes, middle class, working class, etc.). He suppressed any opposition, banned all political parties and organizations, and imposed total repression on the political atmosphere of the country. Reza Shah excluded the masses from political mobilization, prevented the development of a national consciousness, and kept the new middle class out of political participation. Already the development of foreign commercial activities undermined the potential social and economic development of the country, thus preventing the formation of a national bourgeoisie. Now, the emergence of state capitalism which was formed by the alliance between the comprador bourgeoisie, the large feudals, high-level bureaucrats, and in cooperation with foreign capital, generally suppressed the movement of national forces. The terrorization of intellectuals and political leaders, and the suppression of religious leaders and bazaaris in Teheran and several other cities continued in 1935-40 (Abrahamian, 1982:151-53). Therefore, Reza Shah's policies created a new middle class which was affected by modernization but was not committed to the ideas of national economic development (Ashraf, 1971:83), and which

ignored the traditional bourgeoisie, the petit bourgeoisie, and the working class. Consequently, he created a situation of "two cultures" (Keddie, 1981:111). The upper and new middle class favored the Westernized mode of life, and the traditional bourgeoisie became associated with anti-Westernization and anti-modernization. The monarchy supported the former class, and the religious leaders followed the latter including the bazaari and the peasants. The conflict between the two classes continued until the abdication of Reza Shah in 1941, and the foreign invasions of Iran during World War II.

Despite severe repression on the urban and rural masses, low wages, long working hours, heavy consumer taxes, and impoverished rural conditions, no effective movement could be formed except several strikes by Abadan refinery workers, textile mill workers in Isafan, and the like (Abrahamian, 1981:214). However, these situations drove the movement underground, though it resurfaced immediately after the abdication of the Shah.

B. THE ESTABLISHMENT OF IRAN-U.S.S RELATIONS AND THE NEW STRATEGY OF DEVELOPMENT

I. The Position of the United States in the World Capitalist System

The post-war period introduced a new form of domination in the world capitalist system which affected the

social formation of peripheries by restructuring their socio-economic relations and their political systems. The decline of European capitalist countries because of World War II transferred the new role of organizer and leader of the world capitalist system to the United States (Magdoff, 1969).

American big business emerged after World War II when the European capitalist system was seriously damaged, especially that of Britain and Germany. However, the decline of the capitalist center did not culminate in the breakup of the dependency relationships of the periphery to the center. Rather, the new task of world capitalism was to form a new organization of production to orient the economies of the periphery toward the center's needs, and to continue the economic and financial dependency of the former to the latter. In the post-war era, the United States undertook this task, and obtained the leadership of the world capitalist system. Such a role was assumed through several interrelated means, the first through the acceleration of capital exportation abroad. The United States came out as a superior capital exporter, when compared with other capitalist countries. Its accelerated rate of investment in foreign manufacturing ventures added a new dimension to the internationalization of money capital. The table on the following page illustrates the proportion of foreign investment by the leading capital exporting countries in different periods.

Table 7

Foreign Investments by Leading Capital Exporting Countries
in Selected Industrial Nations

Countries	Exportation of Capital			American Share in the Stock of Foreign Investment		
	1914	1930	1960	1962 France	1964 W. Ger.	1962 Britain
United Kingdom	50.3	43.8	24.5	12%	10%	--
France	22.2	8.4	4.7	--	7	2
Germany	17.3	2.6	1.1	3*	--	1*
Netherlands	3.1	5.5	4.2	11	17	2
Sweden	.3	1.3	.9	1	3	1
United States	6.3	35.3	59.1	45	34	72
Canada	.5	3.1	5.5	2	--	9

*West Germany

Source: Magdoff, 1969:59-60, extracted from Tables 11 and 12.

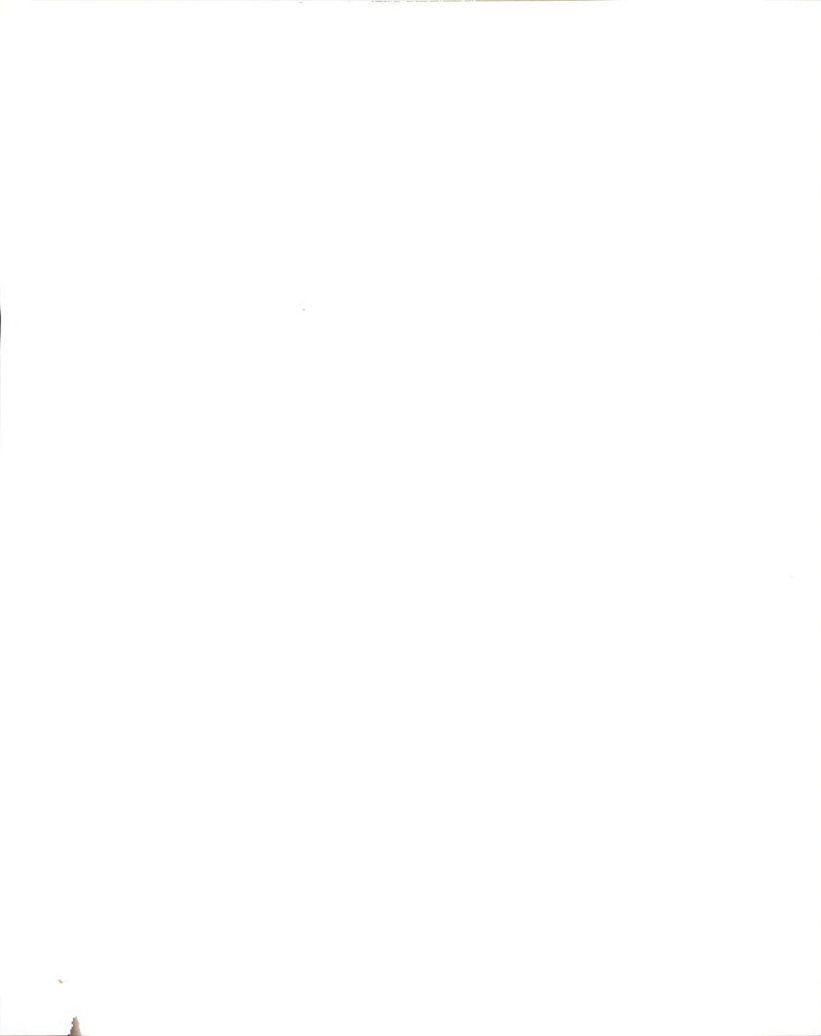
As the table illustrates, foreign investment from the United States accounted for almost 60% of the world total exporting capital in the post-war period, and its share on the stock market of selected capitalist countries had been the particularly highest.

This superiority of capital investment abroad allowed the United States, first, to compete directly in the foreign market, rather than merely through the exportation of manufactured goods, by manipulating international financial agencies. Second, rapid accumulation of capital and its superiority over other capitalist countries allowed the United States to take a major share of such international agencies as the World Bank and the International

Fund, thereby exercising its leadership role by implementing a capitalist-oriented development plan in the underdeveloped countries which seek international loans from those agencies; this maintains dependency relationships. Third, the United States also strengthened its position through the fulfillment of such aid programs as the Marshall Plan (for the rehabilitation of European countries after the war), the Four Point Program (aid for underdeveloped countries), and the like. Fourth, it maintained its position through strategic military coup d'états.

Indirect military intervention has been one of the major forms of domination of underdeveloped countries used in the new era of capitalist development in periphery countries as an "alternative" for the growing liberation movements. For example, between 1962 and 1968, 14 pro-U.S. coups d'états took place in Latin America, all in countries upon which the United States placed major reliance (Barnet, 1968:58; Cockcroft, 1972:115-16).

In terms of economic domination, two determinant factors led to the acceleration of export capital from the United States. First, the American economy tended to generate more surpluses, and it was more profitable to produce and export this abroad than to reinvest it in large-scale business at home. Second, the modern technology that the United States achieved required special raw materials, notably oil, as a vital energy source for gigantic new enterprises. However, the penetration of the United States



into the Middle East, and specifically Iran, should not be regarded merely in terms of the need for oil, although this could be very important. Rather, the geo-political situation of Iran, located as it is between the Soviet Union and the Persian Gulf, and the role that Iran assumed for "security" of the region, made the country a vital region for U.S. interests.

II. The Entrance of the United States and the Development of Dependent Capitalism

In order for the United States to be able to maintain a capitalist-oriented plan for the Iranian community, it necessarily had to constitute a dominant dependent bourgeoisie as the main alliance and a related socio-economic infrastructure for the new stage of capitalism. This is because the previous social formation, that is, the predominant traditional social and economic relations, were unable to create a condition for foreign capital investment and produce in adequate capacities for the consumption of foreign goods. In the previous social formation which was based on social and economic relations of the bourgeoisie and feudalism, the majority of the economically active population and the labor force needed for capitalist development lived in rural areas, where capitalist relations had not reached. Therefore, the long run strategic plan for the development of capitalism in Iran needed to be based on the development of a dependent bourgeoisie

to maintain a community of interests, with the bourgeoisie at the center, by means of politics and economic plans.

The pattern of penetration of U.S. foreign capital into underdeveloped countries in general (O'Conner, 1970), and Iran specifically, has a historic priority. In the first stage, it intended to invest in raw material production including necessary infrastructure investments. This type of investment tended to prepare a suitable situation under which the invested capital would be able to return a maximum profit. Therefore, foreign capital only invested in those branches that demanded for the metropolis, or facilitated the supply of certain raw materials required for the center. The development of large-scale projects with an emphasis on capital-intensive projects, rather than labor intensive plans in a country where the large segment of the population is engaged in the traditional sector, is much more the demand of multinational companies than the local priority.

At the second stage, foreign capital then invested in raw material processing to benefit from the cheap labor, and to reduce the outlay of transportation to maximize profits. Investment in food processing (reflected in the decline in agricultural production), investment in petrochemical industries and the like, are examples of this.

The third stage is involved with the investment in manufacturing, chiefly in the form of branch plants of the big enterprises at the centers such as automobile

plants, radio and television, and other appliances which are generally called *montagé* manufacturing. Basically, such investment aims to control markets by preparing opportunities for large corporations to expand the export market in the face of high tariffs. This also means a control of the market for parts, components and raw materials.

Finally, foreign investments may take the form of "multinational" investments to minimize the costs of production, that is, to establish production units in the periphery to which the bulk of its input is imported, and from which most of its output is exported without being integrated into the national economy.

The pattern of movement of capital from the United States into the Iranian socio-economic structure began through aid programs, technical assistance--mainly military--and other programs such as the Four Point Program (Amuzegar, 1960) as a channel for economic and political influence. President Kennedy explained the policy thusly:

Foreign aid is a method by which the United States maintains a position of influence and control around the world and sustains a good many countries which would definitely collapse, or pass into the Communist Bloc. (Address by President Kennedy before the Economic Club, New York City, December 1962).

The influence of the United States into the social, economic and political institutions of the Iranian community intensified through two major processes following World War II. First, it organized, managed and, hence, directed

the long-run economic plans; second, it managed and financed a military coup d'état. These attempts not only subordinated the political and economic community of the country, but also weakened the position of Britain as the most influential foreign force in the Iranian economic market and ruling class operations.

III. Outward-oriented Plans and the U.S. Strategy for Development

During the Truman and Eisenhower administrations, U.S. foreign policy paid a great deal of attention to the "vital interests" of the United States in Iran. In the late 1940's:

The Joint Chiefs of Staff considered that as a source of supply (oil), Iran is the area of major strategic interest to the United States... The United States strategic interests in Iran are closely related to the United States' strategic interests in the Near and Middle East area as a whole... (Foreign Relations of the United States, 1946:530).

Therefore, the vitality of Iran, its resources and geopolitical position, had already been known to the U.S., and thus any political and economic relations might be observed in that context. Oil became a vital source not only for American enterprises, but also for its European allies. Thus, despite the superficial contradictions between the interests of the United States and the European capitalist nations, the former was determined to protect the interests of the latter (U.S. Department of State, 1955:1).



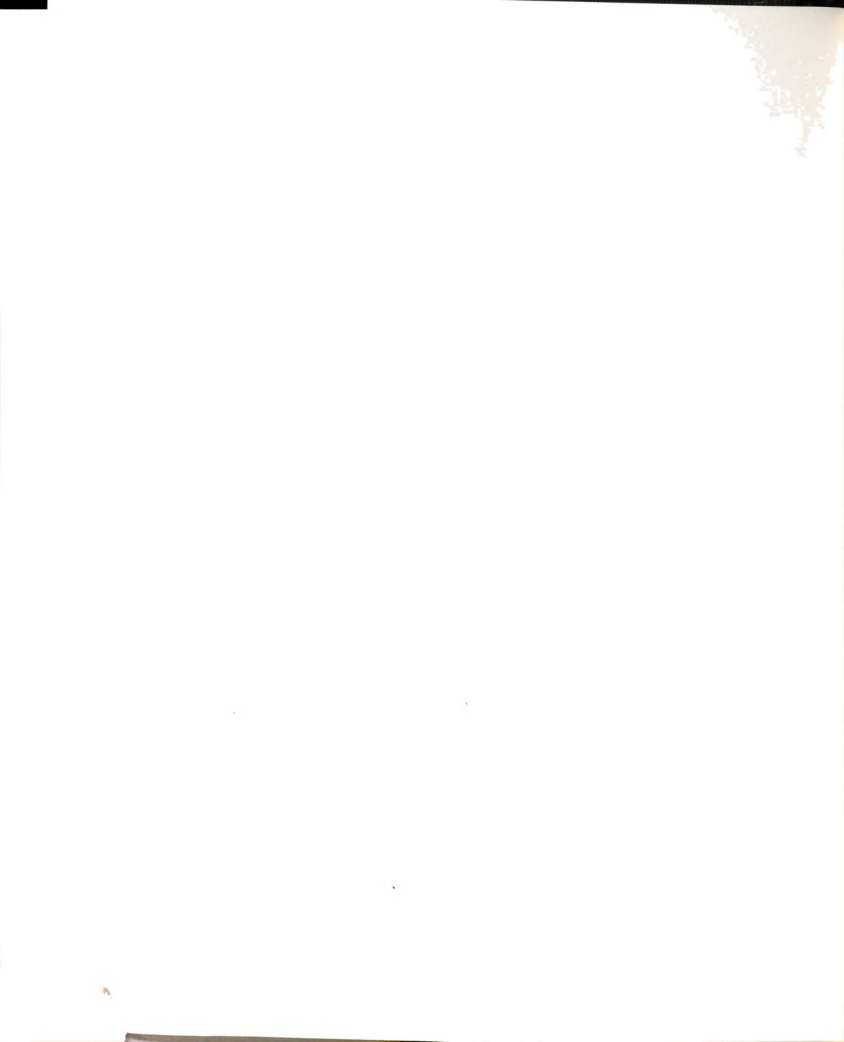
The active role of the United States in Iran was initiated immediately after the war, when American advisors were directly involved in social and economic affairs of the country. Iran's first development plan was designed and implemented by a group of American consultants, Morrison Knudsen International (Baldwin, 1967:25-26), and carried out by an organizational plan, an institution that was established by American advisors to form and to coordinate the human and natural resources for new development projects.

The first plan was prepared with the direct involvement of several American agencies including the American Embassy in Teheran, two American consulting firms, and the World Bank, and concluded in the Seven Years Plan law (Ibid:26). The most striking feature of the plan was its emphasis on the economies of infrastructures based on capital intensive projects such as dams, airports, railways, and the like, and the development of the oil industry as the main raw material production resource (Plan Organization, 1960). Priority in the first plan (and in the second) was given to agricultural projects. However, the project was neither intended to revitalize the rural economy nor to extend its programs to improve distribution of income and living standards for villages and, therefore, to increase output by supporting overall growth. Rather, the plan paid attention to developing capitalist farming by investment in capital intensive projects such as dams in



a few regions in a country where almost 70% of its population lived in the agrarian sector. The plan was also in favor of the large-scale agriculture which demonstrated a total ignorance of the poorer regions--the major area of Iran (Baldwin, 1967:76).

The development of the oil industries was another promising project which extended and intensified its operations in later plans. The first plan was put forward to place Iran in the international division of labor as an oil producer country and, therefore, extraverted its underdeveloped economy. Such development led the country to intensify its export activity on the basis of the external demand. Such an increasing demand of oil as a raw material required by big enterprises affected the course and conditioned the framework of development in underdeveloped nations. For example, the Iranian government needed loans to carry out several projects on a national level. When the government asked for financing of a loan for approximately \$250 million from the International Bank for Reconstruction and Development (IBRD), the Bank responded that unless the individual projects were already validated by the lender institution, IBRD, they would not guarantee such a loan (Ibid:26). The projects, of course, were required to be standardized according to IBRD's measurements. The establishment of the First Seven Years' Plan, in fact, met those requirements. Loans and technical assistance were later guaranteed to reconstruct Iran as a new client



of the United States. For example, the Four Point Program was an aid under the Truman doctrine which was only a small part of the total American aid to Iran (Amuzegar, op cit). It was claimed that the purpose of the Four Point Program was:

...to maintain the security and promote the foreign policy of the United States by authorizing military, economic and technical assistance to friendly countries to strengthen the mutual security and individual and collective defense of the free world, to develop their resources in the interest of their security and independence and national interest of the United States and to facilitate the effective participation of these countries in the United Nations system of collective security (Ibid:47).

To achieve these goals, the United States formed and managed a center of policy-making for economic development through the advisory groups, and with a number of pro-American Iranian economists to direct the long run development programs. In this regard, plan organization, the main organizational form of new development policy, was established (Baldwin, op cit).

However, at the same time that Iran stepped forward to maintain closer ties with the United States, through new economic development policies, the influence of Britain which had received the most damage in the war, was weakened both economically and politically. This situation provided an opportunity for a national bourgeoisie to strengthen itself, and to demand the exit of British companies and the nationalization of Iranian oil. This movement was another step forward for the national bourgeoisie which,



for a short period of time, interrupted the pattern of development introduced by the United States, and attempted to organize a program in favor of the majority of the urban social force and the peasants against feudalism, comprador bourgeoisie and foreign domination.

IV. The Rise of the National Bourgeoisie

The national bourgeoisie--including the intellectual middle class, middle rank merchant bazaaris, teachers, middle rank bureaucrats, and part of the petit bourgeoisie--which had failed to establish its political power since the constitutional revolution, was now in the position of being able to realize its political and economic aspirations. The 1940's and early 1950's gave the national bourgeoisie its major strength in its political struggle against foreign monopolies and their alliances in the country.

Between 1941 and 1950, the instability of the Iranian government, on the one hand, and the engagement of the super powers on the other, gave some impetus to local production and prepared a condition for the development of national products. After the war, domestic industries could well increase their production and compete with foreign goods. Therefore, the national bourgeoisie became much more confident than ever before.

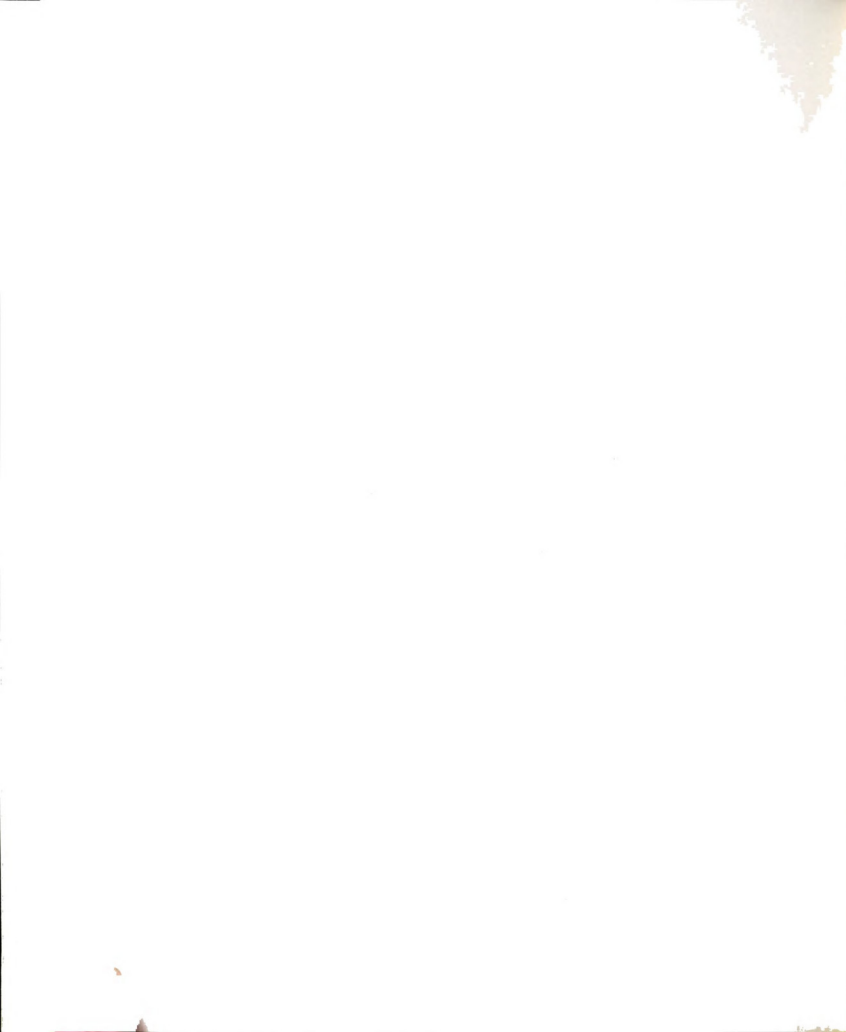
The affect of the war and the occupation of Iran by the Allies during World War II was extremely devastating. Inflation resulted from the presence of foreign troops,



along with a shortage of food. The exploitation of the peasants was especially harsh, because they were taken from their villages and their labor used by the army. This brought about a state of famine, and pushed many peasants from their villages to the cities. Therefore, both political events, unfavorable economic situations, and the relatively democratic atmosphere which was created in this decade allowed the rise of political organizations and the mobilization of people against foreign intervention as well as a centralization of their political power.

The struggle of the national bourgeoisie formed in the National Front, led by Dr. Mohammad Mosaddiq, with a slogan for the nationalization of the oil industries. This movement received massive support from the bazaaris, the students, teachers, shopkeepers, middle class bureaucrats, and the lower petty bourgeoisie. It was reported that, in some cases, the peasants also participated in the movement (Abrahamian, 1969:128-150) against foreign influence and the Shah.

The position of the United States which, at that time challenged the British influence in Iran, was to favor the movement in an attempt to replace British policy with that of the U.S., because the British had dominated the Iranian community for centuries (Elwell-Sutton, 1955:83-84; U.S. News and World Report, 1951; Lenczowsky, 1953: 13-24).



Mosadegq began a parliamentary campaign against British companies and their local supporters including the Shah and the landed aristocracy. With the people's support, Mosadegq finally succeeded in his campaign to cancel the Anglo-Iranian Oil Company (AIOC), and to nationalize all oil industries. His victory brought the national bourgeoisie into power for the first time. His policy of "economic development without oil" was an attempt to develop Iran's indigenous industry and local products (Paine and Schenberger, 1975:7-19). Participation of the people in political affairs, the development of domestic industries and agricultural production in particular represented some significant progress toward the nationalization of the resources and progressive economic development. During this period, despite the sanctions imposed on Iranian oil by American and European countries, the value of non-oil exports increased even above the level of the previous five years, while the imports of luxury commodities and consumer goods decreased substantially. The table on the following page illustrates this situation.

Mosadegq's policy was, in fact, to encourage domestic products by banning the importation of all foreign goods except for capital goods and essential goods which were necessary for the country's development. He provided facilities for tariff concessions in favor of the importation of intermediate commodities necessary to elevate the capacity of production of national industries such



Table 8

Volume and Value of Total Exports From Iran: 1946-1958

	Non-Oil Export		Oil Export	
	Volume	Value	Volume	Value
1946	212	2,589	17,928	8,049
1947	179	2,366	17,913	9,993
1948	135	1,869	20,185	17,140
1949	119	1,785	21,507	15,389
1950	194	3,563	31,217	22,184
1951	287	4,391	9,158	6,842
1952	354	5,832	14	12
1953	444	8,426	239	263
1954	490	10,288	3,434	2,008
1955	508	8,034	15,365	9,405
1956	464	7,931	23,051	15,909
1957	437	8,353	31,348	19,208
1958	445	7,941	36,571	22,859

Source: Various official statistics, quoted by
Bahrier, 1971:106.



as sugar and textiles which expanded their production to roughly the same level as it had been prior to nationalization. For the first time in the economic history of Iran since 1900, the country's balance of payments in foreign trade achieved a positive equilibrium in the period 1951-1954 in favor of the country's trade, a situation that has not been repeated since then (Bharier, 1971:114-15).

The government also paid considerable attention to the position of the peasants, who were the major victims of the external and internal policies of the dominant and local powers (Keddie, 1969). In an attempt to reduce the power of the landed aristocracy and to change the pattern of peasant-landlord relations, Mosadeqq succeeded in establishing several laws in this area. First, all taxes and duties which had burdened the peasants were abolished. Second, the share of the landlord from the crop was limited in favor of the peasants and the rural community; third, the landlord was required to turn over 20% of his profits to the villagers. Half of that money went to the peasants, and the other half went to the community for improvements including long-term projects such as education and the introduction of new agricultural methods. Fourth, there was the establishment of a village council under peasant control, rather than by the landowners, as it had been in the past (Cottman, 1979:270-2; Lambton, 1969).



Therefore, the national bourgeoisie succeeded over the comprador-feudalist-bourgeoisie and foreign domination, and even extended its effort to link the anti-imperialist context of the movement with the anti-feudalist nature of the peasant movement. Mosaddeq's reform covered other aspects of social affairs as well. In an attempt to change the basic social structure in his 27 months as Iran's Prime Minister, he undertook a series of social reforms including the restructuring of the tax system, the introduction of universal suffrage, modification of election laws, and, foremost, the reorganization of the judicial system by dismissing the Supreme Court.

In summation, the nationalist plan for development tended to generalize a self-generating and self-perpetuating plan, versus the outward-oriented plan introduced by the United States. Mosaddeq succeeded in distributing income more evenly than before, and in narrowing the gap between sectors. His policy to improve the condition of the peasants was very important, because for the first time, the rural community received serious attention. This policy added the peasants to Mosaddeq's supporters, and encouraged them to rise against local feudals, as happened in Kurdistan (Economic Research Group, 1970:4-13). However, these policies were not favorable to the interests of the United States, Great Britain, or other beneficiaries of



Iranian oil. The United States called for a worldwide boycott on the oil, and an Anglo-American plan to overthrow the government was formed (Keddie, 1981:136-41; Cottman, 1979:272-85).

V. The Military Coup d'état and the Fall of the National Bourgeoisie

In August of 1953, Mosadeqq's popular government was overthrown by a CIA-backed military coup d'état which was aided by the vested interests of the large (new) bourgeoisie (Kelly, 1975; Harkness, 1954; Keddie, Ibid.). The new military regime succeeded in suppressing the resistance of the national bourgeoisie and the working classes through military force, and brought back to power the Shah, son of Reza Shah, who had lost his throne.

The 1953 military coup d'état, like many pro-American coups d'états in Latin America, was aimed at orienting the political and economic situation of the country along Western lines. In this regard, the major change which took place after the coup d'état, was that the United States, which already dominated the military and gave the government advice, now emerged as the dominant foreign power in Iran. Less than a year after the coup d'état, the United States took a 40% share in the oil consortia, the same amount that the British used to have. The composition of the consortia is illustrated in the following table.



Table 9

Percentage of the Shares of Companies in Consortia
that Controlled Iranian Oil, 1954

Companies	Percentage		
British Petroleum Oil Company			40%
Gulf Oil Company	8%)		
Standard Oil Company of New Jersey	8%)		
Standard Oil Company of California	8%)		
Texas Company	8%)	U.S.	40%
Socony-Vacuum Oil Company (Socony-Mobil)	8%)		
(Anglo-Dutch) Royal Dutch Shell			14%
Compagnie Française des Pétroles (French)			6%

Source: G. Lenczowski, The Middle East in World Affairs, Cornell University Press, 1962:217. For the text of the original agreement between Iran and the American companies, see Platt's Oilgram, New Series, New York, October 1954.

Consequently, while Britain lost its control over Iranian oil, the United States obtained a considerable share of Iranian oil and was able to increase its influence as well. Nevertheless, after the coup d'état, the British still preserved their influence over the political community of Iran. The Shah and his family were among the largest landowners, the prime minister in 1955, Ala, was an aristocrat (Abrahamian, 1982:266, 421), and pro-British. Even the head of SAVAK originated from the Bakhtiari tribes, whose chieftains had strong ties with British oil companies and were the strongest supporters of British interests in the south.



Other changes took place after the militarization of the new regime to suppress any liberation movement. Between 1941 and 1951, a more democratic situation existed in the country than it had been under Reza Shah. However, after the coup d'état, a centralized government under the pro-Western rule of the Shah adapted to the political community in order to prevent any threat to its interests, as had happened with Mosadeqq. For this reason, a large and secretive organization known as SAVAK was established to deal with the opponents of the regime. SAVAK received aid from the CIA as well as the Israeli Mossad (Keddie, 1981:144) and, together with the military and the police, built up the regime's machine of suppression. Between 1955 and 1960, the United States granted over \$400 million in military aid to furnish the army with modern equipment and technical assistance. This aid was part of the program which the United States planned for Iran's internal security (Amuzegar, op cit). The program was successful, and within a year, the objectives were fulfilled through strict control over the press and any political activity. An American official who visited Iran to evaluate the effectiveness of U.S. technical assistance stated:

The technical assistance and Economic Aid program in Iran have done just exactly what they were designed to do, namely they have been influential in keeping Iran an independent nation and Iran has continued to be oriented to the free world (Warne, 1953)



All these changes took place to ensure the Western-oriented development program that had once been interrupted by the triumph of the national bourgeoisie was now being secured from any "internal threat." After the coup d'état, Iran was able to embark on its previous road of economic planning.

The Impact of U.S. Policy: 1953-1962

I. The Economy

The beginning of the second half of the twentieth century in Iran can be marked by two contrary events in the country's process of social and economic development. The period 1951-1953 manifested a progression in terms of development plans on which attempts were based to try to redistribute income among the different sectors. Therefore, the transformation of surplus to the capitalist center was blocked, domestic investment was encouraged, peasants' councils became active, and other significant steps were taken to improve the peasants' condition. However, this development strategy was confronted with the onslaught of a military coup which was backed from the outside. Second, a capitalist-oriented plan was imposed upon the country, but this obstructed the development of a progressive national bourgeoisie.



The success of the U.S.-backed coup d'état meant the success of multinational companies and the big business of the American metropolis over the national bourgeoisie. The prerequisite for the involvement of these companies in the Iranian economy was the development of infrastructure economy for rapid production.

The key for foreign investment and the future course of development was oil production, since it was first necessary to produce an adequate exchange to expand the market and secure capital. Second, this made Iran a mere appendage of the West, and third, oil as the primary source of energy was a key to the development of the center. Therefore, the objectives of the first and second plans (1954-1962) was to develop the necessary infrastructure, and oil had the priority position. The major economic development between 1954 and 1962 was as follows:

(a) Development of the Oil Industry

It was the strategic goal of the United States to determine Iran's position as a "specialist" in oil production on which all the economies can rely. Iran's economy, therefore, was structured by an extorverted economy, and its development conditioned by the needs of the West, principally by the United States.

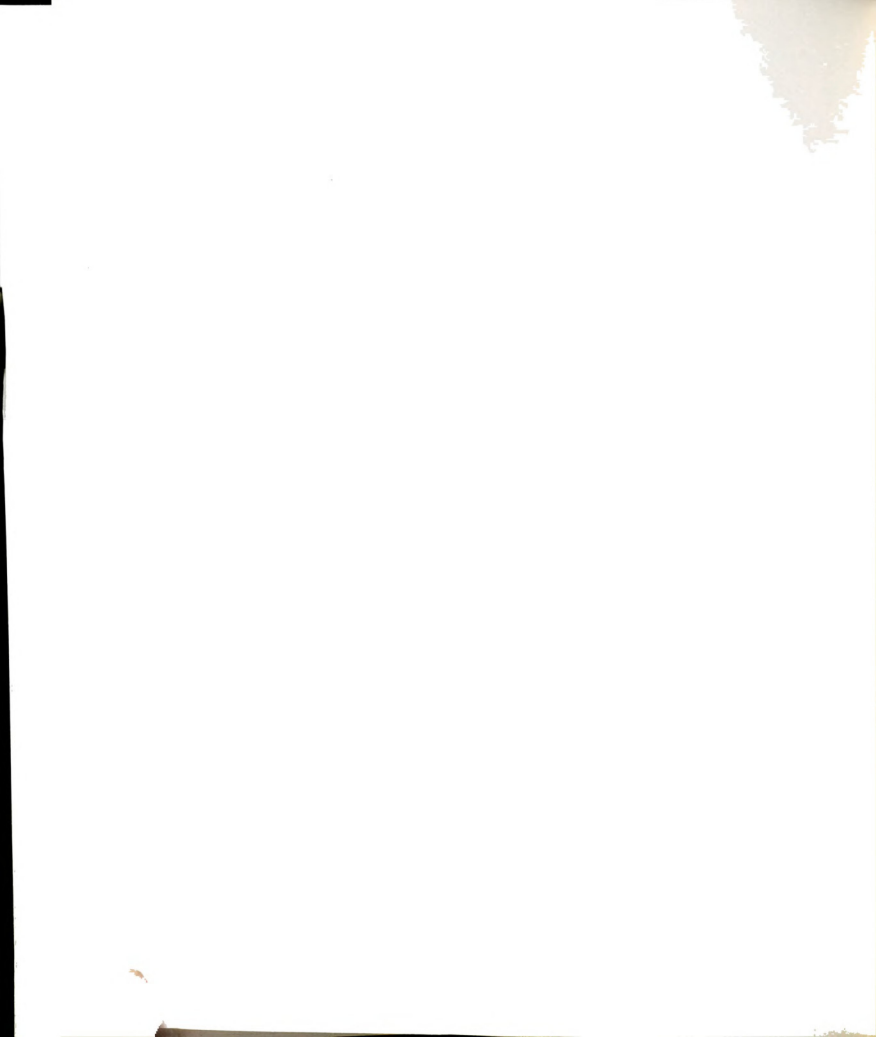
The U.S. oil companies could obtain a substantial share of the consortium, an international oil cartel that exploited oil from Iran, after the failure

of the nationalization of the oil industry. Oil appeared as a major export product, and, consequently, the main source of foreign exchange. However, Iran received only a small portion of the oil revenues as compared to the share taken by the foreign companies. Most of the oil was exploited by the international consortia oil cartels, and only a share of production was taken over by the National Iranian Oil Company (NIOC) established after 1953. The amount of oil exploited by the consortia during 1955-1963 was more (340 million metric tons) than the amount of oil the Anglo-Iranian Oil Company had exploited (325 million metric tons) during the 50 years of their activities. The following table illustrates the activities of the consortia during the eight years after the 1953 coup.

Table 10
Extraction of Iranian Oil by Consortia

Year	Million Metric Ton
1955	15.8
1956	25.9
1957	34.8
1958	39.8
1959	44.7
1960	51
1961	57
1962	63

Source: Ivanue, M. S. Modern History of Iran, 1977:183



The oil exported by the international cartels was free from customs and duties (Ibid.). Nevertheless, Iran received more from oil than during previous periods. After 1955, Iran received \$1160 million from oil which was more than the amount received during the first half of the century (\$483 million). However, no significant change took place to improve the standard of living, particularly that of the peasants. Oil revenue, together with loans and aid were, after 1954, the chief source of foreign exchange which was necessary to encourage foreign investment.

(b) Industrialization

Industrial activities did not have a priority position in the first and second development plans. In the first plan, it consisted of only 14% of the total budget (Plan Organization, 1960:4). At the end of the first plan (1955), only six new industrial units were established (Bahrier, 1971:90). Private investment, however, took place in industry, but its extent was small (Plan Organization, 1960). Actually, the main and basic industrial unit was the oil industry which basically produced oil for export.

The second development plan (1955-1962) also allocated about 14% of the total budget to industry (the same amount as the first plan). Most of the factories were wholly or partially state-owned. In



addition, in the second plan, opportunity had been given to the state to invest in industry (Bahrier, 1971:90). The development of the textile industries owned by the government or by the Shah and his family, the cement industry, the product of which was used mostly for the construction of dams, were some of these examples (Baldwin, op cit:103-106).

Until 1956, no significant efforts were made to develop private investment. It was not until after 1956 that the private sector emerged, and reached to \$120 million in 1959 (Ibid:103). In fact, between 1955 and 1960, private investment increased five-fold (Mahdavi, 1971). The government opened the borders to foreign goods which was compatible with the increasing volume of foreign exchange provided by the oil revenues. After 1958, even the volume of private investment increased, and the Industrial Mining Development Bank of Iran (IMDBI) was established. This bank was the major financial institute which contributed to the growth of the private sector and foreign investment. The bank was initiated by New York investment banking firms, and supervised by the World Bank (Baldwin, Ibid:117-20). IMDBI, which was responsible for providing, guiding and encouraging private investment, was totally controlled by U.S. companies (Ibid.). By early 1960, the bank appeared as the leading financial institution to provide capital

for private investment; along with other institutions such as Industrial Credit Bank (founded in 1956), Industrial Guarantee Fund (established 1961) and the like, it poured a considerable amount of money capital into the hands of the investors which affected the whole economic system. By the first half of the 1960's, many of the small new establishments were privately owned. However, the government reserved the right to establish large scale and key industrial units for itself such as steel factories, petrochemical industries, textiles, sugar, and tobacco. Such a policy led the government and the Shah to become the leading industrial owners in the country. Therefore, the monarch and the government preserved their superior position over other private capitals. To keep this position, however, the Shah maintained direct control over Plan Organization, the institution which was formed to coordinate the resources and accelerate the process of capital accumulation (Ibid: 113-14, 41-42).

II. Adjustment of the Monetary System

The emergence of the private sector and the banks' ambitious credit programs (especially IMDBI) provided the key elements to develop industrialization directed by a capitalist plan. Such development required the industrial sector to incorporate in the capitalist world, the



pre-requisite of which was the adjustment of the monetary system to the world capitalist system, along with changing the structure of prices. Already the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD) had made it clear that any loan or credit and assistance to Iran was subject to the adjustment of the development program of the country to the standards suggested by these agencies (Ibid:26). Under these conditions, the first effort was to adjust the monetary system which manifested itself in the devaluation of the rial (Iran's currency). On the basis of the agreement between the government of Iran and the IMF, the official exchange rate of the rial increased from 32 to 75 to the U.S. dollar (Ibid: 115). The consequences of such an adjustment were disastrous. The prices rose and, along with the rapid rise in oil production and increasing aid provided by the United States, the result was a severe inflationary pressure on the Iranian economy. The Iranian economy was also faced with a serious deficit of foreign transactions because imports exceeded non-oil exports. Between 1957 and 1960, the deficit reached such a height (see Table 11), that no aid and no new loans received each year nor the increasing oil production which produced a considerable amount of foreign exchange, could recover the state of imbalance in foreign transactions. The result was an economic crisis that led the IMF to carry out a drastic



deflationary policy by cutting down on public expenditure, restricting credits, and reducing imports, while renewing the increase in oil revenues.

Table 11

Excess of Imports Over Non-Oil Exports,
For Selected Periods in Iran

Period	Percentage
1925-29	63
1935-39	16
1946-48	97
1951-54	0
1957-60	363

Source: Baldwin, 1967:59; Bahrier, 1971:114 (Table 6)

This policy, however, worked out temporarily, and eased the economic crisis for a short period of time. However, it rose again in the early 1960's which became a basis for fundamental social and economic restructuring of the country.

III. The Agrarian Community and Agricultural Policy

The agrarian community in Iran, while consisting of the major productive forces in the country, was the chief victim of capitalist aggression. Although the first and second plans focused primarily on agricultural development, they did not cover the majority of the peasant population, but rather, focused their efforts on developing an

infrastructure for agrobusiness and cash crop production, that is, to develop capitalist farming.

By 1956, the percentage of the population in the agrarian community accounted for 69%, with a wide disparity in the standard of living and the density of the population. Most of the rural population was concentrated in the northwest and eastern provinces, and then in the coastal provinces. Moreover, the proportion of the rural population as compared to the urban population was high in the central and eastern regions, including Baluchistan, Kerman, Khorasan, and parts of Kurdistan and western Azarbaijan.

In terms of a standard of living, the rural population lacked even the basic necessities. Except for the prosperous areas of the coastal regions and parts of Azarbaijan, the rest of the rural population was in a very bad economic situation. The Iranian peasantry, in fact, had never enjoyed the benefits of the socio-economic modernization, while the major national production had always come from this section of the country.

The relationship which existed between the peasants and the landlords had survived over the centuries. The dominant form of the land tenure system was *Arbab-Raayati* which was based on a sharecropping agreement--one or two shares out of five shares belong to the peasant producer based on the elements involved in the production: land, water, seed, draught animals, and labor, of which the last element or the last two usually belonged to the peasant.



In some areas, the peasants were subject to doing special services--without pay--for the landlord in addition to a share of the crops. A common obligation placed on the peasants was *bigari*, in which the peasant worked for the landlord without pay (Lambton, 1969:24-25).

The peasant also paid out a share of his crops to several other people such as village officials and *Kadkhada* (village headmen), to the man responsible for the protection of the village field from thieves and wild animals (*dashtban*), and the one who was in charge of the distribution of the water (*mirab*). In some areas, the peasant even had to pay the village craftsmen, the blacksmiths, the carpenter and the like (Ibid:26). Therefore, the share that the peasants obtained from their work could hardly cover the expenses of the peasant and his family, while the Iranian landlord dwelled in the city and hardly ever came to the village or showed himself responsible or interested in the needs of the village and the villagers. In fact, the Iranian peasants put in enormous efforts, with wives and children working not only the land but in other areas such as weaving and animal husbandry, but still remained locked into poverty.

The income of the Iranian peasant at this period was very low, though it varied from one region to another. Zakharov estimated that the average peasant's income could reach 200 toman (\$25) annually (Zakharov, 1962:5). According to a report by Plan Organization in 1960, the

average peasant family's income in Sistan and Baluchistan provinces had been observed to be \$2 a month (Plan Organization, 1960). In Fars province, it was reported to be less than \$9 (General Office of Statistics, 1954:30). A similar study conducted by the Agency of Irrigation in Kermanshah indicated that the monthly average income for peasants in the Mehran Dasht area was less than \$2 (cited in Ashraf, 1958). A survey conducted in 1954 by a three-man team illustrated the extremely low levels, poor use of resources, lack of landlord investment, and low yields of Iranian agriculture (Keddie, 1971). The survey indicates that the average annual family income obtained from all 37 villages was \$516 in the prosperous northern provinces of Gilan, Mazandoran and Azarbaijan, but only \$47 for the rest of the country.

The disastrous situation of the Iranian peasants was the consequence both of the peasants' position on the hierarchical structure of the agrarian system, and the external forces of capitalism which reinforced and sustained their position. This situation intensified with the devastating effect of the war.

However, the agrarian structure in the 1960's was subjected to fundamental changes in which the centuries-old dominant tenure system was reformed, and a new production relation introduced. Before discussing the new situation, a brief review of the agrarian mode of production is necessary.

Since Iran was an agrarian society, its political and economic structure reflects the hierarchy in which the position of the individual or certain social groups as a class are determined by the kind of access they have, and the amount they possess, of land. Such a structure originated in almost in pre-history, and was intensified by the despotic monarchs and the absolute power of the kings throughout Iran's long history.

The surplus extracted from the peasant population took several forms. Before the Islamization of Iran, the central government was directly involved in cultivation, and the peasant was exploited by the agents of the government. Therefore, accumulation of wealth took place under the supervision of the central authority. In the post-Islamic era, and under the influence of Umayyad Calif, the institution of land assignment, or *toyul*, was established which was later accentuated by the Saljuq dynasty (Lambton, 1967:41-50). The *Toyuldar*, or assignees, were interposed between the central government and the peasants to extract surplus. Therefore, accumulation of wealth occurred by the rulers, governors and military officers who were assigned to serve in certain regions (Khosrawi, 1976:57-63). When the *toyul* system was abolished by a constitution, the *Arbab-Raayati* system encouraged the landlord to expropriate a considerable portion of the peasants' products in the form of *Bahreh-e Malekaneh* which was a kind of peasants' dues levied by the landlords.



The social organization of the peasant community provided the peasant with the right to the land in a form that was called *Nasagh*. *Nasagh* is an institutional system in which the peasant had the right to the use of land and water for cultivation. The peasant obtained such a right by working for at least one year or more on cultivatable land. The right to the use of the land and water for the peasant does not necessarily determine their ownership. But it did maintain that the *Nasaghdar* (the person with the right to *Nasagh*) can make agreements with the landlord to work for him. This agreement which is called *Muzaraeh*, is a pattern of relationships between the peasant and the landlords, and both parties are obliged to accept it since it had been legalized by the Civil Code. On the basis of *Muzaraeh*, or sharecropping agreement, as already mentioned, the peasant usually provided two elements (labor and draught animals), and the landlord gave the other three elements (land, water and seed) to the peasant for cultivation. Theoretically, each element had one share, but the peasant was levied for some extra dues.

There are those peasants who did not have the right of *Nasagh*, and since they are landless, they were considered unproductive, although they actually did provide labor. Lambton points out that the sharecropping peasants, in fact, are also landless, but by virtue of a contract, written but more often verbal, a certain amount of land was



handed over to them on a sharecropping basis for a specified or unspecified period (Lambton, 1953:).

Generally speaking, it is possible to distinguish between the owners, who never work on the land but who own or control the means of production (land), and those who cultivate the land either to pay rent or to work on their own land. Therefore, on the basis of this criterion, land may take three major forms.

The first are the *vaqf* lands which are those that are submitted by individuals to the service of religious institutions, such as the upkeep of a *moseq* or shrine, the performance of passion plays (*Rousehkhani*), the feeding of the poor, or financing students of religious schools (*Madraseh*). The *vaqf* land cannot be sold or bought, but can be leased for a certain period. A part of the revenue from the land goes to the religious institutions, but the main part belongs to the *motuvalli* (director of the *vaqf* land), Moslem community and religious leaders. However, the *vaqf* land was sometimes confiscated by the rulers, and transferred to personal property (Lambton, 1953:238).

Vaqf lands can be found all over Iran. They were often administered by religious leaders. The relationship between the administrator who runs the *vaqf* lands (or the tenant who leases them), and the peasants, is similar to the relationship between landlord and peasant, i.e., *arbab-raayati*.



The second type of land is *Khaliseh*, or state land. *Khaliseh* land originally resulted from conquest, inheritance from former dynasties, and confiscation. It varied in extent and location, and was administered by a special office. With this type of land, the position of assignee to tenant vis-a-vis the peasant was like the landlord in private property. *Khaliseh* land usually belonged to the same groups of people as the large landowner.

The third type of land was *melki* (private land) which included those lands owned by landlords (*arbab*). This was also known as *arbabi* land which could be sold or possessed through inheritance. The *arbab* (landlord) may own the whole village (six *dung*) or part of a village or villages. The villages owned by a single owner were also known as *Umdeh Maleki*, and those owned by several owners were called *Khurdeh Maleki* (pettit ownership). It should be noted that *Khurdeh Malik* (pettit owner) does not necessarily refer to a small owner, but the owner of a part of a village. However, the *Khurdeh Malik* who owns parts of several villages should be considered as a large owner. Lambton mentions that many *Khurdeh Malik* are, in fact, large landowners (Lambton, 1953:).

The types of tenure, or the way the cultivator can get access to the land can be identified on the basis of rent or payment. One type of rent is through *raayat* holding. *Raayat* is a customary tenant who contributed to usually one or two of five production elements, and then



receives one or two shares (he usually contributes the labor and draught power). Other types of holding are *Ejarei* in which the rent may be mixed, payable in cash or in kind. In *Ejarei*, the person holding the land may lease it to the cultivator, and the extent of the land may be rather larger than a *raayat* holding.

Another type of holding is *melki*, or privately held land. In this type, the owner may also be the operator of the holding. Therefore, no rent is transacted. The last type of landholding which developed in the post-war era is capitalist farming in which the peasant is converted into a wage laborer, and the holders' (*Bahreḥ bardar*) activities are concentrated on the production of cash crops.

Distribution of villages on the basis of type of landholding (Table 12) illustrates that 23.4% of the total villages in Iran were six *dungi* villages, 10.9% of the villages were *dungi* village (more than one person owned the village), and 41.9% were *Khurdeḥ malik* villages (the share of each owner was less than a *dung*). The *Arbab-Raayati* relations were the dominant form of holdings in six *dungi*, crown, *Khaliseh* and *vaqf* villages. Regarding the fact that the owner of the villages was essentially a city dweller, it can be observed that most of the villages in Iran did not belong to their inhabitants. This is especially true for six *dung*, *dungi*, crown, *vaqf*, and *Khaliseh* villages. Considerable parts of *Khurdeḥ maleki* villages also belonged to city-dwelling large landowners (Ibid.)



Table 12

Distribution of Villages Based on Types of Ownership,
Iran, 1960

<u>Type of Ownership</u>	<u>Number</u>	<u>Percent</u>
Total villages	39,325	100.0
Six <i>dungi</i> villages	9,239	23.4
<i>Dungi</i> villages*	4,330	10.9
<i>Khurdeh Malik</i> villages**	16,552	41.9
Crown villages	812	2.0
<i>Vaqf</i> villages	713	1.8
<i>Khaliseh</i> villages	1,444	3.6
Mixed Owner Villages	6,005	15.2
Unknown	230	0.5

*Villages that have more than one owner, the share of each is not less than one *dung* ($\frac{1}{6}$).

**Including those villages which have several owners, the share of each is less than one *dung*.

Source: Ministry of Agriculture, Agricultural Statistics, 1960. Quoted by K. Khosrawi, Rural Sociology of Iran (in Persian), Teheran University, Teheran, 1979:27-28.

The distribution of land based on the type of land-holdings also illustrates that most of the lands held by peasants did not really belong to them. Table 13 shows that 83.3% of the lands were less than 10 hectares which consisted of about 40% of the total arable land. Also, 4.8% of the holdings were over 20 hectares which consisted of 33.1% of the arable land. This indicates that the majority of the population in the rural areas had small holdings. The figures are confirmed by another statistic, according to which 82% (1.4 million) rural households had holdings



Table 13

Distribution by Type of Holding

All Holdings with land	Total Holdings			Raayati Holds.			Melki Holds.			Ejarei Holds.		
	No. (100)	Area (100)	No. (100)	No. (100)	Area (100)	No. (100)	No. (100)	Area (100)	No. (100)	No. (100)	Area (100)	No. (100)
Under 1 Hectar	26.2	1.7	12.7	0.7	41.4	3.1	36.7	4.4				
1-3	24.8	7.8	20.9	5.4	24.9	9.7	38.6	19.4				
3-5	14.2	9.1	16.4	8.4	11.5	9.4	11.7	12.8				
5-10	18.1	21.2	24.7	23.2	12.3	17.2	7.2	13.6				
10-20	11.9	26.8	18.2	32.8	6.6	17.9	7.2	15.3				
20 and over	4.7	33.1	6.9	29.4	3.3	40.6	1.7	34.6				
Under 10 ha.	83.3	39.8	74.8	37.8	90.1	40.6	94.2	50.2				
10-20	11.9	26.8	18.2	32.8	6.6	18.9	4.2	15.3				
20 and over	4.8	33.1	6.9	29.4	3.3	40.6	1.7	34.6				

Source: Agricultural Statistics, 1960, Ministry of Agriculture. Quoted by
 Khomsi, F. The Development of Capitalism in Rural Iran, M.A. Thesis,
 Columbia University, 1968.



of less than 10 hectares (Khosrawi, 1979:34-44), which indicates the extent of the concentration of land. The table also illustrates that 75.3% of *Ejarei* land, and 67.3% of *Melki* lands are less than 3 hectares. This meant that the majority of the peasants were only able to rent or own very small pieces of land.

Another indication to illustrate the concentration of land in the hands of the landowners is to observe the proportion of the peasants who contract with the landowner by different types of landholdings. According to a 1960 agricultural census, only 28.4% (3.2 million hectares) out of the total holdings (11.3 million hectares) were owned by the holders (Khosrawi, 1979b:14). The rest of the holdings were 62.1% (7.5 million) based on *raayati*, and 9.5% (568,000 hectares) were based on rent.

As various figures show, the majority of the landowners in Iran did not own the land. Strictly speaking, the Iranian peasant has not land of his own. According to the Land Reform laws, the peasant was literally defined as "the person who is not the owner of the land but having some elements of the five elements of cultivation." In this respect, the peasant is basically landless, but has the right of *Nasagh*. He worked through the *Muzaraeh* agreement, by which most of the lands (72%) were cultivated by them.

Finally, the last type of land holding system is the capitalist one. While the previous forms of landownership



and types of rent corresponded to pre-capitalist forms of the land system, the new form gradually developed and began to increase after World War II. The development of private ownership and the encouragement of large scale landholdings, along with the expensive irrigation projects during the 1950's greatly contributed to the intensification of capitalist farming.

Since 1949, the large scale mechanized agriculture was developed by merchants, landlords, and the ruling elements, basically in the Gorgan area in the north, where the most favorable region for cash crop production is located. Until the late 1960's, many farms of 50 to 6,000 hectares made the region a large scale farming area.

The proportion of capitalist farm land, although small when compared to the total arable land, began to be concentrated in certain regions--the northern provinces of Mazandoran and Gilan, and the western provinces of Khuzastan--and then rapidly increased. Construction of the Sefid-Rud dam in the north, and the Dez dam in Khuzistan were part of the projects carried out for agribusiness activities in these regions (Silsby, 1980:34-67; Richards, 1975:12-18).

One of the regions that introduced a pattern of capitalist farming during the 1940's was the Gorgan region. Within a decade, agricultural operation in this region became an entrepreneurship job which absorbed many capitalists. Several companies were established and began to



advanced methods for cultivation. These corporations were composed of different urban social classes including the ruling elements, bureaucrats, landlords, and the like. They rented the land mostly from state or crown lands, hired wage laborers, and produced cash crops.

Capitalist farming became an important aspect of economic development in the Second Seven Year Plan (1955-1962). Ebtehas, then the head of the Plan Organization, invited the chairman of the Tennessee Valley Authority (TVA) and the international bankers to examine the Khuzistan region for the establishment and development of agribusiness projects (Richards, 1975:12). The project later involved many American companies, and similar projects also were developed in other regions, such as Qazvin and Azarbaijan.

Development of capitalist farming and the mechanization of farming concentrated attention on the development plans, especially between 1955 and 1962. The construction of dams absorbed major government revenue and benefitted only the major companies. The agricultural projects did not engage the peasants or the rural population in agricultural activity. Rather, it was the urban bourgeoisie who gained from the programs. Lack of support for the agrarian sector put even more pressures on the peasants. The government's focus on the development of the urban economy and "modern" farming again ignored the peasants--the largest segment of the population.



V. The Dynamics of Class Structure

(i) The Growth of the Comprador Bourgeoisie

The victory of the military coup d'état over the Mosadegq government was, in fact, the victory of the comprador bourgeoisie, comprador bureaucrats, and comprador feudal landowners over the national bourgeoisie, the working class and the masses of peasants. The coup d'état was also manifested in the victory of a new dominant power--the U.S.--over the old one--Great Britain. Consequently, the alliance of the former--the dependent bourgeoisie--gradually saw itself in a better position vis-a-vis the alliance of the latter--the feudal and the feudal-bourgeoisie class. The political and economic development in the late 1950's prepared a condition for rapid transition to dependent capitalism in which the dependent bourgeoisie would be able to form a correspondent structure.

American aid, technical assistance and the resumption of oil production provided a substantial amount of foreign exchange that facilitated the flow of foreign capital and goods into the country. In 1950, oil revenue was still £ 16 million which doubled in 1955, and went over £ 100 million by 1960 (see table).



Table 14
Oil Production and Revenue of the
Iranian Government
The Oil Industry 1950, 1955 and 1960

Oil Revenue	<u>1950</u>	<u>1955</u>	<u>1960</u>
in £ Sterling	16,031,000	32,323,764	101,877,471

Source: Issawi, C., and Yeganeh, M. The Economics of the Middle, London, 1962: Table 39.

This sudden increase in oil revenues affected Iran's foreign trade, and a dramatic change took place after 1955. The volume of imported foreign goods increased from 637 million tons in 1955, to 1,914 tons in 1960, a value which meant a five-fold increase. However, the volume of exports actually decreased during the same period (Table 15).

Table 15
Foreign Trade for Iran: 1950, 1955, 1960
(Values in Millions Rial; volumes in thousand tons)

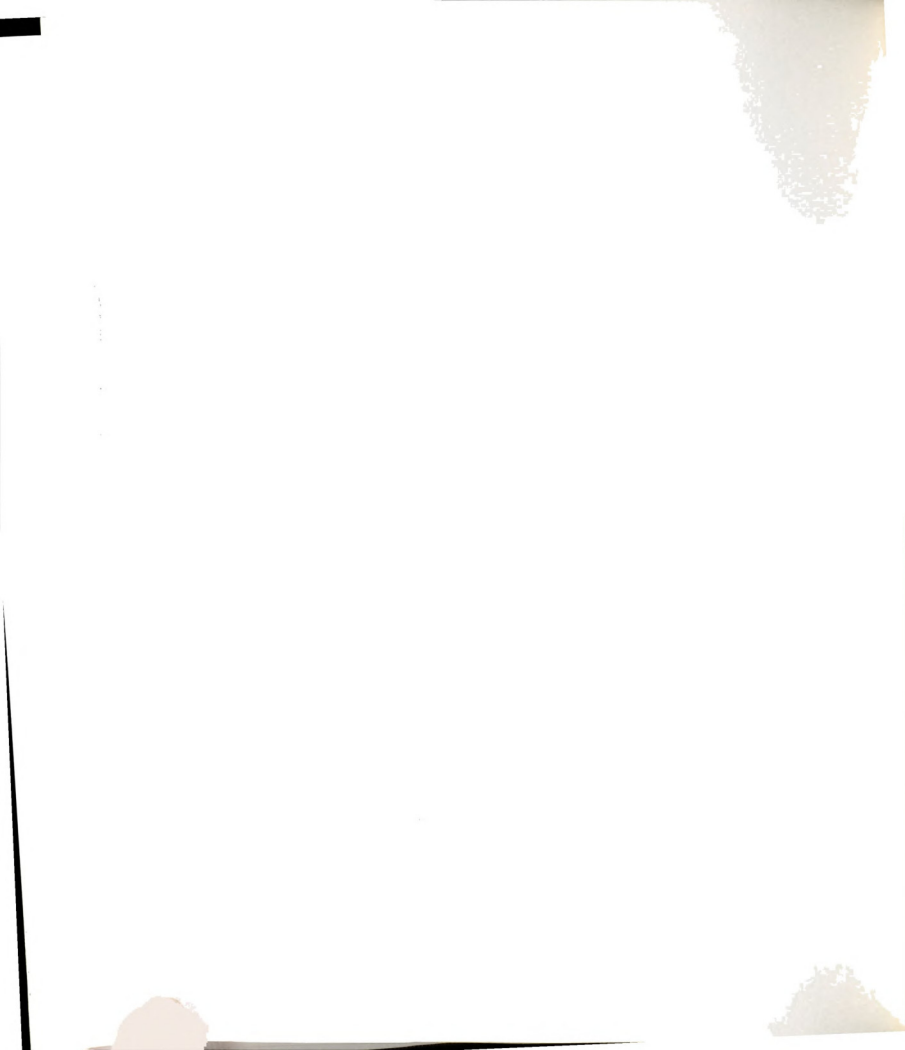
	Imports		Exports	
	<u>Value</u>	<u>Volume</u>	<u>Value</u>	<u>Volume</u>
1950	6,242	504	3,563	194
1955	9,125	637	8,034	508
1960	52,657	1,914	8,360	446

Source: Customs Administration Yearbooks, Teheran, Iran, Excerpted from Mahdavi, 1965:439, Table 7.

These figures indicate that changes--both in volume and in value--are significant between the period 1950-1955, as compared to the next five years.



In the first five years of the 1950's, the exports had increased substantially despite nationalization of the oil industry and the worldwide boycott of Iranian oil between 1951 and 1953, while at the same time imports were restricted. In this period, which was a period of industry recovery, "crops and large exports kept up the mass purchasing power, while restriction measures gave the domestic industry welcome protection" (Mahdavi, Ibid:442). As a result, the national bourgeoisie kept political and economic control over the Iranian community. But as of the second half of the 1950's, the national bourgeoisie lost its power in favor of the comprador bourgeoisie. Massive foreign imports forced the decline of the domestic workshops in the face of better quality foreign goods. As a result, some local factories and merchants shifted toward selling or producing foreign goods or else they faced bankruptcy (Jazani, 1980). The growth of the comprador bourgeoisie was a sign of general growth in capitalist relations which directly challenged the feudal-bourgeoisie political structure of the society after it defeated the national bourgeoisie. The economic crisis in 1960 resulted largely from the influx of foreign goods, increasing corruption and the lack of control on imports or on the export of currency, and led to serious

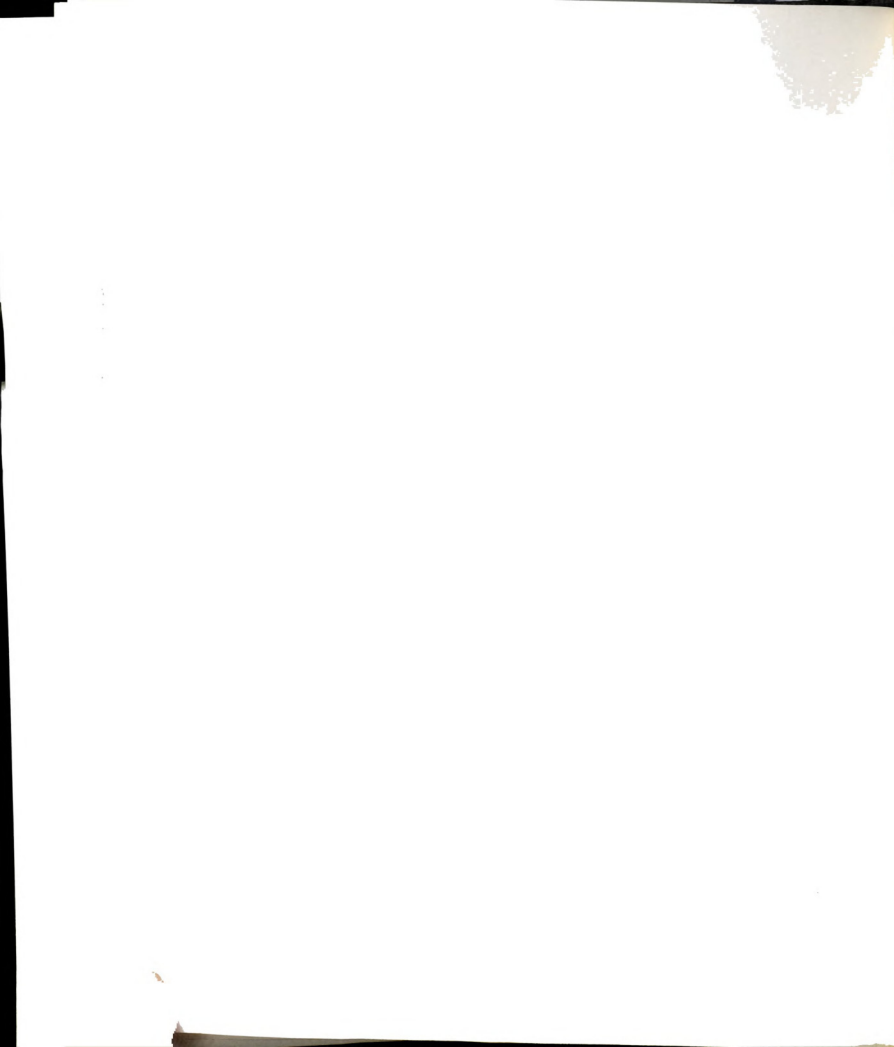


inflation which widened the disparity between the rich and the poor (Keddie, 1981:148-49). A reflection of this economic situation can be observed in a series of mass uprisings and workers' strikes in the early 1960's.

The economic crisis of the late 1950's and early 1960's, and the inability of the feudal-bourgeoisie to solve the existing social, political and economic problems strengthened the comprador bourgeoisie positions. The conflict between the two factions culminated in the full political control going to the comprador bourgeoisie through the adoption of land reforms and, subsequently, the elimination of feudal elements from the political power structure as well as adjustment of the capitalist institution and within the agrarian community. Land reform (1962-1968), therefore, became a turning point in the establishment of dependent capitalism and the domination of the dependent bourgeoisie in Iran.

(ii) The Ruling Class

The development of industrial activity and the rapid increase of comprador bourgeoisie activity reduced gradually the power of the feudal faction of the ruling classes. Although the United States capitalists and plans had increasingly influenced the economic and political community of the country,



the British, because of their long-standing relations with the Iranian bureaucratic bourgeoisie, the feudals and the influential clerics, were still able to wield some strength in the political hierarchy of Iran. The Shah himself and his family, still had a tendency toward British policies, and appointed pro-British prime ministers, ministers and other officials.

The growth of the bourgeoisie challenged the dominant power structure, and the rise of Ali Amini, a pro-American prime minister, threatened the authority of the Shah. Amini, who continued his political activities from Washington (Cottman, 1979:298) became a leading figure of comprador bourgeoisie vis-a-vis the Shah, the leading figure of bourgeoisie-feudalism. Although Amini originated from a great landowning family with ties to the Qajar dynasty, he was determined to establish the position of the comprador bourgeoisie, and to improve the economic and political crises with which the country was confronted.

The conflict between Amini and the Shah was, in fact, a manifestation of the conflict between the growing dependent bourgeoisie and the dying comprador bourgeoisie-feudalism. The Shah suffered a severe defeat in 1960 and lost his political control over the country while Amini's program of social reform attempted to attract the support of the peasants and the middle class.

The political and economic crisis of 1960 was accompanied by the victory of the Democrats in the United States and President Kennedy's liberalization of new U.S. foreign policy which suggested a "fundamental economic, political and cultural change of the friendly nations" through social reforms.

Although Amini was the U.S. choice to adopt such a social reform in Iran, the Shah, whose support of feudal aristocracy had put him on a dead-end road, shifted his position toward the comprador bourgeoisie to secure his throne. His four-day visit to Washington convinced the Kennedy administration that "he (the Shah) is the only one who can do the job" despite the fact that he "was unhappy with American reform pressures, especially as they threatened his one-man rule" (Keddie, 1981:155).

The new social reform adopted by the Shah removed all elements of the old political structure. The reform transformed the power structure of the country from a feudal-based bourgeoisie dominant class to a dependent capitalist dominant class, at the top of which was once again the Shah, the one-man ruler.



(iii) The Development of the Labor Force

The industrial working class population grew faster from the mid-1950's than in previous periods. Nevertheless, its development was not significant. While the number of industrial units reported by government officials increased from 45,000 in 1957 to 70,000 in 1960 (Bahrier, 1971:186), the industrial labor force increased roughly 20% in the same period.

Table 16

Development of Industrial Working Class in Iran

<u>Year:</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>
No. of Labor Force	815	852	890	930	972	1,015

Source: Bank of Iran and the Middle East, Iran, Teheran, Iran, 1968; Appendix 17. Excerpted from Bahrier, 1971:186.

This slowness in the industrial working class came from the fact that the enterprises established in that period were small. Of 70,000 industries, only 1,581 of them had 10 or more workers, indicating that the majority of the factories were small (Ministry of Industries and Mines, 1960). Of the factories with 10 or more workers, about 350 were those which employed 100 workers, and 20 had over 1,000 workers (Ibid.).

By 1960, 30% of all new establishments (mainly large scale) were in Teheran, and the rest were scattered throughout the country (Ibid:182, Table 5). Distribution of the labor force in the country shows that they were concentrated in a few regions. Most



of the labor population was in Teheran, followed by Isfahan, Yazd, Khuzistan, and the northern provinces respectively (see Table 17).

Although the expansion and location of the working class is an effect of the structure of economic growth, political consideration may also play a role within the general pattern of capitalist development. The pattern of national and international economic development explains the sectorial allocations of the labor force which in turn shows disequilibrium within the industrial sector such as industry, artisanal, small scale units, and between different sectors such as industry, agriculture, and services. In 1956, more than half of the Iranian labor force was in the agricultural sector, while 13% of them were in the industrial sector including mining, manufacturing and handicrafts (International Labor Organization, 1973: 31). Although the oil industry has been an important sector in the country's economy, and the world's largest refinery, along with other modern compounds, was established in the country, employment in this sector had not grown when compared with other industrial sectors. This can be reflected in the fact that the oil did not contribute much in the development of the industrial sector.



Table 17

Distribution of Labor Force in Population and
Total Population in Different Provinces: 1956

<u>Province</u>	<u>% of Pop.</u>	<u>Males in Mfg.</u>
Total	100	16.4
Central	14.3	18.7
Isfahan-Yazd	8.0	15.1
Mazandoran-Gorgan	8.9	8.2
Gilan	8.6	6.0
Khuzistan-Lurestan	10.9	12.0
Fars-Bandar	7.0	4.5
E. Azarbaijan	11.3	9.6
W. Azarbaijan	3.8	5.7
Kermanshah	7.3	6.7
Kharasan	10.6	9.0
Kerman	4.2	9.8
Kurdistan	2.9	3.4
Baluchistan-Sistan	2.3	2.4

Source: National Census and Housing, 1956

Land Reform: Social and Economic Change: 1962-1976

The rise of foreign exchange--chiefly from the resumption of oil production--increasing loans, aid and technical assistance from the United States, and increasing importation of goods paved the way for the rapid rise of the commercial bourgeoisie, a pre-condition for the development of dependent capitalism. However, in order for dependent capitalism to exercise its direct authority through the state and the bureaucracy, it had to develop a capitalist relation of production, and establish the corresponding social, political and economic institutions throughout the country. The traditional agrarian structure, unfortunately, was a barrier to this development.

Iran's agrarian community comprised 68% of the total population, that segment of people who had been so completely ignored throughout the past. Although the social and economic reforms which took place in the early 1960's made an effort to include the agrarian sector, it actually did not offer anything to the peasants. The most effective component of the reform program was Land Reform which promised a better standard of living for the peasants, and a reduction in the disparity of incomes between the urban and rural communities. But underneath this theoretical claim, land reform was dominated by a long-term socio-economic strategy and by short-term political tactics.

The long-term strategy was to restructure totally the fundamentals of political and economic power. A new ruling class dominated the power structure of Iranian society, and the capitalist relation of production penetrated into almost all the villages throughout the country.

The short-term tactic was to ease the revolutionary potential of the peasants, whether from within or without.

Therefore, not only the political and economic crisis of the early 1960's and Iran's path to economic development required fundamental changes in class structure and social reforms, but also the peasants' revolutions around the world (e.g., China, Cuba), several nationalist movements in the region (Egypt, Iraq), and above all, the short experience of democracy during the Mosaddeqq era, all

convinced the ruling elements and the United States--the now dominant foreign power in Iran--to implement land reform. But the consequences of land reform clearly showed that the claimed objectives of the reform were never met. Rather, the decline of agriculture, both in terms of output and labor force, the impoverishment of the peasants and the rural communities, were the visible results (Katounzian, 1974:220-238). Nevertheless, land reform did achieve some of its goals, i.e., to eliminate the political base of feudal power, to infiltrate capitalism into the countryside, and to increase state control over the village communities through the expansion of the bureaucracy.

In order to fulfill all these objectives, the land reform program was accompanied by several other programs which were generally titled the "White Revolution." The whole social reform program was composed of six elements: (1) land reform; (2) sale of government-owned factories to finance the land reform; (3) a new election law which included suffrage for women; (4) nationalization of forests; (5) a national literacy corps, mainly for rural teaching; and (6) a plan to give workers a share of industrial profits. Of these elements, the first two played a major role in the transition to dependent capitalist formation. The first one transferred land from the feudals to capitalist owners; the second transferred feudal wealth



into a capitalist form. The transformation took place in different stages.

The first stage of land reform (1962-1964) was not actually a break from feudalism. It was, in fact, a test to examine the reaction of the feudals to the program. The basis of landlord-peasant relations therefore remained intact. The feudals were allowed to retain a maximum amount of land, and only required to distribute their surplus lands. That is, every landowner who owned more than one village was required to retain either a full six-*dung* village or portions of several villages. The landowners were then required to scale down their land according to government stipulations for distribution among the peasants. The peasants in turn would pay for the land in several installments to the government. In theory, the government's debt to the landowners was to be discharged in payment over a fifteen year period.

However, the landowner could later recover a share of government industries in lieu of payment. This was the second stage of land reform, and it was the most effective process to weaken the power base of the landlords. At the same time, it prevented the power base from being occupied by a strong, independent peasantry (Katouzian, 1974:228). Lambton states that,

As the efforts of those who aimed at the creation of an independent self-reliant peasantry were attended by an increasing

measure of success, those holding the reins of power began to realize that the emergence of an independent peasantry might constitute a new factor in the political situation and threaten their own power (Lambton, 1969:215).

However, despite the fact that landlord power was weakened by the implementation of land reform, the government did not attempt to remove any possibilities that would let the landlord become a capitalist. This was a part of the objectives of the second stage of land reform.

The second stage of land reform was begun in August 1964, and cleared ownership of 54,169 villages and 19,012 farms. The landowners were given a choice in selecting one of the alternatives open to them. They could, (1) lease the land to the customary tenants (or those who had the right of *nasagh*) for 30 years at a fixed rent; (2) sell the land to the customary tenants, who could receive bank loans (equivalent to one-third the price of the land), and repay it over a fifteen-year period; (3) divide the land with the peasants according to the ownership of the traditional fine-input; (4) agree to establish a private corporation with each partner receiving shares according to the traditional rule of fine-input; and (5) by following the peasants' right of *nasagh* and employing them as wage laborers. Table 18 shows that only one percent (1%) of the landowners actually sold their land to peasants, but around 75% leased their land to the customary tenants. This choice was advantageous for the landlords since the tenants had to pay rent in cash.

Table 18

Choice of Distribution Under the Second Phase
of Land Reform in Iran: 1964

<u>Choice</u>	<u>Landowners' Choices</u>	
	<u>No.</u>	<u>%</u>
Renting land on 30 year Lease	233,334	74.70
Sale of land to cultivators	3,111	1.00
Cultivators selling <i>Nasagh</i> Rights	8,489	2.90
Joint enterprise village	41,615	13.30
Divided Villages	23,359	8.10
TOTAL	312,408	100.00

Source: Denman, 1978:273.

The cash rent which the peasant tenants were required to pay was based on the average net income dues paid to the landlord for the past two years.

The second stage of land reform covered most of the villages which had remained untouched by the first stage. The "lease" choice allowed the landlords to perpetuate their superior situation, particularly when they were permitted to revise the leases every five years. Furthermore, the landlords were offered a new social base by purchasing stocks in government industries or by running a mechanized farm.

In terms of the peasants' conditions, the result of both stages of land reform as of January 1967 can be seen in Table 19, on the following page.

Table 19

Distribution of Peasants by Type of Landholding in the
Second Phase of Land Reform in Iran: 1967

Peasants who became owners	786,715
Peasants who became leaseholders	1,223,968
Peasants who became shareholders	153,111
Peasants who sold their customary rights	14,187
TOTAL	2,177,981

Source: Khamsi, 1969:21

This shows that 2,163,794 peasants affected by the land reform became owners, leaseholders or shareholders. The rest have sold their customary rights, and began to work for the landowners as wage-laborers. However, only 786,715 peasants owned the land. This can be compared to the result in the following table:

Table 20

Distribution of Household Family by Size of Land and Area
Under Cultivation After Land Reform in Iran: 1964-1967

Size of Farm (hectares)	% of Household Owning the Land	Area Under Cultivation (ha.)
0.5 - 2	36	1.2
3 - 10	51	2.1
11 - 50	11	8
51 - 100	1.8	20
101 - 300	.15	75
301 - 500	.01	16,300

Source:

This table reveals that 87% of the households which received land after land reform had less than 10 hectares,

and 36% had less than two hectares. However, the average area under cultivation did not exceed more than 2.1 hectares. This means that the majority of the peasant owners were smallholders which could hardly provide subsistence living.

The third stage (1965) of land reform outlined the provisions for the establishment of private agricultural corporations in order to set up a framework for the development of agribusiness and capitalist farming; hence, it excluded large scale farms whose owners tended to have already converted them into mechanized farms. The Agricultural Development Fund was established in 1966, with the authority to make adequate loans for investors.

In 1968, the final stage of land reform was announced. It stated that leaseholds had to be either divided between peasants and the owner, or sold privately for cash or by installments. The government officially announced, a month after the initial declaration, that "the land reform programme as it concerns the distribution of land is hereby concluded" (Katouzian, 1974:229).

The process of land reform in Iran explains that, as a whole, the peasants were not the beneficiaries of the program. A lack of adequate means of production and insufficient government loans for cultivation reduced the output of the peasants in the post-land reform period. They had to spend most of the loans received for current expenditures and on their basic needs. According to a

survey conducted by Teheran University in the post-land reform era, the peasants were asked whether they could afford to supply agricultural means to work on their land. Ninety-one percent of their responses were negative (Khosrawi, 1978:156, Table 6). Another study conducted in 13 rural regions revealed that 65% of the loans received were spent for basic family needs or other non-agricultural expenditures (Institute for Social Study and Research, 1971, in Khosrawi, Ibid.). According to the same study, 59.3% of the loans received were short-term (for less than one year). But because of the lack of agricultural output, the peasants had to sell their land in order to repay the loan. Since 87% of the peasants had less than 10 hectares, and their average arable land was less than two hectares (Ibid:175), it can be seen why the peasants could not continue to work the land without sufficient support. Even the government's financial support did not affect the overall conditions of the peasants. In fact, an increase in peasant consumption created difficulties for them under new development programs. A comparison between the capital received by the peasants and their consumption shows that government support was insufficient. Table 21 on the following page has calculated peasant income, capital and due. Peasants who had received land and loans were more likely to be faced with severe difficulties and less able to utilize their land. Their capital including that received from the government, and their own surplus were

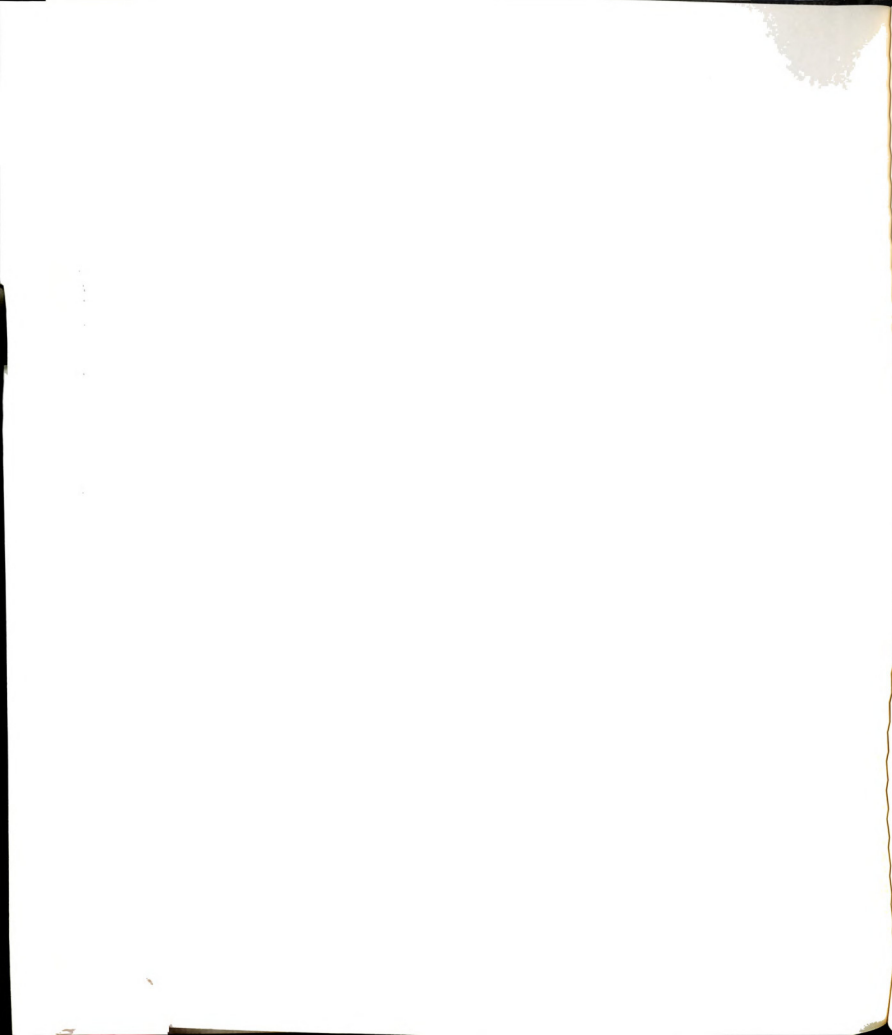
for less than the minimum credit necessary for production activities. In 1970-1971, the Iranian peasant had 58.8 million rials in deficit which had increased to 73 million by 1971-1972. Unless other economic resources were provided to the peasants in the rural areas, the natural consequences of the situation were to seek jobs elsewhere.

Table 21
Peasant Consumption and Deficits in Iran:1970/71 - 1971/72
(1349 - 1350 Islamic Calendar)

	(1000 million rials)	
	1970/71	1971/72
1. Total value added in agriculture (current prices)	163.1	177.8
2. Aggregate peasant consumption	160.5	191.2
3. Differences (1) - (2)	2.6	-13.4
4. Total government credit to the peasants	8.9	10.3
5. Total capital available [(3) - (4)]	11.5	-3.1
6. Minimum credit required for productive purposes	70.5	70.0
7. Total income deficit [(6) - (5)]	-58.5	-73.1

Source: Katouzian, M.A. Land reform in Iran: A case study in the political economy of social engineering, Journal of Peasant Studies, vol. 1, No. 2, January 1974. The study is based on the following sources:

- Row 1: Bank Morkazi, Iran (Central Bank of Iran), 1970:40.
- Row 2: Based on Plan Organization (1972a: Table 4) using 3.2 million households.
- Row 4: Bank Morkazi: Iran (1971:156), and Bank Morkazi: Iran (1972:41).
- Row 6: Estimated



CHAPTER FOUR

SOCIO-ECONOMIC STRUCTURE IN POST-LAND REFORM: THE DEPENDENT CAPITALIST STATE

Introduction

Land reform in Iran was a response to social, economic and political crises which arose between the late 1950's and early 1960's. It was not only a socio-economic strategy, but also a political tactic to face the problems. Land reform did not predict its own success--or failure--in either the first or the second stages of its plans which lasted until 1962. Rather, it was a policy that came out of the conflict between the forces of the capitalist mode of production and the traditional socio-economic structure, on the one hand, and conflict between the masses (peasants and urban social forces) and the ruling class, on the other. Therefore, the adoption of land reform temporarily solved both these conflicts, and brought about a new social and political structure in Iranian society. But in fact, weakening the power base of feudalism while strengthening the bourgeoisie's base through the implementation of modernization and industrialization gave rise to a new social structure. This chapter examines the dynamics of dependent capitalism in different aspects of the socio-economic structure of Iran through an analysis of the changes which took place in the economy and class structure in the post-land reform period.

I. The Economy in Post-Land Reform

Economic development beginning in the early 1960's concentrated on three major sectors: agriculture, oil and industry, and the service sector. The development of all these sectors gave rise to a rapid increase in the GNP during the 1960's and 1970's. The International Bank for Reconstruction and Development claimed that, in the period 1960-1972, Iran's annual growth achieved 9.4% in GNP, a figure also experienced by Japan.

After this period, the GNP rose even faster, and was multiplied 3.7 times by 1974-1975 because of the enormous increases in oil revenues, and also because of rapid industrial growth and other activities (Issawi, 1978, in Lenczowski, 1978:141). Table 22 illustrates the growth of the GNP in different economic sectors during the period under discussion. As is indicated, all the sectors had sharp increases in the period that followed land reform. However, much of these economic sectors owed their growth to the development of oil which was produced for export to an overwhelming degree.

Rapid economic growth during this period was much more because of international demands, rather than local ones. The question of why oil production, for example, increased in the 1960's and 1970's and affected the whole economy--which had not occurred during the 1940's and 1950's--can be explained by the mechanism of the world

Table 22

Economic Growth in GNP for Different Sectors in Iran

(Billions Rial, at Factor Cost)					
Sectors	1959/60	1962/63	1968/69	1971/72	1974/75
Agriculture ^a	85	97	140	172	305
Industry ^b	45	58	130	205	464
Services ^c	108	130	243	375	826
Non-Oil Sector	238	285	513	752	1,595
Oil ^d	28	38	83	180	1,635
Gross Domestic Products	266	323	596	933	3,229
GNP	266	320	584	914	2,929

Source: Bank Morkazi Iran, excerpted by Issawi, 1978.

^aIncludes farming, animal husbandry, forestry, fishing, and building.

^bIncludes manufacturing, mining, construction, water, and electricity.

^cIncludes transport, communications, banking, insurance, brokerage, domestic trade, house rents, private and public services.

market. The mechanisms of economic development in different sectors can be discussed further in the following sectors.

- (i) Agricultural policy: Large-scale farming and development of agribusiness.

Agriculture has been the most neglected sector of the Iranian economy, despite the fact that it has greatly contributed to the gross national product in the past. Although the first and second development plans allocated the majority of their expenditures to the agricultural sector (Bahrier, 1971:89-92), the aim of the programs was to develop a large scale agricultural industry and capital intensive projects.



Substantial overspending went to such large projects as dams which went from 12 constructions between 1957 and 1967 (Bahrier, Ibid; Issawi, 1978:147). Less effort was made to improve the agricultural sector overall, even though it contained the largest segment of the population. According to a 1966 census, 62% of the total population of Iran lived in rural areas, with the fewest in the central province, and the greatest number in the south and southeast provinces. Nevertheless, most of the agricultural projects--mainly dams--were concentrated in the central provinces of Khuzistan and Fars which had the highest rate of urbanization at that time (Statistical Yearbook of Iran: 1973, 1973:23). These dams provided power and water for urban consumption, rather than rural and agricultural development.

Between 1953 and 1977, five development plans were adapted to Iran in a context that was determined by a capitalist structure. The agricultural policy in all of these plans was oriented toward the development of capitalist farming and an agribusiness industry.

The development of capitalist relations in Iran and a highly capitalized agribusiness was a part of a general trend of capitalist development that was intensified after land reform. This process had been encouraged during semi-colonialism, had increased

in the late 1940's and mid-1950's, and had finally established itself as a dominant of agricultural development in the mid-1970's. Before land reform, the Iranian agricultural community consisted of thousands of villages which were to a great extent self-sufficient socio-economic units. The large landowners owned and controlled two percent of the fertile lands, and many of them were absentee landlords. After land reform, the government policy showed that it did not favor the peasants, but rather, concluded further distribution of land. In short, land reform expanded the large-scale farm operations and established the agribusiness. The pre-condition for such development was the necessary infrastructure which was set up in the development plans. The state provided further facilities by releasing state and public lands for a fixed rent to the private investors who wanted to mechanize their farming.

In this context, farming was formed as *Vahedha-ye Kesht va Sanaat* (Agro-industry units; hereafter, VKS), and allocated the best fertile land including the lands located under dams for the production of cash crops.

The law related to VKS was ratified in 1968, and its objective was the maximum utilization of water resources produced by dams throughout the country to irrigate the lands in the domain of the dams.



According to this law, no productive unit of less than 5,000 hectares could be established (Ashraf, 1973:10). This definitely limited the agribusiness industrial activities to large-scale landholding. The Ministry of Agriculture was assigned to evacuate the large areas around the dams by purchasing the lands from the villagers which resulted in the displacement of the residents; in 1973, 300,000 people from the villages around the Dez dam were relocated (Ibid.).

One of the largest agricultural projects was the Dez Irrigation Project which covered an area of 125,000 hectares. The land allocated for this project had been *Khaliseh* lands which were transferred to the peasants under the land reform laws, but was taken back by the VKS law. This action culminated in the relocation of 5,317 owner families and 3,064 landless families, who had earned their livelihood from the 68,000 hectares taken over by the VKS (Agricultural and Development Bank of Iran, 1978:8-9). Only a small proportion of these people were employed in the project because of its highly mechanized system.

Most of the companies established after the VKS law were composed of both Iranian and foreign investors, as can be seen in Table 23, on the following page.

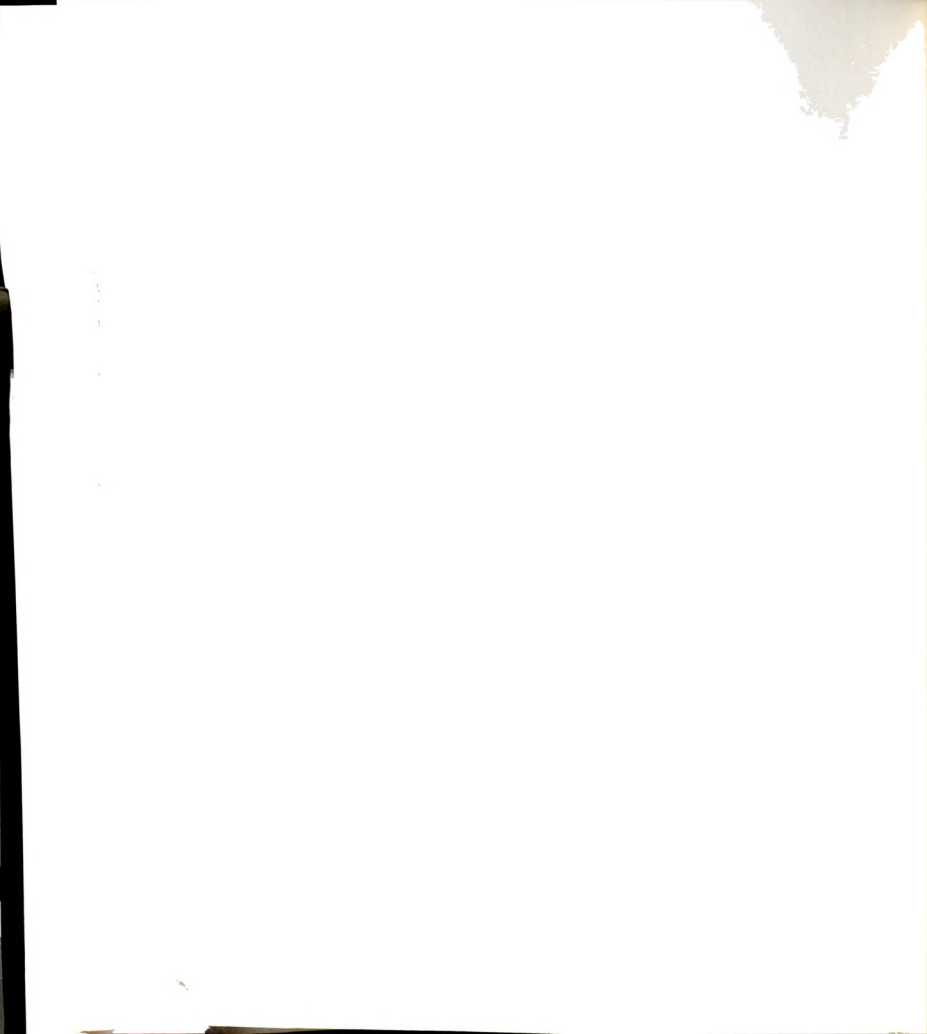


Table 23

Companies and Shareholders Engaged in Agribusiness Industry in Iran
(Dez Irrigation Project)

Companies and Shareholders	Extent of Field Operations (hectares)	% of holders
Hashem Naraghi Agro-Industries of Iran and America. Shareholders (prior to Fall 1974):	20,000	
Hashem Naraghi Development Co., Escalon, California		51.0%
Iranian's Bank of Teheran (Founded by Ebtehaj)		10.0
First National City Bank, New York, N.Y.		30.0
Three individual stockholders		9.0
The Iran-California Corporation Shareholders (prior to 1974):	10,000	
Agricultural Development Fund of Iran (ADFI)		15.0%
Khuzistan Water and Power Authority (KWPA)		5.0
K. Taleghani and Partners		10.0
Transworld Agricultural Development Corp.		30.0
Bank of America International Finance Corp.		20.0
John Deere Corp.		10.0
Dow Chemical Corp.		10.0
Iran Shelcott Co. Shareholders (1975):	15,000	
Shell International, Ltd.		75.5%
ADFI		15.0
Bank of Omran		10.0
Mitchell Cotts (operating agents)		4.5
International Agricultural Corp. of Iran Shareholders (1975)	17,000	
Chase Manhattan Bank		15.0%
Bank Melli Iran		5.0
Mitsui (Japan)		5.0
Ahwaz Sugar Beet Factory		15.0
ADFI		15.0
Diamond A Cattle (Rosewell, New Mexico)		15.0
Hawaiian Agronomics (operating agents)		15.0
KWPA		15.0
Dezkar Shareholders:	5,000	
A group of retired Iranian generals		100.0
Dezfarm Corporation Shareholders:	17,000	
Former peasants, former landowners in the area of the Dez Irrigation project. Managed by government.		

Source: Helmut Richards, 1975



This project which was only a part of agribusiness activities in Iran, appropriated roughly 250,000 acres of land occupied by villagers. It can be observed that, after land reform, highly intensive capital was invested in agribusiness farming by both the government and private companies, creating a dual character in the agricultural sector: modern and traditional. While high technology and capital expanded the modern sector, government ignorance, the inability of the peasants to utilize their small holdings because of their increasing indebtedness to government agencies and banks, perpetuated their situation of debt and poverty.

The government's policy also caused this sector to fail to cope with the population growth and to provide adequate food for domestic consumption. The agricultural share of the GNP declined from 30.4% in 1959 to 18.1% in 1970 (Looney, 1973).

Given the country's population growth rate of nearly 3%, the increase in agricultural production became almost negative, which had dropped to 2.5% (Issawi, op cit). The food shortages which were affected by the agricultural output gave rise to rapid increases in prices, forcing the government to import food stuffs. In 1977, this import was up to \$2.6 billion, and was anticipated to increase to \$4 billion



within the following three years (Halliday, 1979:128). According to statistics released by Plan Organization, the importation of food between 1976 and 1977 was as follows.

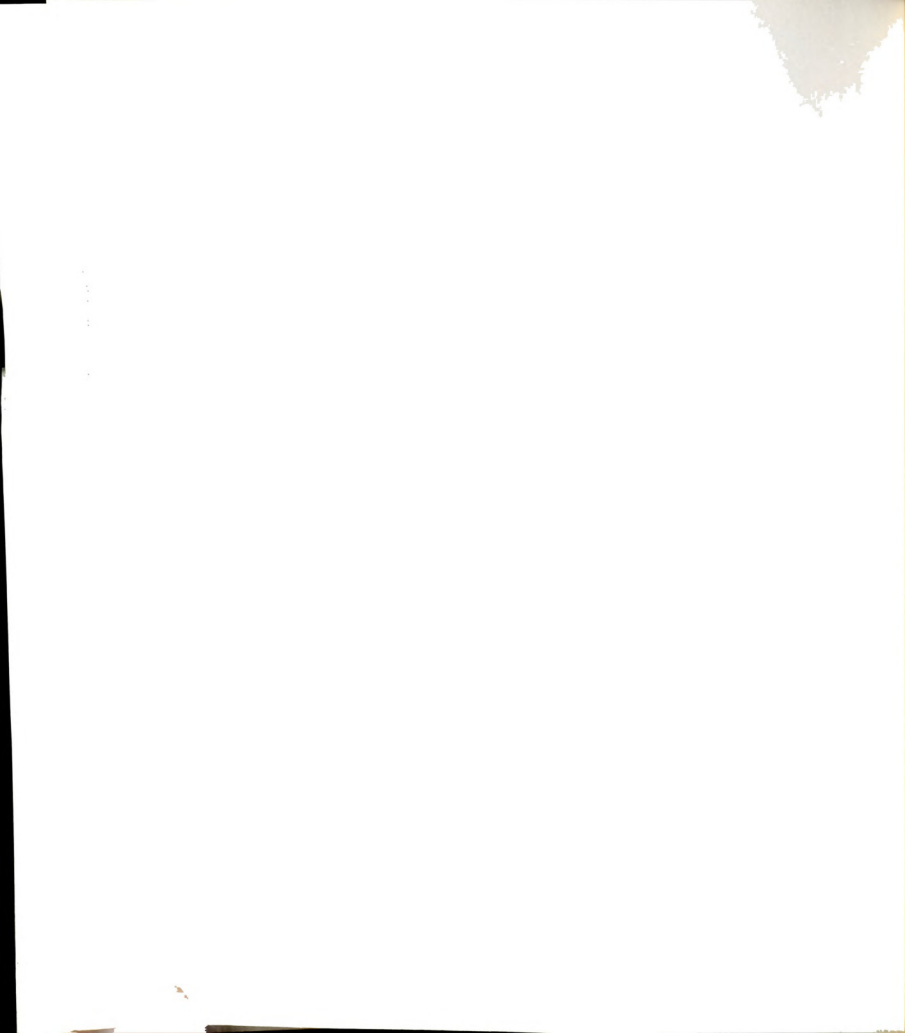
Table 24

Importation of Agricultural Products as Compared to
Domestic Production in Iran: 1976-1977

Products	(1000 Tons)	
	1976 First 9 months	1977 First 9 months
I. Wheat		
--domestic products	602.5	973
--imports	623.2	10,908
II. Grain (Barley, rye, cereals)		
--imports	631.5	
III. Peas, beans, etc.		
--imports	2.8	12.5
IV. Imports	75.22	94.02

Source: Plan and Budget Organization: Imports-Exports Statistics,
Teheran, 1978.

The decline of agricultural products sharply decreased the peasants' income, especially with the rising prices in the 1970's (basically because of the world oil crisis in 1973 and the rapid rise of oil prices in the world market). This situation was a blow to peasant living conditions--even for middle-income peasants--who were unable to adjust to the new conditions. In order to adjust the internal condition to the



international market prices, the government implemented a food subsidy program which cost it \$3 billion by 1974-75 (Ibid.).

With successful development, agriculture could not only produce enough to supply the urban and industrial demand, but could also generate a surplus to provide the investment funds for industrialization. However, in Iran, oil could provide the money to finance the agriculture, to compensate for food shortages, and to attempt industrialization which failed to transform agriculture into a positive contribution to the national economy. Most of the studies on the post-war agricultural situation have concluded that the government's approach to agricultural development resulted in a greater widening of the gap between rural and urban income (Issawi, 1978; Keddie, 1969).

(ii) Modern Sectors: Industry and Services

In the post-land reform period, Iran experienced a rapid industrialization. In the third plan period, the value added in industry was 12.7 per annum, increased during the fourth plan of 1968-1972 to 15.2, and continued upward until mid-1976 at an average of 17%. Such a growth is said to be "a magnitude almost unmatched in history" (Issawi, Ibid:150). This rapid growth came from Iran's rich oil and gas resources which were massively exploited.



In the 1960's, Iranian oil production was the second highest in the Middle East. During the third, fourth and fifth development plans, the share of gas and oil in the national economy rose sharply. According to the annual report of the Central Bank in 1977, 84.7% of foreign exchange receipts and 77.% of government revenue came from the oil industry (Annual Reports, 1970 and 1977). Between 1970 and 1972, oil production increased from 3.82 million to 5.02 million barrels per day, and revenues increased from 1.12 million to 2.39 million (Iran Almanac, 1977:258). The highest return from the oil industry took place in 1973 when the so-called "global crisis" let the price of oil quadruple. Iran's annual oil revenue can be illustrated in the following table.

Table 25

Iranian Oil Revenues: 1967-1977

<u>Year</u>	<u>US \$ Million</u>
1967	737
1968	817
1969	938
1970	1,093
1971	1,870
1972	2,308
1973	5,600
1974	22,000
1975	20,500
1976	21,700
1977	20,500

Source: The Middle East and North Africa, 1976-1977, 23rd Edition.
London: Europa Publications, p. 94.



As oil production increased, so did planning and development expenditures. While 62% of the budget of the third plan (1962-1967) and 63% of the budget in the fourth plan (1968-1972) depended on oil (Amuzegar and Fekrat, 1971:36-8), the revised fifth plan (1973-1978) showed that dependence on oil had risen to over 80%, reflecting new oil resources (Plan Organization, 1975). The latter change affected the total character of the development plan. The new budget allocated to the revised plan had increased seven-fold over the fourth plan budget (Looney, 1977: ch. 3). This budget changed the course of all social, economic and political development in the country. A significant part of the revenue went toward the purchase of sophisticated new weaponry, and the Shah emerged as a strongman who was consequently given the role of policeman for the Persian Gulf by the Nixon administration (Graham, 1979: ch. 10). The sudden rise of the oil revenues also led the Shah to "buy friends" by subsidizing several European and African countries.

The new financial situation also led Iran to expand its administrative-industrial complex which, subsequently, needed foreign technicians, since the country had not been prepared to train its human resources.

In order to secure and protect foreign capital in the country, the government established a Center

for the Attraction and Protection of Foreign Capital Investment (CAPFI). The Center provided maximum facilities for foreign capital to invest, to use Iranian facilities to employ "low cost labor" and to permit the withdrawal of the capital and profits from Iran and transfer it abroad in the same currency as the origin capital whenever they needed (Iran-American Economic Survey, 1967, Appendix). The main purpose of CAPFI was to direct foreign capitals into the fields that lacked Iranian expertise. From the 1960's, foreign investment developed in the field of rubber, chemicals, building materials, and mining. From the 1970's, they were extended into automobile manufacturing, steel production, armaments and agribusiness (Halliday, 1979:15-34). Foreign capital was scheduled to expand even after the oil price increase. The fifth plan (1973-1978) projected \$46.2 billion in state investment, \$23.4 billion in private investment and \$2.8 billion in foreign investment. The state still had substantial control over capital investment in the country.

However, increasing economic growth in Iran was becoming totally dependent on foreign capital. According to an AFPCI report in 1967, 387 commercial companies were involved in manufacturing and importing commodities, of which 102 companies were wholly and the rest were partially owned by U.S. entrepreneurs. The trend increased after 1973.



During the 1970's, major industries were established in the country which produced goods that were formerly imported. That is, the government intensified the policy of import-substitutions which had begun decades before. Between 1959 and 1977, while the importation of consumer goods declined, the intermediate and capital goods increased in 1977 as compared to 1959 (Table 26).

Table 26

Iran's Imports Classified by Use: 1959-1977

Type	1959	1962	1967	1969	1972	1977
Consumer Goods	30.2	21.8	12.0	10.9	12.9	18.6
Intermediate Goods	49.2	57.2	59.7	64.0	62.1	54.2
Capital Goods	20.6	21.0	27.7	25.1	25.0	27.2

Source: Walton, T., 1980:280, based on data from Annual Reports 1349 (1970) and 1356 (1977), Central Bank of Iran.

The policy made the country's economy wholly dependent upon foreign corporations. The majority of the new industries established in Iran during the third and fourth plans were assembly plants (Carey and Carey, 1975:13-14) which were operated as branch plants of the foreign corporations. Nevertheless, because of the dependent characteristics of the industry, the efficiency in these plants was low, and the prices of their products were higher than the international market (Annual Report, 1968:61). According to a U.S. government report, "in 1976, the



waste factor in the Iranian economy as a whole was 40 percent." This is a higher rate of inefficiency than in other countries (Halliday, 1979:158).

Rapid industrial growth also changed the structure of industrial activities. While for a long time food, textiles (cloth) and other basic human needs were produced and manufactured, and had become the dominant productive structure in the country, later on--notably in the 1970's--this role was transferred to the metropolises. The production of durable and luxury items became a dominant feature of industrial activities.

The industrial sector was not the largest one in the country, nor was it sufficient to give impetus for development of the agricultural sector. On the contrary, at the climax of industrial activities, the bulk of the food stuffs was imported from the outside, since the rate of agricultural growth was lower than the population growth (Amuzegar, 1971:48), and the demand for food items had increased.

The largest sector in this period was the service sector which increased as government administration and bureaucracy expanded. The expansion of the bureaucracy not only operated as a means of control on all aspects of the social, political and economic system--at the top of which was the Shah--but also aimed to use oil income to create jobs for the growing

urban population at the expense of the productive sector. A considerable amount of aid income was also destined for arms expenditures and expanded military apparatus.

One of the important sections of the service sector was the development of banking and financial services which had an essential role in the circulation of foreign capital, domestic capital, and the transformation of capital and profits--the surplus.

By the 1970's, all the private banks had foreign or government shareholders. They were to supply capital and loans to manage increasing productivity and import-export activity. For example, in the 1970's, the Iranian government permitted several banks to offer short-term loans to the government employee to buy a car or other luxury items, and therefore to increase the capacity of consumption. Bank activities increased after land reform, and became an important section of dependent capitalism. Table 27 illustrates the increasing trend of the bank establishment, showing that, in the 10 years after 1965, the number of bank units increased from less than 2000 to more than 7000. That is, while in 1964 there was one bank unit for every 16,000 inhabitants, by 1975, there were less than 5,000 persons for each bank unit.

Table 27

Increase in Bank Units in Iran: 1964-1973

Years	Bank Units	Annual Increase	Population per Unit of Bank
1964	1518	164	16,055
1965	1847	329	13,572
1966	2275	428	11,334
1967	3407	1,132	7,864
1968	4478	1,071	6,159
1969	5350	872	5,308
1970	5988	638	4,886
1971	6545	543	4,597
1972	6993	453	4,436
1973	7337	344	4,334

Source: Plan Organization, Statistical Center of Iran, Statistical Yearbook of Iran, 1973, Teheran, Series 394, 1974:475

The pattern of economic development in the post-land reform is reflected in the distribution of the labor force in the different sectors of the economy. While the agricultural sector lost its labor force population, the service and industrial sectors gained considerably, as the following table illustrates:

Table 28

Changes in the Population of the Labor Force in Iran
in Different Sectors of the Economy:
1956, 1966, 1977

Sector	1956	1966	1977
Agriculture	54.8	48.1	35.8
Industry	13.8	17.2	24.1
Services	28.7	31.0	36.5

Source: Adapted from: International Labour Office, Employment and Income Policies for Iran, 1973:31



Table 28 shows that the service sector has substantially increased during the period under discussion.

In sum, during the post-land reform period, industrial and other economic activities grew rapidly in a context of dependent capitalism. In the agricultural sector, activities concentrated capital farming and agribusiness industry, with highly capital intensive projects in a few regions at the expense of the peasants' cultivations. In the industrial sector, attention was paid to the development of branch plants and montage industries concentrated on certain products. In the service sector, the expansion of bureaucracy, the administration and the banking system developed a non-productive labor force. In short, industrialization was not accompanied by the transition of a labor-intensive agriculture and artisanal units to a capital-intensive one. Therefore, while disintegration took place in rural areas, the labor force was not absorbed into industry, but rather into a joint non-productive sector.

III. The State, the Ruling Class and Class Structure in Post-Land Reform

The triumph of the comprador bourgeoisie over the feudal-bourgeoisie ruling class guaranteed by the implementation of land reform rearranged the power structure



in Iran by removing the land from the feudal landholders. Land reform, in fact, took the land and the privileges attached to it away from the landlord, but it did not distribute them among the peasants. Rather, it concentrated them in another type of owner--the capitalist. Therefore, land reform changed the class structure of the dominant power, and consolidated political power in the hands of the capitalist state, the one that guaranteed the reproduction and development of capitalism without being directly responsive to the Iranian bourgeoisie. However, in this period, the state emerged as the capitalist to secure and guarantee the position of the ruling class.

Nevertheless, the capitalist state in Iran differed from the metropol state, since it was not really a capitalist country but a developing one. The state in Iran was determined to promote economic growth, to coordinate resources in order to expand social relations of production through the bureaucracy, and generally to direct the country toward the establishment of capitalism. Therefore, the state needed to conduct reforms to eliminate the old relations of production and to constitute the new social relations, as well as to concentrate the means of production in the hands of the new ruling class. Therefore, the form that the bureaucracy and other, different sections of the bourgeoisie associated with it was dictatorship, through which changes can be maintained from above.

The state which emerged after the "White Revolution"--a manifestation of a form of dictatorship--was a dependent bourgeoisie state determined to defend the interests of the international capitalists by consolidating different sections of the bourgeoisie: the commercial, the industrial, the financial, the bureaucracy, and the agricultural bourgeoisie. However, the bourgeoisie in Iran was not independent, but dependent, the interest of which is in harmony with the interests of the big bourgeoisie of the metropolises.

The commercial bourgeoisie which began to develop in the nineteenth century intensified its activities after the fall of the national bourgeoisie through immense foreign trade, especially for the importation of consumer, intermediate and capital goods (Table 29). In fact, it paved the way for the development of other sections of the bourgeoisie, particularly the industrial one.

Table 29
Commodity Composition of Iran's Imports, Classified by Use^a in
Percentages: 1959-1977

Type of Use	1959	1962	1967	1969	1972	1977
Consumer Goods	30.2	21.8	12.6	10.9	12.9	18.6
Intermediate Goods	49.2	57.2	59.7	64.0	62.1	54.2
Capital Goods	20.6	21.0	27.7	25.1	25.0	27.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: Walton, T., 1980. Based on Annual Reports 1349 (1970) and 1356 (1977), Central Bank of Iran, Teheran.

^aExcludes military imports

The industrial bourgeoisie developed rapidly after the "White Revolution" by establishing and building montage industries in the form of assembly lines and the like. Part of the commercial bourgeoisie converted its positions into the industrial bourgeoisie when the import substitution policy produced most of the durable goods in the country. The industrial bourgeoisie was under the control of the state and its dictatorial manifestation: the Shah. In the fifth development plan (1973-1977), the state invested \$46.2 billion, whereas the private sector invested \$23.4 billion, and foreign capital added \$2.8 billion (Plan Organization, 1976). Expansion of the oil industry in this period strengthened this section of the bourgeoisie.

The financial bourgeoisie, as another section of dependent bourgeoisie in Iran, developed with the rapid expansion of banks, insurance companies, and other financial agencies (Table 27). The fast development of industries and trades necessitated the development of a financial system to circulate the capital and transfer the surplus. After 1975, thirty-five banks were operating, including new banks, and several jointly-founded by Iran and the U.S., the Japanese, Europeans, Arabs, and other foreign capital, with more than 7,000 branches throughout the country (Issawi, 1975:159-60; Statistical Yearbook, 1973-74: 332). Of the thirty-five banks, 25 were commercial; seven were specialized development banks for financing mining



and agriculture, industry, and construction; and three were regional development banks (Issawi, Ibid.). All the banks were controlled by the Central Bank of Iran (Bank-e Markozi), established in 1960 by the state after rapid commercial expansion (Bahrier, 1971:244).

The agricultural bourgeoisie was another section to develop after capitalist farming grew rapidly after the implementation of land reform. Although the incipient stage of this bourgeoisie traces back to the nineteenth century, it was not until the second half of the twentieth century when cash crop production became an important business that this social class matured. The former feudals, the influential elements of the government or the royal family, the merchants and capitalists, converted many fertile lands into this type of holding (Okazak, 1968). The agribusiness industry that developed widely in the country became an activity of the farming big bourgeoisie. The state leased the lands for long-term rents and established an agricultural development bank to finance the agro-industry in order to control this section of the bourgeoisie.

Finally the bureaucratic bourgeoisie developed as the result of the expansion of another area. This group emerged as the most powerful and indeed the superior dependent bourgeoisie in Iran, determined to protect and develop other sections by providing services, planning, capital, and above all, "security" by means of the military, the police and an intelligence service; the result was



a nearly-complete suppression of the masses. However, this group also concealed the superstructural conflict between different factions of the bourgeoisie by maintaining organic relations between them. The bureaucratic bourgeoisie was the fundamental means through which surplus was extracted from the community, channeling them through the established administrations and institutions in order to accumulate the surplus and transfer it to the upper section bourgeoisie. The means to achieve this goal, in addition to the above methods, was to articulate the different sections of production and the different sectors of the economy--modern and traditional--and incorporate all of them into one capitalist market.

The existing diversions between the different sections of the bourgeoisie, of course, are not fixed in absolute terms; rather, they had to maintain an organic relationship between each other to protect their interests and that of the bourgeoisie at the metropolises. For example, the commercial bourgeoisie cooperated with the industrial bourgeoisie which both needed to be fed by the financial bourgeoisie, while in turn requiring the security offered by the bureaucratic bourgeoisie.

Without the state and its powerful bureaucracy, the different sections of the bourgeoisie would not have been able to cooperate, to accumulate, secure and ensure their capital. The state, therefore, was the backbone of the ruling class. In this context, the ruling class was composed

first, of the Shah and his Court, the Cabinet and the top military-bureaucratic section; and second, the representatives of the commercial, industrial, financial, agricultural, and bureaucratic sections of the bourgeoisie. Next to the ruling class were the different strata of middle and lower social classes.

Because of its long historical background in terms of its economic, ideological and social positions, the petit bourgeoisie in the Iranian community is the largest social force in both the rural and the urban areas. Among the different lower social classes, the rural social classes and the urban working classes were that part of the population which remained largely ignored in the social reforms and in the process of modernization.

IV. Class Structure in the Rural Community

Land reform transferred the land from the traditional and feudal section of the economy to the capitalist one, and therefore the peasants did not gain much. A United Nations study on the result of land reform in Iran stated that:

There was nothing to prevent landlords from re-ordering the cultivation pattern in their villages before the land reform reached them in such a way as to ensure that the best land or, indeed, any land at all, went only to their friends, relatives and loyal dependents. Again, landlords who exercised their option to retain a collection of parts of villages might continue to retain the best of each and even, perhaps, those parts which dominate the water supply for the rest of the village (United Nations, 1966:24-25).

According to one estimate, in 50,000 out of 66,000 villages, on the average half of the land was exempt from distribution (Hooghland, 1981:192). The government's policy of land reform left many of the peasants landless, but made no real determination was made on the petit bourgeoisie owners.

The rural class structure affected by land reform can generally be divided into two distinct social groups: those who owned or held land, and second, the landless peasants who may work in the form of wage-laborer or be involved in non-agricultural activities.

(a) The Landowner Class

Before land reform, the agrarian society was composed of four main groups: the large landlords; the medium landlords; the peasant proprietors; and tenant laborers.

The large landowner made up one percent of the rural population, and was a city dweller, particularly in Teheran, while owning 60% of the total cultivated land; their properties ranged from 5 to 100 villages.

The medium landlords were also city dwellers, and included 5% of landowning farmers who had at least one village in a fertile region.

The peasant proprietors formed 10-15% of the rural population, who directly leased or tilled their



lands to laborers or other peasants. The tenants were sharecroppers, and worked through the *Mazaraeh* agreement. Although landless, they had the right of *nasagh*. Together with the landless laborer, this group made up 80% of the population (Aresvik, 1976:96-98).

The first and second landowner groups either sold their lands or became capitalist owners or industrialist shareholders after land reform. In the second phase of land reform, the majority of the owners chose thirty-year tenancies on their land, and therefore most of the peasants remained tenants. By 1971, when land reform was completed, all tenancies in agriculture were abolished, and the owners had to sell their land to the tenants. However, most of the tenants could not afford to pay, and leased the land instead. After 1971, only 20% of Iranian farmers owned their lands with clear title (Ibid.). The rest were laborers, landless peasants or the non-agricultural population.

(b) The Landless Population

Those who did not have the right of *nasagh*, and therefore were landless, were called *Khushnishin*. This word referred to rural shopkeepers, blacksmiths, traders, manual laborers, and the like. A government survey of 1800 villages from different parts of the country found that 45% of the rural inhabitants were



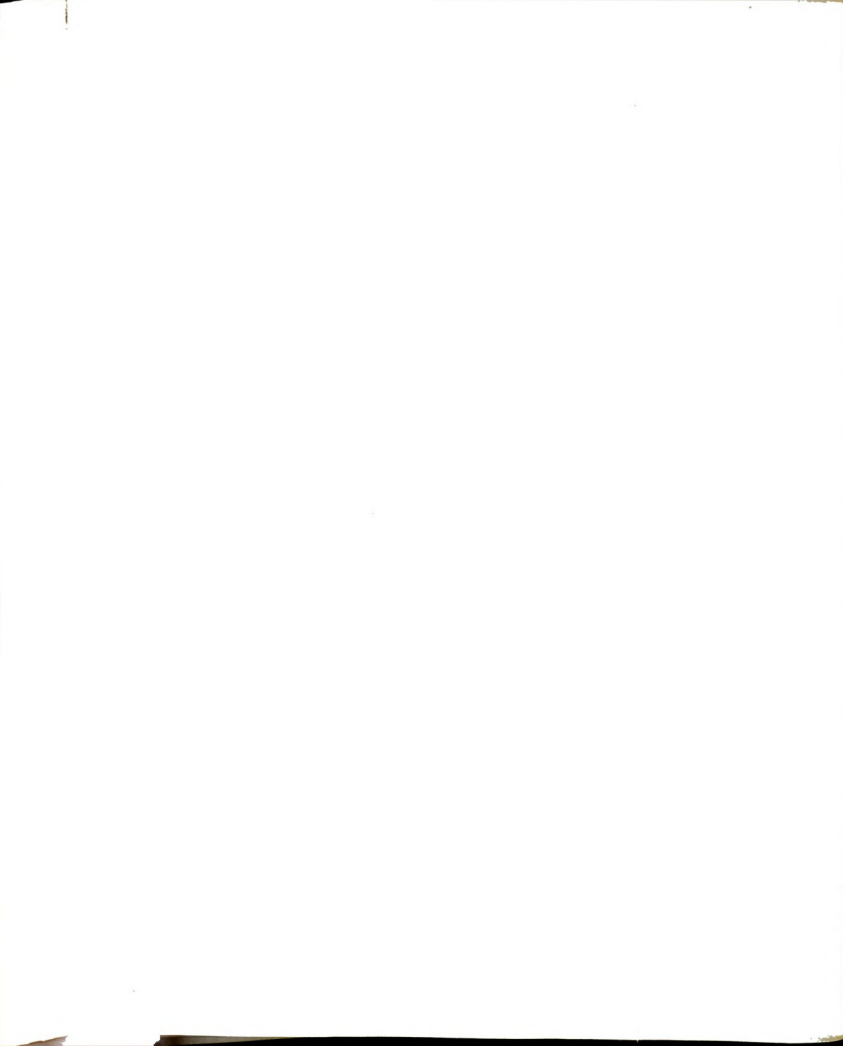
Khushnishin (Ministry of Agriculture, 1961-62). The majority of the *Khushnishin* population was poor, and depended upon agricultural labor and low status service jobs. The study also found that in villages with over 1000 inhabitants, there was a larger proportion of *Khushnishin*. That group could generally be divided into two different classes: the rural bourgeoisie, and the rural workers.

The rural bourgeoisie included the traders, merchants, shopkeepers, wholesalers, money lenders, renters, *salaf kharan* (middlemen, or brokers; those who buy crops before the harvest at 30-60% less than the market price), and the like.

The rural workers included blacksmiths, copper-smiths, cobblers, bathhouse attendants, barbers, carpenters, tractor drivers, etc. (Hooghlung, 1973).

The size of the *Khushnishin* population was subjected to change in the past twenty years.

The first national census in Iran was taken in 1956, and indicated that 75.8% of the rural population was engaged in agricultural activities either in the form of sharecropping or other form of farming (First National Census, 1956). This proportion decreased to 62.8% in 1964 which meant that 37.2% of rural inhabitants were involved in non-agricultural activities (Ministry of Labor and Social Affairs, 1968:2548, Table 23). The 1976 census, however,



revealed that only 27.4% of the rural population was involved in farming and related work, of which 13.7% owned the land or were a partner, and the rest were agricultural laborers (see Table 30).

Table 30

Class Structure in the Rural Communities, Iran: 1976

	Number	%
Total rural population 10 years and over	11,593,895	100.00
Farmer population ^a	1,591,700	13.73
Rural Workers ^b	1,130,946	9.75
Rural Bourgeoisie ^c	1,963,017	16.93
Total Employed	4,685,663	40.41
Total population over 55 years	980,480	8.46
Actual economically inactive, unemployed or seeking work, seasonal workers	5,927,752	51.13

^aIncluding owners and partners, poultry farmers, farming and animal husbandry, etc.

^bIncluding unskilled agricultural workers, field agricultural workers, field crop and vegetable workers; orchard, vineyard and related shrub crop workers; horticulture workers; farm machinery operators; unclassified workers.

^cIncluding traders, business services, shopkeepers; teahouse keepers and restaurant workers, etc.

Source: Adopted from National Census Population and Housing, 1976, Tables 1, 7 and 28. Plan and budget organization, statistical Cul. 00, Iran.

As can be observed, only about 14% of the rural population could cultivate their own lands, and less than one-fourth of the total rural inhabitants were engaged in agricultural activities. The table also illustrates that 77.8% of the total rural population

over 10 years of age are landless which falls into *Khushnishin* population, and includes rural workers, rural bourgeoisie, the unemployed and the seasonal workers.

The *Khushnishin* population in rural Iran is mostly low income (except for part of the rural bourgeoisie). A rural study shows that a worker may earn \$8.120 during a season if he works every day. If his wife and children also work, they may raise the income to \$130-200 during the same period. Since they are unemployed for the rest of the year, and taking the average size of a family as five, the per capita income for these laborers does not exceed \$45 (Hooghlund, op cit). Another statistic shows that the farms of over 11 hectares provided 62% of market supplies, but managed only by 12% of the rural population, whereas the rest of the population (81%) depends on 38% for agricultural supplies (Price, 1975). This shows that a small majority of the rural people received the major production which indicates the very impoverished condition of the rural population, especially among the *Khushnishin* population, who were the potential source of out migrations. This segment of the population was essentially the product of:

1. Rural impoverishment which increased especially after World War II, and resulted from the introduction of capital-intensive projects and mechanized



farming without providing new opportunities. This phenomenon intensified after land reform, when new technologies were more widely used on the land.

2. The loss of *nasagh* when most of the land-owners converted their orchards into fields by tractors or combines in order to claim mechanized farms and thereby escape the land reform laws. The peasant was then employed as a wage-laborer.

3. The increase of landlessness among peasants with the adoption of land reform. However, many of these peasants became landless because of an inability to repay their loans or other dues.

4. Finally, the growth of the population in rural areas which was faster than in the urban areas, created the problem of overpopulation. Prior to land reform, the village community protected new families. When a young man married, and if the householder had the right of *nasagh*, the community provided a plot of land for the new family by tightening up the individual *nasagh* into the new order. When *nasagh* was eliminated by land reform laws, the peasants actually lost both government and community support, and therefore remained landless.



V. The Structure of the Labor Force

Iran's economic development policy under the dependent capitalist system revealed a considerable development of the labor force. The composition of the labor force population, according to the Iranian census, indicates that, in the post-land reform period, the population of the agricultural sector has declined, while industries have increased from 20% in 1956 to 30.2% in 1976. Rapid industrialization and increasing oil revenues accompanied by the quest for "quick and easy profits" created acute sectoral imbalances. The agricultural sector which, in 1956, had accounted for 56.3% of the country's employed labor force--as much as about three-fold of the industrial labor force--declined substantially in 1976, to little higher than the industrial labor force. The increase of the service sector was related to the expansion of bureaucracy, commercial and financial activities, the army, military personnel and other security forces, and was also related to increasing low status jobs in the growing urban areas such as pedlary, manual labor and the like which usually concealed the unemployment rate.

Table 31
Composition of the Iranian Labor Force
(Employed Population over 10 years of age)
1956, 1966, 1976

	1956	1966	1976
Agriculture	56.3	46.2	36.6
Industry	19.9	26.3	30.2
Services	20.8	27.7	32.1
TOTAL	100.0	100.0	100.0

Source: Data for 1956 and 1966 obtained from Edward Swan, "Highlights of the 1966 Census of Iran," in J. Momeni; for 1976, National Housing and Population Census, 1976, Table 26.

During this period of rapid industrialization, Iran showed both labor shortages and labor surplus. Industrialization through the importation of advanced technology in a country with a 63% illiteracy rate (Plan Organization, 1976:81) caused a shortage of skilled technicians and workers. In 1976, an estimated 50,000 foreign workers were employed in Iran which increased in the following years (Holbecky, 1979:187). However, unemployment increased from 158,000 in 1956 to 284,000 in 1966, and to 820,000 in 1972 (International Labor Office, 1975:31).

This unemployment was at the level of the unskilled population which had not been observed in the industrial or service sector. However, the concealed unemployment was a phenomenon of the underdeveloped countries, and constituted a major feature of growing urbanization. That



is, the people who sell lottery tickets, gums, vegetables or variety items on streetcorners here and there considered themselves employed. Iranian statistics, however, do not exhibit this phenomenon, but it is very visible in the urban areas.

In terms of economic conditions, minimum wages in the industrial sector were very low in contrast to the standard of living. In 1971, the minimum wage was fixed at 60-65 Rials (one dollar was equivalent to 10 Rials at that time), and rose to 90 Rials when it was affected by the oil price hike (Central Bank Bulletin, 1972). At the same time, the price of basic living needs were as follows: meat, 250-280 Rials; bread, 7 Rials; sugar, 37 Rials per kilogram; rent for a single room, 3,000 Rials (*Keyhan*, a daily newspaper, September 25, 1974). Therefore, industrialization in Iran did not promote economic conditions so that the masses would have better opportunities. Rather, it developed disparities among the different social classes, groups and regions. According to the Central Bank Statistics of Urban Household Budgets, the lower 10% of families in the income scale accounted for 2.5% of total consumption, whereas the highest 10% accounted for 32.5%. In terms of regional disparities, the figure shows that per capita income in Teheran was 45% higher than other provincial cities (Naraghi, 1969). Rural areas, particularly in the south and west which is basically agricultural, shows the lowest average family income (Roegen, 1976:1-8).

In sum, the land reform and modernization policies did not solve the very many social and economic problems which Iran faced in the 1960's and 1970's. The rural economy was severely damaged without being replaced by any other alternatives, and the growth of the urban economy, despite its rapidity, was too weak to absorb the labor released from the agricultural sector. Unemployment and a low standard of living still remained basic problems for the lower social classes, despite increases in oil revenues, and above all the rapid rise of the bureaucracy, military expenditures, and administrative division, encouraged unproductive activities despite the very availability of natural resources and labor in the country. In fact, the capitalist-oriented plan gave rise to the development of a dependent bourgeoisie which, after the land reform, dominated the politico-economic structure of the country, directed the economy toward unequal development between sectors and, subsequently, between different regions, and hence encouraged migratory movement, especially city-ward migration throughout the country.

CHAPTER FIVE

MIGRATION UNDER CAPITALIST DEVELOPMENT

Introduction

Migration in underdeveloped nations in general, and in Iran in particular, has been the major significant feature of social change. The post-war era experienced a massive cityward migration in this part of the world which resulted from the policies of industrialization and social reforms. Iran's significant migratory movement was in the form of rural-urban migration, and appeared in the post-land reform era, when rural communities were subjected to fundamental social and political changes. This chapter involves the issue of migration from the time when the policy of industrialization and social reform began to shape the economy and the society in Iran. The chapter attempts to provide a picture of the general population structure, and then to study major migration characteristics that formed under the capitalist development in the country. The study will analyze the significance of migration in this period with respect to development policies.



I. The Context of Migration

The significance of migration in Iran as a developing country should be set within the context of capitalist development and its policy implications. That is, the conditions under which migration is generated is a reflection of the unequal character of development between sectors and pertains to geographical regions.

The division of the world between poor debtor countries and rich creditor ones is not the outcome of a natural distribution of resources. Rather, the existing underdeveloped peripheries and the developed center is the direct result of a transformation of resources and, consequently, capital from the former to the latter. The economic advancement of the dominant Western capitalist countries and the dynamics of capital accumulation there, stimulate further penetration into the periphery (Iran), with the result of an establishment of social, economic and political institutes which lead to eventual disparity between progressive sectors compatible with the interest of the Western developed nations, and weak and backward regions.

It is in this context that massive migratory movement can be discussed. The underdevelopment of one sector of the economy resulted from a crisis in the agrarian economy and stagnation in traditional productivities and the development of the modern sector as the only existing



alternative to the population of underdeveloped regions makes migration inevitable. Attention in this respect should be paid to the modernization policy and the establishment of capital-intensive industries in the country in such a way that its major production activities are based on labor-intensive methods.

Therefore migration, whether it takes place within the different areas of the society or between Iran and other countries, needs to be regarded as a part of the dynamics of the world capitalist system which "is constantly changing according to forces that allow its components to modify their relative positions without significantly altering the basic dynamics of the accumulation process" (Portes and Walton, 1981:29). The study of migration, in that case, should take into account the affect of these processes on the character and types of migration.

II. General Demographic Characteristics of Iran

As did other developing countries in the post-war era, Iran experienced a rapid population growth. According to the published figures, Iran registered a crude birth rate of 48 per thousand between 1945 and 1954 (United Nations, 1963). The crude death rate has not been calculated for that period because of a lack of accurate data; however, between 1955 and 1964, the United Nations suggests 25 per thousand, based on the first national census (Ibid.).

With an infant mortality rate as high as 160 per thousand (Plan Organization, 1968), the population growth could not be more than 2.3 percent annually. This rate increased during later periods because of better sanitation and increasing medical facilities (Clark,), and a subsequent decline in the death rate, and arriving at an annual 29.8 percent between 1973 and 1976 (Plan Organization, 1978:49). This figure when compared to other underdeveloped countries such as Pakistan (2.9) and Nigeria (2.5), is among the highest (World Bank, 1976).

Regarding these vital statistics, the population structure of Iran shows a young age structure, as is the pattern in most underdeveloped countries. The Age-Sex Pyramids for the three sequence census suggests a broadening at the base of the pyramid and a narrowing at the top. This indicates a population under 15 years of age accounted for 42.16% in 1956; 46.09% in 1966; and 44.42% in 1976 (Censuses, 1956, 1966, 1976) which suggests a higher proportion than that of average underdeveloped countries-- 42 percent of the population was under 15 years of age in 1970 (World Bank, op cit).

Reflecting this population structure, as can be expected, the total fertility rate for Iran was 6.63 per thousand, and the gross reproduction rate was 3.24 for every Iranian woman in 1974. In this respect, the average number of children for every family has been reported to be 4.5

for 1972 (Amani, 1974) which is still located at a high rank among the less developed countries.

Another indication of population is the level of education and the economically active population. The literacy rate for the population seven years of age and over was 15 percent which increased to 30 percent in 1966, and to 47.5 in 1976, population six years of age and over. These figures for women were eight percent, 17.9 percent and 35.6 percent in respective years. This structure, in terms of the population in the labor force, indicates a declining trend for the economically active population which may be because of an increasing proportion of students who are temporarily out of the labor population (Table 32). The crude activity rate--that is, the labor force as a percentage of the total population--for 1966 and 1976 was lower than that of the developing regions in 1960 given by the International Labor Office (41.7). Such a trend also suggests that the rate of the population growth is faster than the trend of labor force population growth.

The figures in Table 32 indicate that, despite rapid industrial and economic growth in the post-war period, the general characteristics of the population have remained in a state of underdevelopment. Iran in the mid-1970's still experienced a retarded demographic structure reflected in the country's socio-economic structure.

Table 32

Labor Force Population in Iran: 1966 and 1976

Population 10 yrs - over	Both Sexes	1966		Both Sexes	1976	
		Male	Female		Male	Female
	100	100	100	100	100	100
Economically Active	45.9	77	12	42.3	70.1	13.0
Employed	41.5	69.6	11.4	38.2	64.2	10.6
Unemployed	4.4	7.4	1.1	4.1	5.8	2.2
Economically Inactive	54.1	23.0	87.5	57.5	29.9	87.0
Homemaker	35.3	--	--	32.9	--	67.7
Student	11.7	15.0	--	19.4	23.6	15.0
Income Recip.	5.5	5.5		3.1	3.8	2.4
Other	1.6	2.5		2.1	2.4	1.7

Source: National Census of Population and Housing, 1966 and 1976.

However, during the three decades after World War II, Iran experienced some measure of economic growth which, as a general pattern of development, was accompanied by a sequence of demographic changes. For example, industrialization, urbanization and the improving level of education have affected family function and its structure in terms of a reduction in family size, declining mortality and rising life expectancy, as have been experienced in other countries. However, the decline in fertility and family size has been observed principally among the middle and upper classes, who benefitted from the economic growth and the concomitant growing urbanization, industrialization



and the better conditions in the standard of living. During the 1970's, Teheran experienced the lowest rate of fertility among the education and the middle class population (Amani, 1973). However, such a trend was not experienced by the lower social classes located in the same city, especially in the slum areas (Teheran School of Social Work, 1971). Therefore, the disparities existing in the socio-economic structure of the country resulted from the nature of the developmental strategy, reflected in the demographic structure and its associated elements. It is in this context that a retarded demographic structure, particularly of migrations, can be analyzed. That is, the different demographic trends, e.g., low fertility or high fertility, in migratory movement from one place to another can be analyzed with regard to the imbalance of social and economic development between different sectors.

III. The Beginning of Modern Migration

At the beginning of the nineteenth century, Iran entered a new era in the process of socio-economic development. Until 1925, the most significant change that took place in the economic structure of Iran was the construction of the oil industry and the exploitation of oil which began in the second decade of the century. The new economic resource added a new element in the political and economic structure of Iran. Though it was not very significant until the 1940's, it created a new base for future development.



The period which is known as state capitalism was accompanied by a period of social and economic reforms, or the era of modernization and industrialization. The social and economic reforms that took place under the direct intervention of the state provided a basis for the development of a labor force in the industrial and service sectors, whereas the agrarian sector remained intact. Most of these developments occurred after the mid-1930's.

One of the major characteristics of this reform was that the principal part of the modernization and industrialization programs were concentrated in Teheran and, to a lesser extent, in a few major cities. Teheran therefore became the center of industry administration and the location of the main body of the bureaucratic machine. Table 33 illustrates the number of government employees in the cities was over 6,000 in 1946. It indicates that more than half the total government employees of the nine large cities are in Teheran. After that is Abadan, a center for the oil industry which had 18 percent of the employees in 1946 (see following page).

The bureaucratic contribution and other policies of social reforms in the late period of state capitalism were accompanied by further underdevelopment of rural areas and small towns. This social and economic change brought about a change in the demographic structure of the country as Table 34 illustrates (see following page).



Table 33

Number of Government Employees in Nine Largest Cities
of Iran: 1946

<u>Cities</u>	<u>No. Gov't. Employees</u>	<u>Percent</u>
Teheran	123,177	54.6
Abadan	41,000	18.1 ^a
Tabriz	16,302	7.2
Isfahan	13,816	6.2
Kermanshah	11,341	5.0
Gorgan	6,900	3.0
Rasht	6,700	3.0
Hamadan	6,320	2.9
TOTAL	225,556	

^aOil fields

Source: Naser Pakdaman, Amarnamēh-ye Iqtisad-e Iran Dar Agaz-e Jang-e Dowom (Economic Statistics of Iran at the Beginning of World War II). Department of Economic Publications, Teheran University, 1355 (1976).

Table 34

Annual Growth Rate Of Population in Iran:
190-1956

<u>Period</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
1900-25	0.08	0.08	0.08
1927-34	1.50	1.50	1.50
1935-40	2.30	1.30	1.50
1941-56	4.40	1.40	2.20

Source: Bahrier, J. Economic Development of Iran: 1900-1970, London: Oxford University Press, 1971.



It can be seen that no change in the growth of rural and urban population has taken place before 1934 which indicated that apparently no significant rural-urban migration occurred until that time. After 1934, however, the rate of growth changed in favor of the urban population. Bahrier suggested that total net immigration into urban areas was 0.728 million between 1900 and 1956 (Bahrier, 1971:29). This amount is less than the total net migration to Teheran at the same period (Ibid.). With respect to Table 34, it can be interpreted that this migration has taken place primarily before 1934.

The major population movement took place during the 1940's, particularly during wartime. During the occupation of Iran by the Allies in World War II, inflation and scarcity increased the pressure on the peasants, and many cultivated lands were left unused (Keddie, 1981:126). Starvation threatened the peasants, and their situation became "among the worst in the world" (Ibid.). The growth of the cities in which migration contributed significantly, took place mainly for two major reasons: first, the peasants from nearby rural areas left their homes in search of subsistence in the cities. The large cities were usually the target of such movements, in cases where communication was possible. Second, during this period, peasants were picked up by the government for military service, and were removed to different urban or rural areas. However, concentration of the bureaucracy, policy and economics in



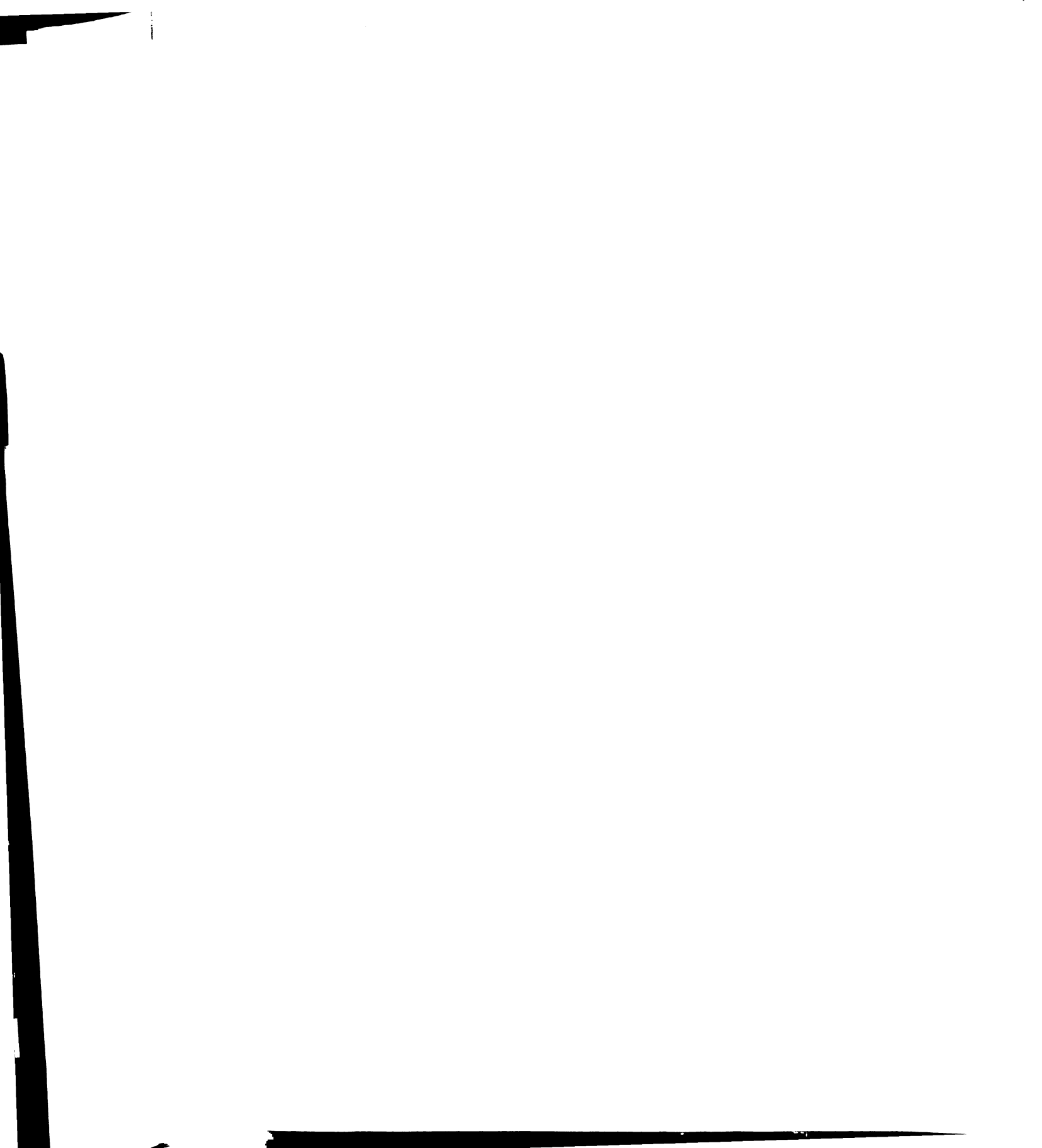
Teheran organized the main body of the army as well as other agencies; as Table 33 has demonstrated, more than half of the country's government employees were in Teheran.

Migration to other regions was also significant. The tribesmen, the peasants and traditional workers made up the unskilled workers.

IV. General Migration Characteristics in the Post-War Period

The very general pattern and dominant form of migration under the capitalist mode of production is characterized by labor migration, that is, migration of individuals who enter into new relationships, produced by a market economy, to sell their labor. However, migration under periphery capitalist formation such as exists in Iran, does not involve only the transformation of the labor force population from the agrarian sector to industry, but to the service sector as well. Nevertheless, the market economy plays a key role in this movement, and rural out migration appears to be the dominant feature.

In the peripheral capitalist formation, the supply of labor is much more excessive than the demand, because of the nature of industrialization in the developing countries. For this reason, migration from rural to urban does not mean a shift of the labor force from agriculture to industrial sectors. Rather, it is a shift from productive force to non-productive force. Many migrants who abandoned



agriculture and moved to the cities have found little opportunities to obtain employment there.

The labor force structure in the underdeveloped countries shows that a large number of them are accumulated in service activities characterized by underemployment, unemployment and low production. According to International Labor Office statistics, the underdeveloped countries have, on the average, 73% of their labor force working in agriculture, as compared with the developed countries which show not more than 28%. In both underdeveloped and developed regions, the segment of the labor force in the service sector is somewhat larger than that of industry (Table 36).

Table 36

Percentage Distribution of Labor Force in Developed and Underdeveloped Regions by Sector of the Economy: 1971

Major Areas	Agriculture ^a	Industry ^b	Services ^c
World Total	58	20	22
Africa	77	9	15
Asia (exclude USSR)	72	14	14
Europe (exclude USSR)	29	39	33
Latin America	48	20	32
North America	7	36	56
Oceania	28	32	40
USSR	42	28	30

^aIncluding agriculture, forestry, hunting and fishing.

^bIncluding mining and quarrying, manufacturing, construction and electricity, gas, water and sanitary services

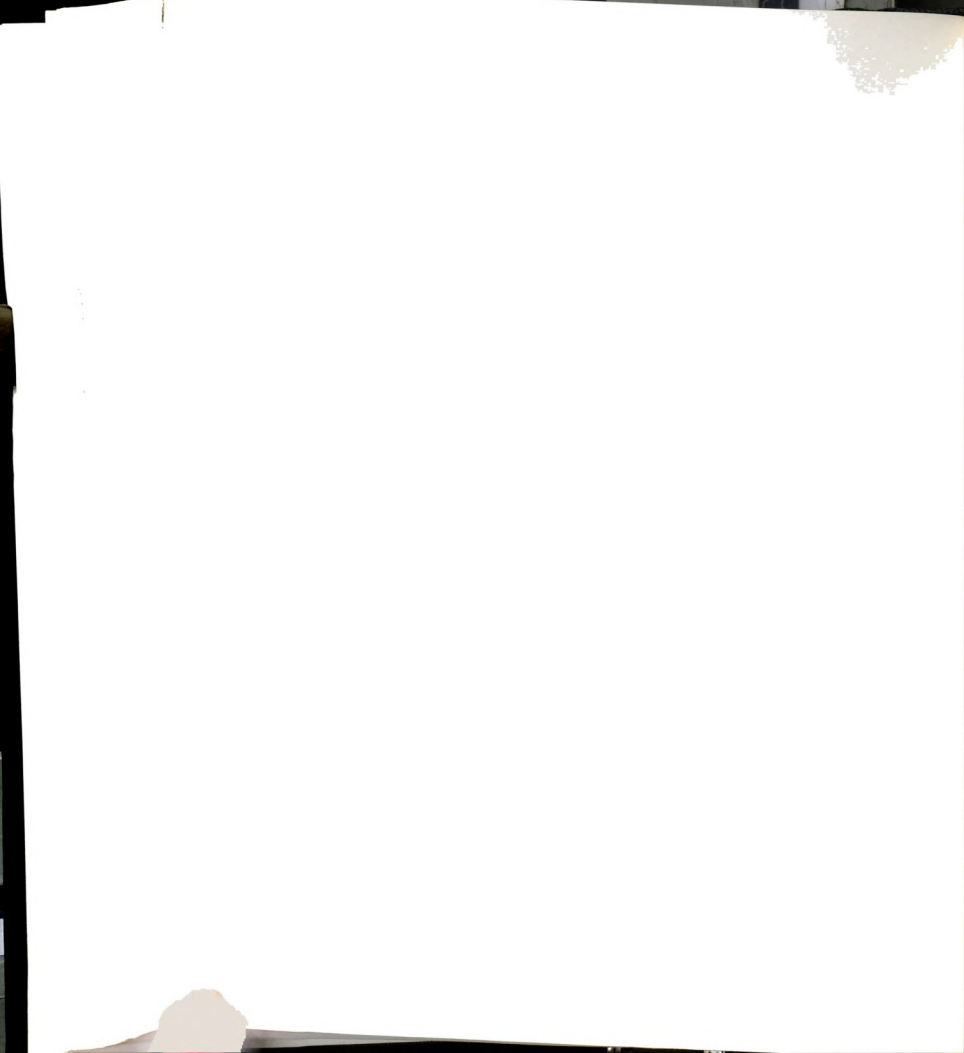
^cIncluding commerce, transport, storage and communication, public and private services

Source: Based on International Labor Office, Labor Force Projection, 1971, part V, Table 3.



The related figures for Iran accounted for 46.2% in agriculture, 18.9% in industry, and 33.1% in the service sectors in 1966. In 1976, the proportion of the labor force rose to 33.9% in agriculture, 19.9% in industry, and 45.2% in services (Census of Iran, 1966 and 1976). The figures indicate that the industrial growth which was experienced in 1960 and 1970 absorbed only one percent of the labor force from the market, while at the same time, the agricultural sector released 12.3% of its available labor force to the market. Furthermore, during this period, the service sector absorbed 12.1%, a proportion much higher than any other sector. This means a large proportion of the productive forces were absorbed into non-productive forces such as manual labor, pedlary, portery, and the like; it should be remembered that the majority of these migrants were unskilled. This segment of the population increased in large cities, particularly in Teheran. Ashraf, for example, indicates that the unskilled agricultural workers, load carriers, and mule drivers constitute a part of the "lumpenproletariat" (Ashraf, 1971:226), who included the non-squatting migrant poor and the lowest income group in Teheran (Kazemi, op cit: 54).

In general, migration in the post-war period with reference to the 1960's and 1970's can be identified by the following characteristics.



a. Migration Tends to be Massive in Size

The size of migration has increased during the years following land reform. However, the figures relating to the size of migration differ, because of various territorial definitions. For example, in the three sequence censuses, *shahrestan*, which consists of a number of townships and villages, has been taken as the unit of migration. Using this criterion, the size of the migration tends to be as Table 37 indicates.

Table 37

Migration as Proportion to Total Population, Iran

Census	Total Population		Born in <i>Shahrestan</i> of Residence		Born in Other <i>Shahrestan</i> (Migrants)	
		%		%		%
1956	18,954,704	100	16,814,739	88.71	2,139,965	- 11.29
1966	25,788,722	100	22,507,407	87.28	3,281,315	- 12.72
1976	33,662,176	100	28,431,456	84.46	5,230,720	- 15.54

Source: The Census of Iran, 1956, 1966, 1976

In these enumerations, therefore, the number of migrants who moved between the cities and villages in the domain of the same *shahrestan* could not be accounted. A national survey conducted in 1964 came up with the result of 4,287,711 migration sizes in that year, and when compared with the 1966 census, the difference can be observed.



The size of the migration into the large cities and especially into Teheran was considerable. Teheran's population increased from 1,512,000 in 1956 to 2,172,000 in 1966, and to 4,691,000 in 1976. Other cities also received a considerable increase in their populations, thus affecting their social, economic and political positions.

The overall migration size can be illustrated by the origin and destination of the emigrants.

Table 38

Total Migration by Origin and Destination
Between 1971 and 1976

Destination: Origin	Total	To Urban Area	To Rural Area	To Abroad
Total	584	553	13	18
From Urban Areas	176	159	3	14
From Rural Areas	381	372	5	4
From Abroad	274	22	5	--

Source: Census of Iran, 1976

As Table 38 illustrates, the major size of the migration took place from rural to urban, a universal phenomena in the 1970's.

b. Duration of Migration

"Duration of Migration" refers to the period in which the migrant is away from his/her home. It constitutes a general criterion to classify migration into temporary, particularly seasonal, and



permanent categories. The significance of this classification is that the migrant is likely to continue to take part in agricultural production--in the case of rural emigration--and therefore, his absence does not have important demographic effects. However, if a villager emigrates to the city permanently, that means transformation from one sector to another, or from one mode of life to another.

Seasonal migration in Iran was easily supplied during the 1950's and 1960's, but disintegration of the rural socio-economic organizations and the development of urban places gradually encouraged permanent migration. A national survey concerning seasonal migration has not yet been conducted. However, the 1964 national survey indicates that 50.8% of the total rural labor force population was made up of seasonal workers and the unemployed seeking jobs (Ministry of Labor and Social Affairs, 1966:2558). Although this figure does not necessarily reveal the exact proportion of the seasonal migration, it can be assumed that the unemployed seeking jobs and the seasonal working population of rural areas represent seasonal migration to a large extent. In 1971, the rate of the seasonal and job-seeking population dramatically declined in rural areas, because of a large amount of permanent rural out migration. The second



survey was done in 1971, and showed that 13.8% of the rural population fell into that category (Statistical Center of Iran, 1973:39).

Seasonal migration became an important feature of migration until the 1960's; during that time, the migrants still preserved their ties with their villages. The phenomenon manifested itself mostly in the form of rural to rural migration. Farm laborers left their villages to work in the larger farms or on the land of wealthier peasants. The northern provinces, where the most prosperous lands were located, absorbed many seasonal workers at harvest time. Migration to the Gorgan region is presented as an example of temporary migration to a developed area and the subsequent effect of migration on the agricultural development, and vice versa.

The Gorgan region in the northern coastal area of Iran is the place that became a target for rural seasonal migration because of the intensive agricultural activities in cash crop production and the agrobusinesses.² Since the late 1940's, mechanized farming had been established by the urban upper classes, and within two decades, the area had been converted into the most advanced cotton and cotton oil seed production area in the country. Demand for cotton as an export increased during the 1960's, and many lands were shifted from the production of rice,



barley, wheat and the like into cotton production (Okazaki, 1968:28-25). The manufacture of cotton gins, ginning productivity, vegetable oil (from cotton seed) production, and other related activities became highly developed in the following years. During the spring and summer when the demand for agricultural and industrial workers went up in accordance with increased activities in those sectors, large numbers of workers migrated into the area. The wealthier peasants hired the migrants to increase their own productivity on the cotton farms. The migrants traveled long distances to arrive in Gorgan, coming from such areas as Sistan-Baluchistan, Birjand, Kashmar, Sabzewar, and Bojnord.

As productivity expanded, the owners began to purchase tractors and combines which, after 1960, marked the period of the "farm machinery boom" (Ibid.). Mechanization affected farm employment since wages for plowing per hectare dropped from 400 Rials in 1959 to 300 Rials in 1963 in Gorgan; from 600 Rials to 300 Rials in Kurdkai; and from 500 Rials to 250 Rials in Alang districts (Ibid.). This resulted in declining labor employment and subsequent labor movement. Peasant laborers began to seek jobs in other areas or returned home.

The entrance of tractors and combines into the region increased crop productivity on the large scale farms, on the one hand, but displaced the wage laborers



and caused damage to the productivity of the small scale farms, on the other. According to Okazaki, the owners of small farms sold their land and purchased tractors which they rented to others, but they failed to make an indequate income because of an inability to maintain the machinery; when the machines did not function, they could not be used, income was not generated, and the installments could not be paid (Ibid:44). Other small farmers had to sell their lands simply to clear their debts.

The unemployed laborers and the bankrupt farmers began to move to other places seeking work. A stream of migration took place toward the Qazwin district (538 Km from Gorgan), to Zanzan district (712 Km), to Tabriz (1,026 Km), and Ahwas (1,338 Km) (see map).

There is no record of the number of people who immigrated from the Gorgan district toward other regions. However, statistics related to the seasonally unemployed in these regions reported the highest proportion of seasonal workers in comparison to other regions (Census of Iran, 1966).

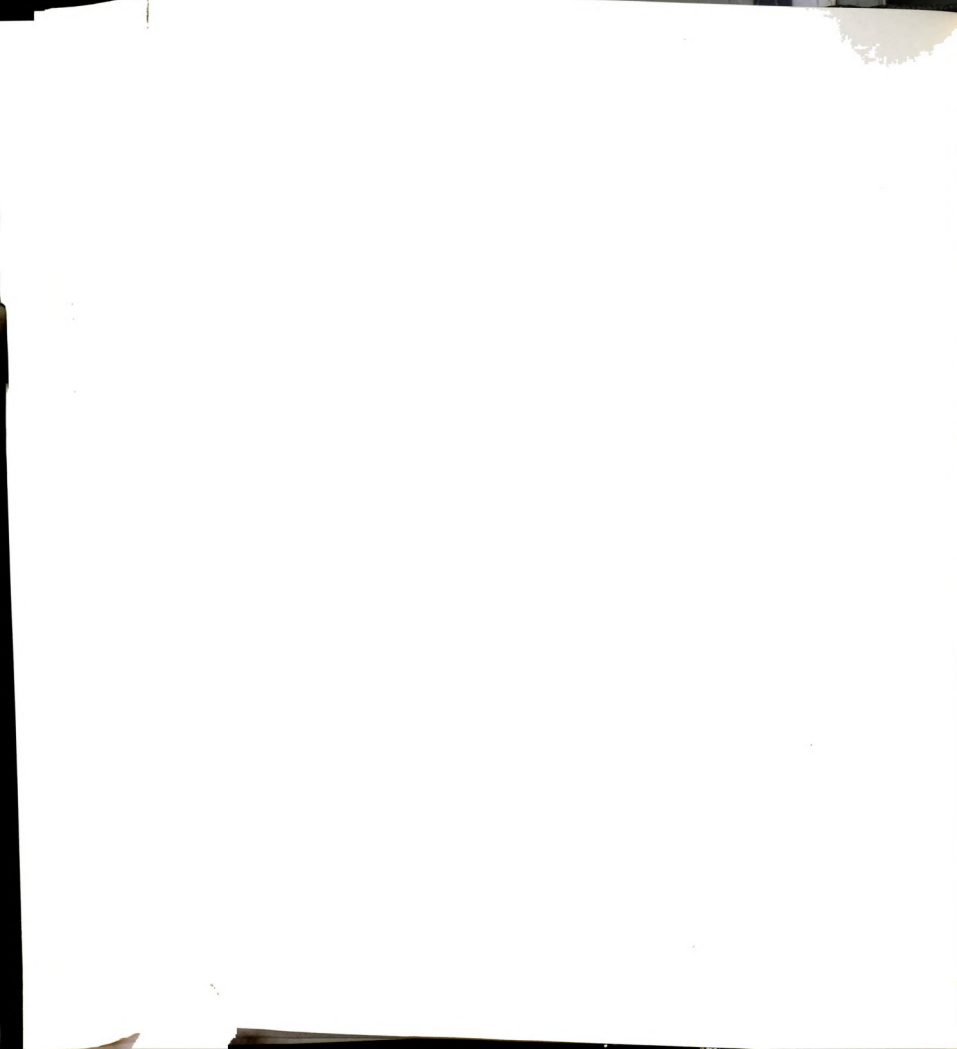
A study of migration in Hamadan province showed the following results. First, migration taking place in the 1950's and 1960's was characterized primarily by seasonal or generally temporary movement, and the migrants returned home after a certain period to join their families. However, migration in the 1970's

tended to be permanent, and included the entire family, rather than the individual. Second, the direction of the migration was toward other rural areas, whereas more recent migration has been aimed at the cities. The third migration had been induced much more by the socio-economic deterioration of the rural areas than a genuine attraction to the cities. Finally, most of these labor forces continued to work in agriculture more than in other occupations (Bo Ali University, 1976).

It can be interpreted that, as long as the social basis of the migrants in the villages remained unchanged, seasonal migration tended to be abundant. The migrant left the village to work outside in order to earn additional income for the household family. However, when the social structure of the village was subjected to fundamental change, and the migrant lost his position, he also lost a reason to stay. Therefore, he took his wife and children, and moved to the city, hoping to find an opportunity to live there.

c. Direction of Migration

The dominant pattern of migration in the second half of the century was rural-urban which became a universal phenomenon after land reform. As Table 39 illustrates, 82% of the total migrants were destined



for urban areas, and only 12% was directed toward rural areas. The capitalist-oriented economy and the subsequent agricultural policies deprived a large number of peasants from their traditional work, but did not provide new opportunities for them. Agriculture which contributed to 33% of the GNP in 1959, declined to 9.4% in 1976 (Katouzian, 1978:347-69). The decline of agriculture was also associated with the dissolution of rural organization, and gave rise to a massive rural out migration. The *Khushnishin* population and the small landowners who had become landless had to move out of their regions to obtain additional income for their livelihood. The landless agricultural workers in the 1960's constituted more than 80% of the *Khushnishin* population in rural agricultural production in the rural areas (Kazemi, 1980:32-33). The failure of land reform meant a cutting off of their only source of livelihood, and the only source on which they could rely, but which now produced further impoverishment.

The large proportion of the peasant population in Iran belonged to the "class of poor peasants," contrary to the "class of rich peasants," who constituted a small part of the peasant population (Kazemi and Abrahamian, 1978). Agricultural reform affected the majority of the poor, and even part of the middle peasantry (in the final phases of land reform).



They were paralyzed by their economy, alienated from their land, and then turned into wage laborers. As Katouzian points out:

The peasant households lost their lands, their homes, their cultural and sociological entities, etc., by one stroke. They were turned into landless wage labourers enabled to scratch a living by providing (part-time) wage labour for the company. The cost to the peasants cannot be exaggerated, because in addition to all the other material and psychological losses, they now had to purchase their means of subsistence in the market (Katouzian, 1978:361).

The growing destitution of the peasant community and the disorganization of rural social institutions which weakened the ties between peasants and their traditional community, created a ground for flight to the city. The rural impoverishment and peasant alleviation were the primary forces of rural out migration (Kazemi, 1980:43-45), but they were not the only forces. The position of the cities in the circulation of capital and new opportunities provided by the development of industry and services, made it possible to absorb "surplus population" from the rural areas. The major force of absorption in the first place was the wide gap between rural and urban incomes. According to the Plan Organization reports, the proportion of urban to rural income was 4.6:1 in 1959 which increased to 5.6:1 in 1969, indicating the reality of a sharp gap between the two sectors (International Labor Office, 1973:25).



According to the ILO, the situation transferred 400,000 job seekers from rural areas to urban ones in 1960 (Ibid:25) which increased in the following years. The 1976 annual census shows that since 1971, an average of 381,000 people have emigrated from rural areas, of which 97.16% entered the urban areas (Sadat Darbandy, 1978:15).

d. Migrations Tends to Select the Young and Productive Population

The age structure of the total urban immigrants which represents 97.6% of rural emigration, illustrates that over 75% of them were under 40 years of age which, as compared with the age structure of the rural areas, is a considerably young population (Table 40). In this respect, 36.2% of the migrants were in the 20-29 age group which is twice the same age group in the rural age structure. These figures indicate that a young productive population from the rural area has been transferred to the non-productive population, whereas the older age groups have been the ones to remain in the rural areas--25% of the over-40 age group in the rural population, versus 11.4% of the immigrants of the same age. This indicates that the rural emigration has affected the age structure of the rural areas. It selected the young



and productive people, and located them in the city, where they were counted as a marginal population.

Table 40

Age Structure of Urban Immigrants and Rural Population
of Iran: 1976

	Immigration to Urban Areas	%	Rural	%
Total	1,369,902	100.0	14,627,975	100.0
5-9	162,204	11.8	3,034,080	20.7
10-19	371,720	27.2	3,916,090	26.7
20-29	496,426	36.2	2,270,145	15.5
30-39	177,449	12.9	1,656,043	11.3
40-49	87,379	6.4	1,660,553	10.6
50-59	43,456	3.2	1,110,584	7.6
60-64	11,400	.9	320,990	2.2
65-Over	19,868	1.4	659,490	4.5

Source: Census of Iran, 1976

e. Migration Tends to be Permanent and
A Movement of the Whole Family

The economic effects of rural out migration when the migrants left the rural area permanently were extreme and disastrous. Permanent migration means the migrant has left the agricultural activities. The only economic link between the migrant and the village is the possibility of remittance being sent to their families. However, remittances were rarely used for increasing agricultural productivity because of the low wages that the migrant received in the city. Moreover, migration of the dependents which increased in the 1970's weakened the connection



between the migrants and their homes. This meant that a rural household as a unit of production was now resettled in the urban area, where the mode of life is completely changed.

One of the most striking features of rural migration was the migration of whole family dependents, rather than the individual, especially after 1970. The two successive national surveys of 1964 and 1971 showed that, in 1964, only 8.8% of the migrants were the dependent family, whereas in 1971, 62.3% were in this category. This shows that migrations tends to be permanent, since the migrants moved the whole family into the new social life (Table 41).

Table 41

Percentage of Migrants by Reason for Migration
in Iran: 1964 and 1971

Reason for Migration	1964	1971
Total	100.0	100.0
Better Job	49.2	16.2
Seeking Job	11.2	16.2
Transfer	7.7	4.7
Education	1.3	.7
Marriage	10.9	7.6
Family Dependency	8.8	62.3
Other	10.9	4.3

Source: Demographic Year Book of Iran, 1973



f. Migration Tends to Change Occupations and
Social Structure of the Rural Areas

Table 42 shows that the majority of the agricultural labor force shifted to other fields of activities. Thirteen percent of the migrants were absorbed into industries, and 70% of them went to the service sector after migration, whereas before migration, there were 35% in the service sector. In general, the table indicates that only about 17% of the migrants contributed to the productive sectors, and the rest were absorbed into the non-productive labor force.

Rural emigration also affected the social structure of the rural communities. The emigrants were not only composed of the landless poor rural population, but also the rich *Khushnishin* population: the rural bourgeoisie including shopkeepers, merchants, wholesale dealers, money lenders, renters, purveyors of specialized services, and the like. However, even the rural bourgeoisie living in areas with better economic conditions chose emigration in numbers that exceeded the lower class. In the Kurdistan region, 16% of the *Khushnishin* population with annual incomes of over 40,000 Rials (approximately \$500) left their villages (Institute for Social Studies and Research, 1976:115). The rural bourgeoisie, however, was a much smaller portion of the rural population than the lower *Khushnishin* population, but they were the social class



"that control the major portion of rural capital and credits, and thus have an influence upon the whole production system" (Hooghland, 1973:232). Therefore, when the village economy was distorted by social and political strains, the rural bourgeoisie channeled its activities through the urban bourgeoisie. The failure or success of the rural bourgeoisie in urban areas established social and economic relations.

In addition to the emigration of a part of the rural bourgeoisie, there were peasant proprietors and petty-owners, who also joined the emigrant population. A lack of government financial support and a shortage of cheap labor in rural areas because of the propensity of most of the laborers to leave the village, and the inability of peasant productivities to compete with imported agricultural products, led to the decline of the small peasantry. This situation brought part of this group into the migratory movement.

The Hamadan study identified three major groups among the rural migrants. First was the *Khus̄nīshīn*, the landless and rural poor population. The second group was made up of those peasant proprietors who had access to the land but had given it up because of an inability to pay the expenses needed for cultivation; they therefore joined the migrant population. The third group consisted of those who even had access to enough land, but were unable to cultivate



it because of a shortage of labor in the rural areas and massive out migration of that labor (Bo Ali University, op cit). The composition of these segments in the migrant population depended upon the socio-economic situation of the villages. In more prosperous areas which consisted of a larger rural bourgeoisie, the out migration of this segment was found to be larger than that of other segments (Nik Khalq, 1971:17).

Table 42

Migrants Occupational Activities Before and After
Migration, Iran: 1971

Activities	Before Migration	After Migration
Total	100.0	100.0
Agriculture	39.3	3.6
Mining and Quarrying	.1	.3
Manufacturing	11.2	24.3
Construction	5.3	11.4
Electricity, water, sanitation, gas	.4	1.5
Commerce, banking, insurance	7.9	17.9
Transportation, storage and communication	3.7	8.7
Services	18.2	30.2
Unclassified Activities	13.9	.7

Source; Demographic Year Book of Iran, 1973

V. International Migration

One of the important features of migratory movement in Iran was the rapid increase in international movement, particularly during the 1970's. This tendency is reflected

in the pattern of industrial growth and socio-economic development. The politics of modernization which introduced the advanced industrial compound and other capital-intensive technologies into Iran not only affected the internal population movement, but also stimulated international migration which can be characterized basically as the emigration of educated, professional or unskilled workers.

a. The Emigration of the Educated and Professionals

Iran's rapid industrial growth in the 1970's and its increasing oil revenues after 1973 provided a condition for industrial growth and expansion in the service sector. The growth of the latter even exceeded that of the former. Such sudden growth, especially after 1973, resulted from an oil price hike at the international level which allowed the country to adjust its industrialization through import-substitution and by expanding administrative and bureaucratic machinery. This change demanded a group of skilled and professional elements for which the Iranian educational system was extremely unprepared. It could not provide the technical training required to fulfill the complicated tasks of the society, e.g., management of the affairs of corporations, introducing agricultural innovations, training new technicians, etc. This condition meant that parts of educational training



tasks were transferred to the country upon which Iran was most dependent: the United States. The government encouraged study outside the country through financial support, facilitating visas and exchange programs and the like. American Friends of the Middle East (AFME) was established in Iran to provide admission to U.S. universities and to try to distribute the Iranian students among the various American universities.

Until 1970, the United States was not among the countries receiving a large number of Iranian students. However, from 1971 onward, the number of Iranian students in the U.S. grew very quickly, to the extent that more than two-thirds of the Iranian students outside the country were in U.S. universities.

But after graduation, not all Iranian students returned home. This temporary migration, in fact, became permanent for significant parts of the graduates. The Iranian government's policies did not attract this social group into new development programs. According to one study, more than 52% of Iranian students have adjusted their status to permit permanent residence (Askari, Cummings and Izbudak, 1977:16). The same study revealed that three-fourths of the Iranian scientists and engineers holding permanent visas in the United States had no intention of staying in the host country when they left home.



However, political repression, social and economic insecurity especially after the mid-1970's might be part of the factors that discouraged many Iranians from returning home. This situation was further objectified in the late 1970's which manifested itself in the political crises of that period.

b. Migration of Unskilled Workers

Iran did not appear as a source of unskilled labor for the European industrialized countries. Availability of relatively well-paid manual labor in the rich oil exporting countries of the Persian Gulf area in fact attracted many poor peasants and the lower class of the urban population. Migration to Kuwait, Qatar, the Bahrain Emirate, and Saudi Arabia was very common for many people living in the areas around the southern and southwestern provinces. Statistics on the emigration to the Persian Gulf areas are not available because part of these emigration movement took place illegally. Although this migration was essentially temporary, it has been recorded that the number of Iranians who settled permanently in the neighboring countries such as Iraq, Bahrain, and Kuwait, were considerable (Morsy Abdullah, 1978:135, 140; Izzard, 1979:101).



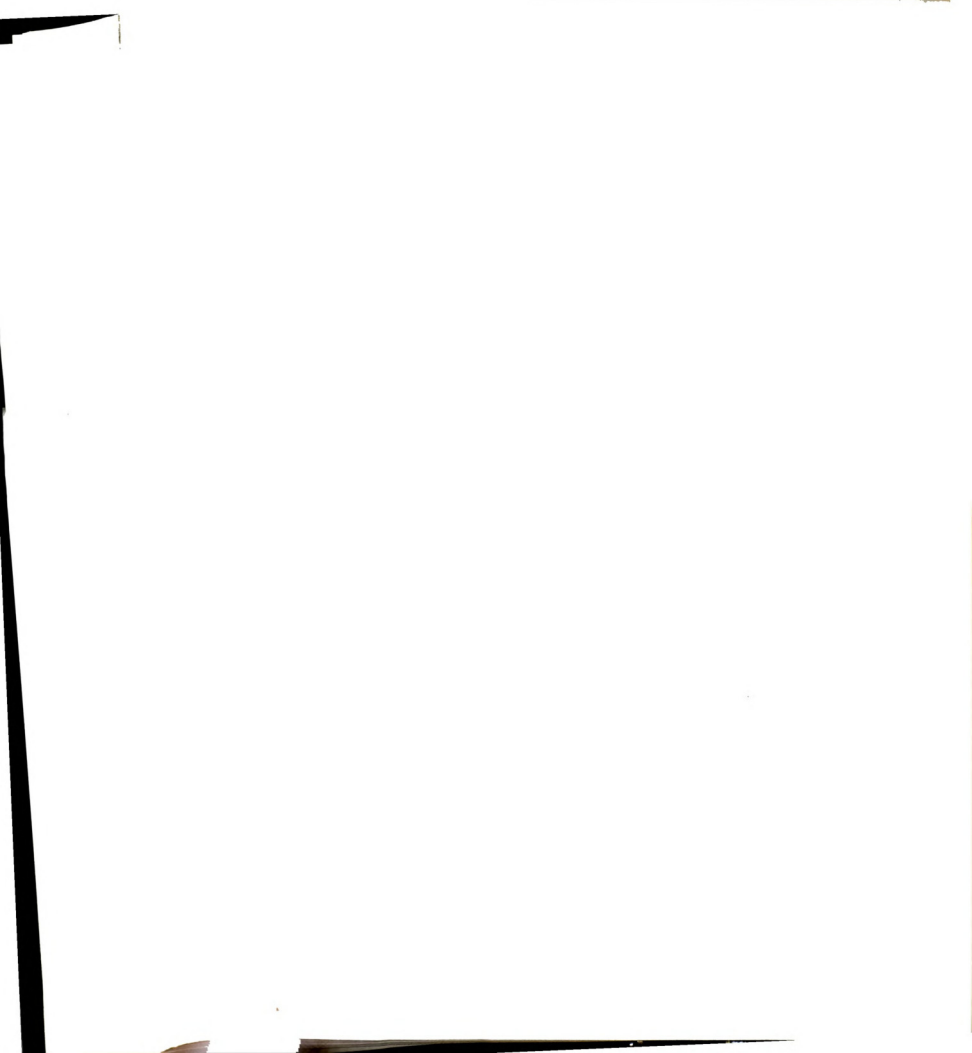
In general, international migration during the 1960's and 1970's can be characterized, first, by the emigration of the educated and the professionals to the United States and Western European countries, of which a significant proportion did not return home. Second, the emigration of unskilled workers to neighboring Persian Gulf areas increased.

Immigration to Iran can also be added to the international migration categories. These migrants consist mainly of foreign technicians, advisors, and diplomats who temporarily resided in the country. However, international migration was in favor of out migration, in the form of labor migration and the so-called "brain drain."

CONCLUSION

The history of Iran in the pre-capitalist period, from ancient times to approximately the beginning of the nineteenth century, recorded a constant conflict between tribal populations or between tribal and settled peoples. The result was a constant shifting in the Iranian people's mode of life between sedentarism, nomadism and semi-nomadism. During the Achaemenid period in the past, the nomads were recorded to have been restricted to a much smaller area than they occupy today. But then massive invasions of nomads directly or indirectly changed the mode of life, and reduced the number of agricultural settlements.

Persistent conflict between tribal communities led to the rise and fall of dynasties which, to a great extent, affected the demographic structure either by re-sorting the population, killing it (in massive massacres), extending wars and consequently devastating the labor force, or by distorting agricultural lands, discouraging industries, and thus developing a labor force population. The pre-capitalist Iran after the Arab conquest witnessed the rise of Shah Abbas Safavid and his strong centralized government in the seventeenth century which contributed in a relative way to the development of the economy and a labor force. The prosperity and development which Iran achieved during the reign of Shah Abbas did not evolve



into a higher stage of development in the later period; rather, the fall of the leader of a despotic government culminated in a period of anarchy and civil war, with a resultant devastation to human and natural resources. In this sense, the state emerged as an important component affected by population movement, but in the form of forced migration.

The pre-capitalist social formation, in another sense, reinforced immobility and prevented the development of a labor force. The system of land tenure, the domination of urban places as the residence of the landlord of a rural community, the lack of contact within the scattered self-contained villages later caused contradiction between the urban bourgeoisie and rural landlordism, which prevented the development and progress of the social and economic systems of the agrarian communities.

The severe exploitation by landlordism of the peasantry, and the long-standing institution of clerism on the side of the state and landowners, encouraged passivism and an obedient behavior which undermined the life of the peasantry and imposed the coercive power of the landlord and the state upon them. All these pressures constrained the peasant to provide labor or rent as required, and to remain on the land.

It can be observed that a major form of migratory movement in the pre-capitalist era, especially starting with the Medieval period, was forced migration through



which people of certain regions were moved to another region in order to exploit their labor or for security reasons. This relocation was often temporary, however, because the migrants returned to their origins when the political strains were removed, e.g., the fall of the ruler. Such patterns of migration reflected the socio-economic structure of the society in which social relations of production encouraged stability and stagnation rather than change and progress. The unit of production under pre-capitalist social formation is the community, and thus surplus extracted from villages, hence, the importance of the individual in his/her attachment to the community from which the wealth of the landlord and rulers is extracted. Therefore, the village community is responsible for production and reproduction in order to protect the community. Under such conditions, migration takes place usually when certain regions are unable to reproduce for itself, the ruler and his throne are threatened, or natural disasters jeopardize the life of the people. These also create forced migration.

The pattern of migration, however, changed by the transition of the country to a new social and economic structure. The forces for such a change was the structure of capitalism.

Iran in the nineteenth century was incorporated into the world capitalist system which had grown out of the Industrial Revolution. This period was marked by

semi-colonialism in which Iran's major commercial activities were controlled by colonial powers, dominated by Russia and Great Britain. Both of these forces intensified their trade activities, and the impact of that action was the decline of crafts work, peasantry, and the blockade development of a bourgeoisie which established the landed private property and comprador bourgeoisie. The involvement of Iranian merchants in foreign trade and the failure of domestic products to compete with foreign goods was accomplished by the government's lack of support of the internal trade, as well as foreign control of the internal trade and of major revenue sources. All these factors contributed to the severe economic stagnation of the country.

The catastrophic economic situation during the late nineteenth century, with a concentration on the commercial activity surrounding the export of such raw materials as cotton, silk and opium which was associated with the spatial arrangement of those activities, contributed to changing the size and location of central cities. Whereas Isfahan, the largest city during the Safavid dynasty, enjoyed the advantages of its political and economic position, the domination of British and Russian colonial powers and an expansion of trades shifted the center of economic activity from Isfahan to Tabriz, a city located at the junction of two main routes. Change in the political center of Iran during the Qajar Period intensified this process.

However, the emergence of Teheran as a new political center was accompanied by the decline of Tabriz because of the change of the direction in international trade. This was in fact a political and economic shift of the center of the country.

These changes in the sizes and locations of the cities redistributed the population over space. The feudal character of the government and the restriction of bourgeoisie activity, along with physical conditions and the lack of communications in the country limited movement of the population to certain places where those obstacles were minimized.

Migration during the semi-colonial period in Iran was not predominantly a colonizing migration in which the primary intent of the colonial powers is the exploitation of natural resources using their own labor, or the appropriation of value produced by the labor of the domestic population. Rather, migration was the result of the exhaustion of the natural economy that was associated with the incorporation of the country into the world economic system. This was reflected in the type of activities--commercial--that the colonial powers imposed on the country. Nevertheless, a type of labor migration can be observed in this period toward the established market outside the country: Russia.

Therefore, two types of migration can be distinguished in this period. The first was migration to a few large

cities such as Tabriz and Teheran which resulted in the decline of crafts work and domestic trade, and led to concentrations of people in the international commercial pole, Tabriz, and a political and distribution center, Teheran, where the major economic activities were concentrated. This migration was typically from places where domestic production and trade activities existed, to the places where international trade dominated. The migrants usually included traders, artisans and unskilled workers. In this sense, Tabriz which emerged as one of the international commercial centers, extracted surplus from other parts of the country to export abroad, while imported foreign goods and merchandise from the outside successfully competed with domestic products. It has been reported that many local traders, artisans, craftsmen, and even peasants were concentrated in Tabriz. The movement of unemployed workers, beggars and manual workers have been observed around the bazaar. Migration in this context is not predominantly migration from one mode of production to another. Rather, it is characterized as migration from within the same structure.

The second type of migration can be called labor migration. This was characterized by migration from one social formation to another, that is, from semi-colonialism to an industrialized social and economic structure. This took place when hundreds of thousands of Iranians including peasants, artisans and even small traders migrated to



industrial regions in Russia prior to the Constitutional Revolution (in Iran). This migration was, in fact, a fundamental developmental process through which the incipient stage of the working class population was formed. Return migrations in the second decade of the twentieth century included the workers who were affected by and participated in the Russian Revolution, and established the first relatively politically conscious working class population in Iran. Some of these workers organized political groups during the later years and, along with other political movements, initiated their struggle against central authorities.

Transition from semi-colonialism to an industrial modern era in Iran was accompanied by intensive political movements. Competition between Great Britain and Russia over Iran finally ended with the Russian Revolution, and the withdrawal of the Soviet armies from Iranian territories in favor of a British-dominated policy in Iran. Discovery of the oil and establishment of the first oil refinery complex and related modern industries in the south was another step toward the development of a modern working class. Peasants, tribesmen and craftsmen from the surrounding areas were employed in the oil industry activities which, although they were not very sizeable, produced a source of labor migration. Modern industrial development, nevertheless, was not very significant until



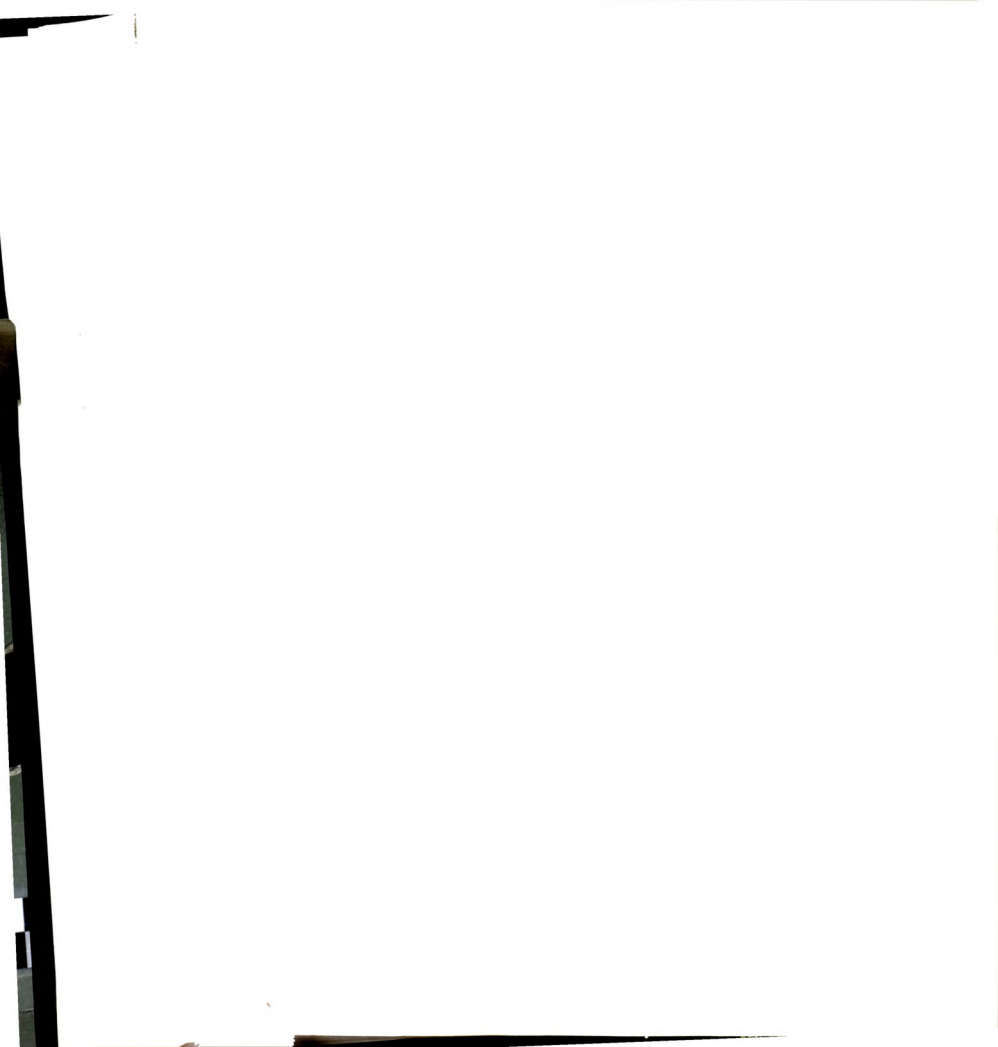
the mid-1930's when new development strategies in the form of state capitalism accelerated the policies of modernization and industrialization.

The policies of the modernists and industrialists in the form of state capitalism broke down barriers to development which had been instituted by the colonial powers. However, these policies did not create a cohesive basis to develop domestic products and a national market. On the contrary, militarism and the dictatorial regime of Reza Shah established and developed the basis of comprador bourgeoisie while it suppressed its opposition forces--the petty bourgeoisie, the national bourgeoisie and the working class movement. This was because state capitalism in Iran was composed of the Shah, the military officers, and bureaucrats, none of whom represented the nationalist bourgeoisie, the middle class, the petty bourgeoisie of the cities, nor the rural peasants in the new stage of development following the semi-colonial period. Rather, the society was administered from the top, and any manifestation of democracy was suppressed. Despite modernization and social reforms, the conditions of the lower portion of the population--both urban dwellers and rural peasants--did not improve, and even in the case of the peasantry, went from bad to worse. Most of the national income, especially oil revenues, went to military modernization. The military drained a considerable portion of the country's national resources for two decades, and appeared to be

a serious barrier to social and economic development of the country. Industrialization was limited, and its output was below domestic needs. Agricultural policy did not change the conditions of the peasants. On the contrary, it concentrated the lands into the hands of the feudals, especially the ruling class elements, and brought about an impoverished situation into rural areas.

Nevertheless, state capitalism made some changes in the whole structure of Iran. It developed the forces of production in a relative way as part of the international capitalist system, and to some extent, changed the class structure to make it more appropriate to capitalism. It fostered the seeds of foreign capital investment, and opened the country to foreign technology and technicians. Both comprador, feudal and the bourgeoisie classes developed in this period as allies of British and German capitalism, and the political system was again centralized after centuries.

Political and economic centralization in this period brought about geographic concentrations of the population and development projects. The major development in the roads and railways was initiated from Teheran toward other strategic economic and political regions. Teheran became an economic, political and administrative center where the bulk of government services were concentrated, and hence became the center of attraction to the population



from different parts of the country. The population in different strata including the bazaaris, the working class, artisans, and merchants increased in the central cities.

While modernization and industrialization brought some changes in the urban community and affected the privileged classes, it totally excluded the rural and tribal population while reinforcing the landlord-peasant relationship by encouraging landlordism in the agrarian community. Consequently, this section of the population remained intact, integrated and bound to the traditional structure of the community.

However, industrialization and modernization further developed the working class population which, along with other political and economic changes, encouraged migratory movements. This movement had various sources. First, the centralization policy of state capitalism concentrated major government, administrative and industrial activities in the capital of Iran which attracted people from other areas. Labor migration was not predominant in this period. Instead, the city became the seat of high officials, aristocrats, feudals, tribal leaders, and merchants. Second, the quasi-modernization of the military apparatus and the military service which required two years' duty for every young man displaced many young villagers and urban citizens every year throughout the country. Although this was usually a temporary migration, it made a contact between the places, especially between isolated rural areas and



the cities. Third, the consequences of World War II which were severe for Iran, brought many peasants toward the cities, and especially to Teheran. A semi-famine which took place in many isolated areas transferred more peasants to Teheran to look for food. These migratory movements increased the lower class population in Teheran, and intensified the existing contradictions between the lower and upper classes. The struggle for the nationalization of oil which was led by Mosaddeq largely attracted this segment of the population which culminated in a popular movement and a victory for the national bourgeoisie over compradorism. However, such a victory, despite relatively good progress in favor of the urban lower class and even the peasants which resulted in the abolition of British imperialism and a weakening of feudalism, failed to achieve its goals. The CIA-backed coup d'état and the events in the second half of the twentieth century brought a new era in the history of Iran.

Iran in the post-war period experienced a dramatic change in its social, political and economic system. The new U.S. strategy in the Middle East in general, and in Iran in particular, changed the course of development, and replaced the old British policies with U.S.-oriented economic plans. This economic plan affected the socio-economic structure of Iran, and established new institutions which linked the interests of the bourgeoisie at the U.S. metropolis with the growing dependent bourgeoisie in Iran.



As a result of the newly-established relationship with the United States, a new market opened up for foreign commodities and capital--controlled by the United States--to invest in the country.

The impact of the new strategy of development on the socio-economic structure of Iran was to transfer the old socio-economic structure into a new social formation of dependent capitalism, characterized by unevenness between regions, sectors and labor markets. The interests of new foreign investors in fact changed the social, political and economic institutions in order to transfer the dominant feudal-bourgeoisie class into a dominant but dependent bourgeoisie as the new alliance of the bourgeoisie at the new metropole. These changes disintegrated the old order, and concluded the new structure of dependent capitalism.

The structure of dependent capitalism in Iran can be characterized by a concentration of economic activities in urban industrial centers. This concentration disintegrated and undermined in an extreme way the agrarian community. Difusion of capitalist social relations of production into agrarian structure did not culminate in a complete transformation of this sector; rather, it divided the agricultural sector into capitalist farming and traditional farming. The development of plantations and commercial farms destroyed the self-sufficiency of the villages without introducing alternatives to the peasant economy. The implementation of capital-intensive projects



the agricultural sector led to the coexistence of various forms of agricultural production: the traditional and the modern one. Seasonal labor often produced by peasant farmers who usually maintained the basis of rural-to-rural migration more or less ceased as a migratory pattern. This type of migration had been typical before land reform and its disastrous results.

The introduction of land reform in Iran through which lands were taken from the landlords did not favor the peasants. Rather, it favored the large-scale farms, and concentrated the land into the hands of new owners: the capitalists. Land reform therefore took away the land--the only means of production--from the peasants and intensified the process of rural proletarianization. The process was accelerated by the establishment of capitalist farming which became a basis of wage-paid peasants. Improvement of communications and the growth of urban industry activities, on the one hand, and highly capital-intensive and mechanized agribusiness on the part of the peasant economy offered city-ward migration as the only alternative to a massive landless rural population and poor peasants.

Migration toward cities accelerated in the post-land reform, whereas temporary and individual migration prevailed prior to land reform. Permanent and family migration were the dominant types of migratory movement in the 1970's. Urban-based industrialization became the dominant force in migration which pulled the impoverished rural

population toward cities; however, this industrialization was never able to absorb the migrants into economic activities because of the dependency character of the industrialization. Waves of unemployed people and the lumpenproletariat in urban areas were very visible. This type of migration in the post-war period resulted in a new strategy for capitalist development which essentially can be characterized by labor migration in which the peasant has been separated from his means of production and enters the market to sell his labor. In this regard, whether the peasant or the household members were employed in the factory or not, he/she is the migrant who is ready to offer his/her labor for the cheapest possible price. These migrants enter the city where the strategy of development has already been structured. Therefore the importance of the relationship between migration and development lies in the fact that they are a source of labor which has played a fundamental role in the capitalist development and in economic expansion. In this context, labor migration is the necessary trend to be produced through political means, e.g., land reform.

The migration of labor also mirrors the contradiction which existed within the political and economic structure of the society. It reflected the attempts of the peasants and the lower class population to cope with the socio-economic problems of their situation. These problems were

the natural consequences of the development process which had generated the structure of uneven development and subsequent migratory movement.

Migration under the dependent capitalist structure did not confine itself to unskilled and peasant migrations. Rather, the migration of educated people at the international level placed an important characteristic on the movement. The establishment of capital-intensive industrial projects, the expansion of administrative and management affairs, and the constitution of advanced technological compounds in the society with a weak middle class population and lack of professionals, caused a shortage of technocrats and skilled manpower sources. In the absence of adequate educational institutions, many students were sent abroad. However, lack of economic stability and the existing political crisis in Iran combined with the attraction of advanced industrial countries converted the temporary migration of the students to permanent settlement as professionals in foreign countries.

In sum, the study argued that the types of migration of human beings during different stages of development have been relative to the level of productive development and political structure of the society. That is to say, migratory movement can only be explained in relation to prevailing organization of social production.



Notes

¹These statistics have been cited by Curzon in Persia and Persian Questions, section on Isfahan. However, a valuable collection of reports from travelers who visited Isfahan in past centuries is a study of the evolution of Teheran and Isfahan, edited by Judith Browne. See J. A. Browne, A Geographical Study of the Evolution of the Cities of Teheran and Isfahan, Ph. D. Thesis, p. 295-381.

²For information related to forced migration during the pre-capitalist period, I am indebted to J. R. Perry for his documentary study on this situation in his article, "Forced Migration," in

³Issawi notes that the number of packages carried between Iran and Europe through Russia increased from 5,118 in 1863 to 13,688 in 1864, and to 30,374 in 1986. Russia also improved its trade relations through Turkey, and transaction trade with Trebizond rapidly grew. See Issawi, 1970.

⁴For further details on the history of Tabriz, see: "Tabriz," Encyclopaedia of Islam, Vol. IV, 1934.

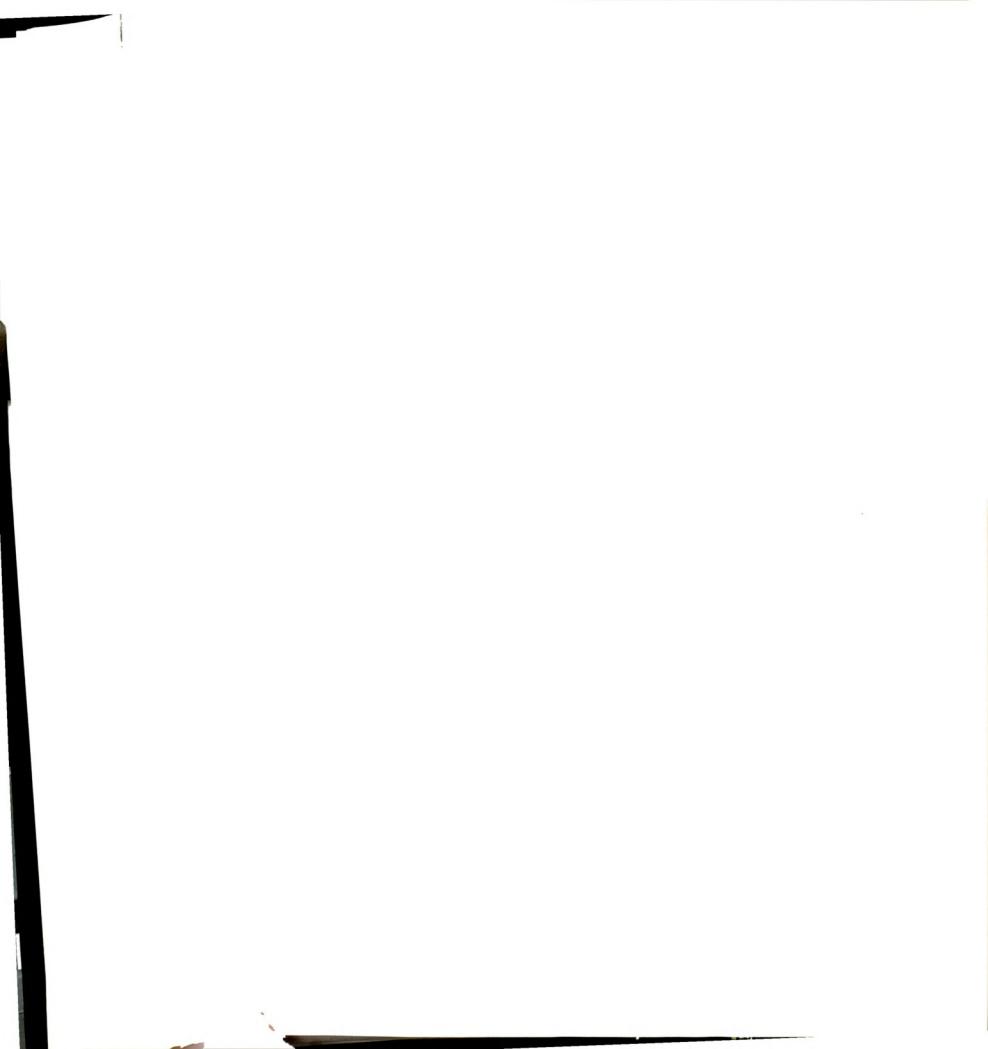
⁵See Keddie (1966).

⁶For further details, see A. Ashraf and H. Hekmat (1979).

⁷See Zahra Shajii, Nemayandegan-e Majlis (Parliamentary Deputies), 1966.

⁸Vincent Sheean describes the situation of Iran in the mid-1920's as follows:

In its social and economic structure, there can be no doubt that Persia is one of the most backward countries in the world. Except Tibet, Afghanistan and Abyssinia, no other organized nation presents quite the same spectacle of medievalism... practical serfdom still exists, education is extremely restricted and does not extend even to all of the upper class. There has been no beginning of industrial development (Sheean, 1927).



⁹One Rial was equal to 6.33¢ by 1934-35, and averaged 5.45¢ between 1930-1940. See United Nations, 1945-1954. The exchange rate for various years is reprinted in Issawi, 1971.

¹⁰The other type of relationship between the landlord and the peasants was based on rent. Payment was usually made in cash or kind. However, it was seldom made on the basis of the allotment of five equal shares (land, water, seed, labor, and plough) which traditionally was divided between the landlord and peasant. Peasants had to pay an additional *Bahre-ye Molkoneh*, a kind of tribute which may differ from one district to another. See Lambton, 1953:306.

¹¹From the fall of Reza Shah in August 1941 and until the rise of the Shah in 1953, political power was shifted back and forth between five separate poles: the Court, the Majlis, the Cabinet, the foreign embassies, and the general public. Each of these had their own internal struggles. This power struggle caused permanent instability in the Cabinet and ministry levels, and consequently was reflected in the political system (see Abrahamian, 1982:170). This political instability also led to the decentralization of power and a semi-democratic situation in which political forces reinforced and led the triumph of the national bourgeoisie in 1951. See Cottman, 1979; Zabih, 1982; Niromand, 1975.

¹²Article 51 of the Civil Code defines *Muzara'eh* as "a contract in virtue of which one of the two partners [known as *Muzari*] gives the other [known as *amil*] a piece of land for a specific time so that he shall cultivate it and divide the proceeds."

¹³*Dung* is the criterion to identify the type of ownership of a village. The whole village is identified by "six *dung*." Therefore, a "six *dung* village" means that the village is owned by a single person. Otherwise, one may own three *dung*, two *dung*, etc., which is equivalent to 3/16, 2/16, etc., of the whole village.

¹⁴*Umdeh Malik* refers to the large landed proprietor whose estates range from single village (six *dung*) to several villages. Hence the villages are also identified as *Umdeh Maleki* villages. By the same token, the one who owns the six *dung* village is *Umdeh Malik*.



¹⁵*Khurdeh Malik*, or pettit owner, refers to one who owns shares of several villages. The villages owned by several owners are known as *Khurdeh Maliki* villages. However, *Khurdeh Malik* here does not necessarily refer to peasant proprietors. Technically, the phrase may be used, but the total aggregate of *Khurdeh Malik* shares is to that extent that may classify the *Khurdeh Malik* as a large land-owner class. See Lambton, 1953, Ch. XIII.

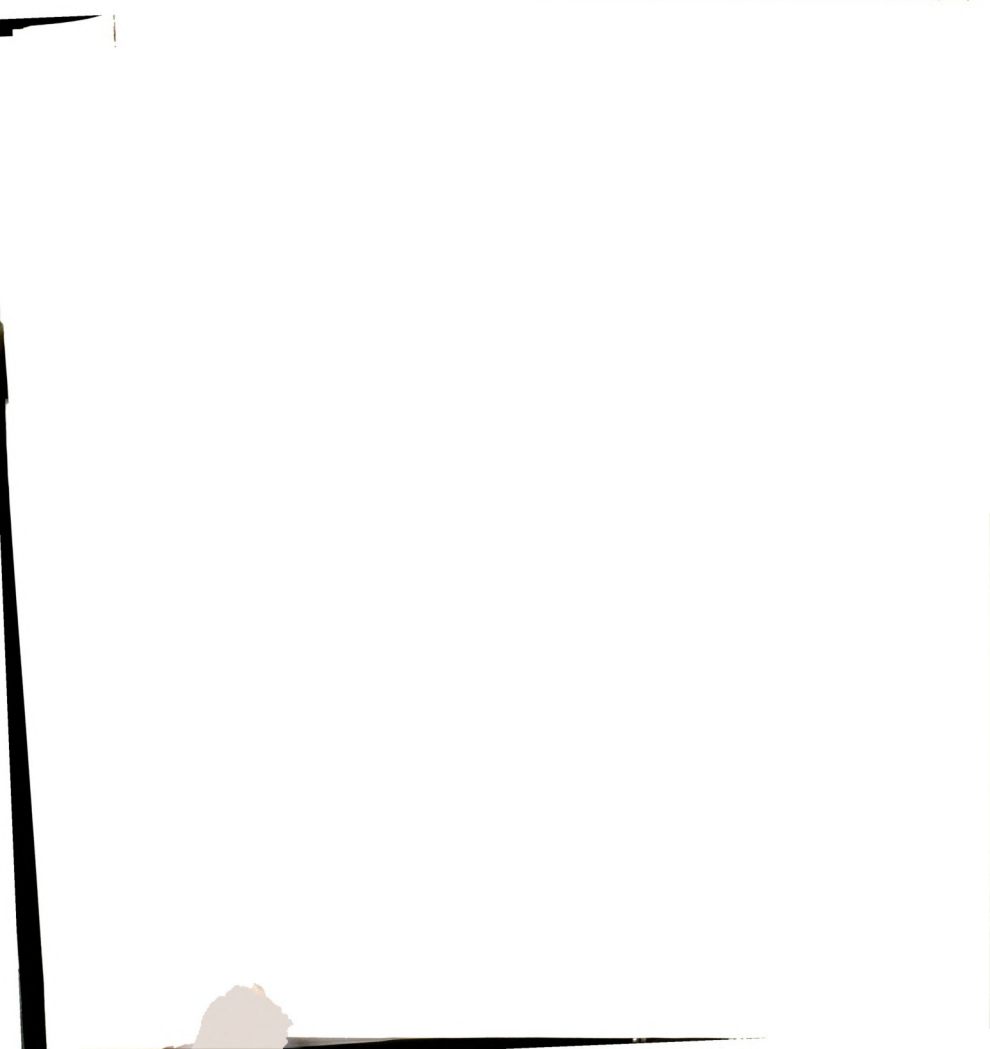


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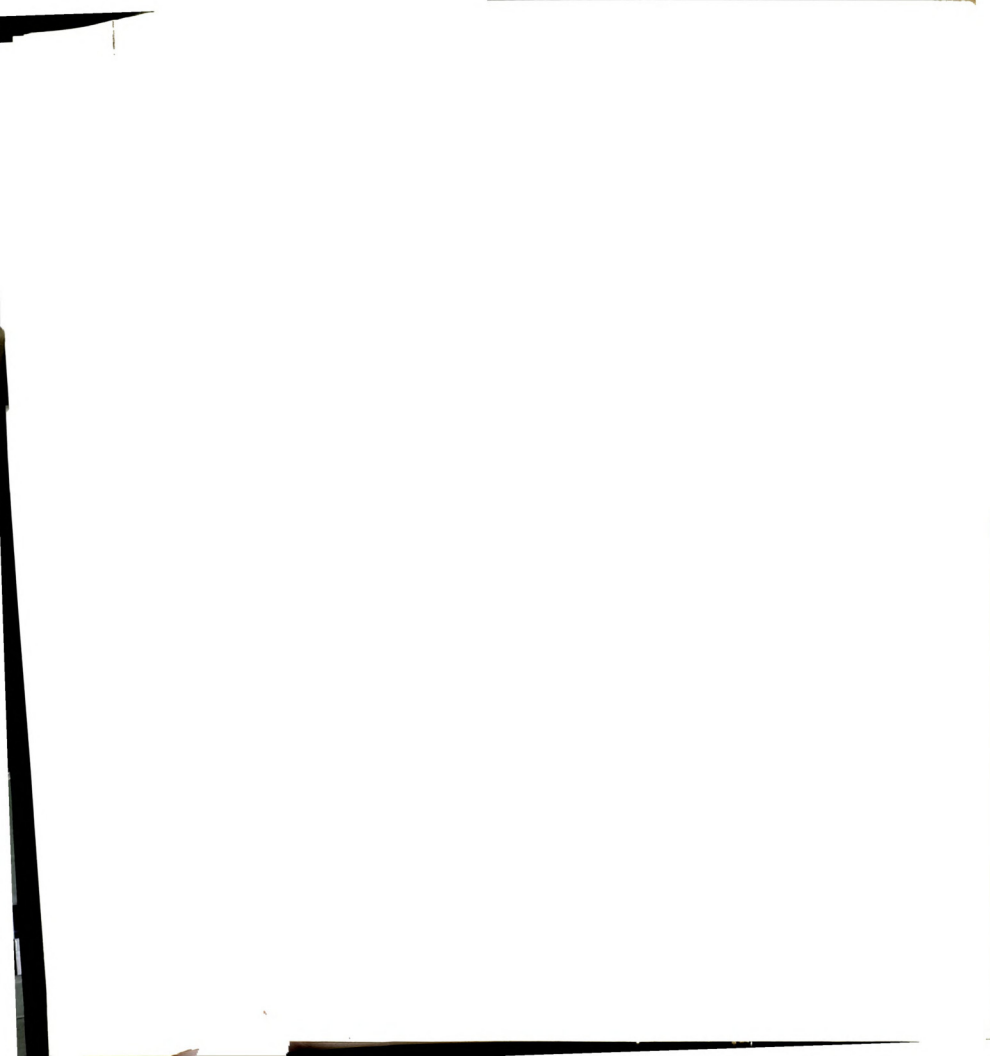
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