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**Uneven Capitalist Development, Peripheral Urbanization,  
and Petty Commodity Production in Iran and Egypt:**

**A Comparative Study with a Focus on  
Tehran and Cairo (1800-1970)**

**presented by**

Mohammad Ali Tchaitchian

**has been accepted towards fulfillment  
of the requirements for**

**Ph.D. degree in Sociology**

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UNEVEN CAPITALIST DEVELOPMENT, PERIPHERAL  
URBANIZATION, AND PETTY COMMODITY  
PRODUCTION IN IRAN AND EGYPT:

A COMPARATIVE STUDY WITH A FOCUS ON  
TEHRAN AND CAIRO (1900-1970)

by

Mohammad Ali Tchaitchian

A DISSERTATION

Submitted to  
Michigan State University  
in partial fulfillment of the requirements  
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## ABSTRACT

### Uneven Capitalist Development, Peripheral Urbanization, and Petty Commodity Production in Iran and Egypt:

A Comparative Study With a Focus on  
Tehran and Cairo (1800-1970)

By

Mohammad Ali Tchaitchian

This research is concerned with a historical analysis and comparison of the process of hyper-urbanization and massive rural-urban migration in Iran and Egypt as it is related to each nation's incorporation into the world capitalist economy. In order to understand the dynamics of capitalist penetration into pre-capitalist social formations, three historical periods are identified: 1) pre-colonial period (1800-1880s); 2) colonial penetration and expansion (1880s-1950s); and 3) neo-colonial period (1950s-1970s).

The major concern of this project is to investigate whether or not different patterns of dependence, and different timing and modes of incorporation contribute to different patterns of hyper-urbanization. The findings of this study can be summarized as follow.

During the first period, there existed little or no population displacement between tribal, rural, and urban areas; the growth of cities was related to the dynamics of international trade; and only commercial cities (and not

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Mohammad Ali Tchaitchian

political capitals) showed a considerable growth.

During the second period, peripheral urbanization in the form of rural-urban migration and concentration of all economic and political activities in few urban localities took momentum in Egypt as a result of the British colonial policies, while that of Iran was delayed until after the WWI. Implementation of the land reform policies in both social formations during the third period undermined pre-capitalist relations of production, disrupted rural employment, directed capital investment toward industrial activities, and further led to massive rural-urban migration.

The findings confirm my hypothesis that differences in patterns of migration and hyper-urbanization are related to differences in types as well as the timing of dependence. Thus, Egypt's dependence on cotton production led to massive rural-urban migration while Iran's dependence on oil did not. Furthermore, in terms of urban employment and the growth of petty commodity production during the third period, the findings indicate a decline in employment within small-scale industrial sector; a decline in the number of self-employed artisans; and an increase in the number of petty traders and street peddlers in both social formations. This is attributed to capitalist development which creates a new class of wage-laborers on the one hand, but is also in need of an efficient and cheap means of distribution for commodities produced in the capitalist sector.

To Dina and Yashaar

## ACKNOWLEDGEMENTS

I would like to thank my major professor and advisor, Richard Child Hill for his intellectual persuasion, personal understanding, and invaluable support; and the members of my guidance committee, Marilyn Aronoff, Kevin Kelly, and James McKee for their kind support and assistance throughout my graduate studies at Michigan State University. My special thanks go to my colleague Jo Dohoney, for her continuous support, friendship and valuable suggestions.

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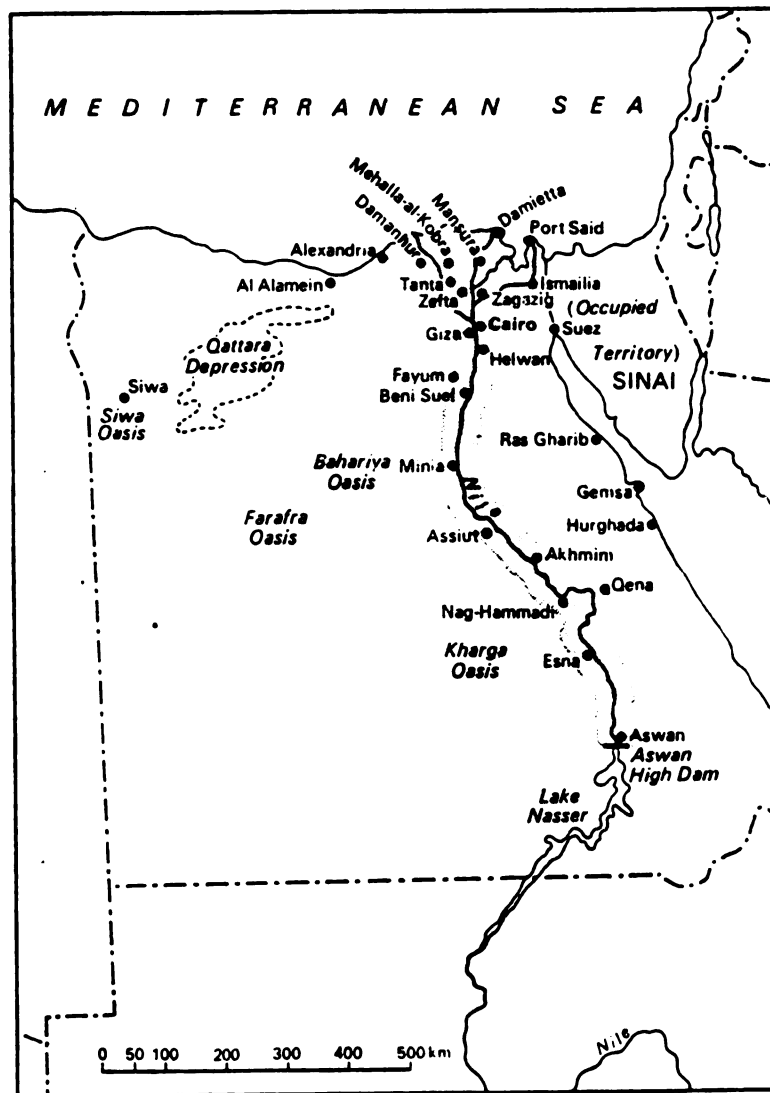
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MAP OF IRAN





MAP OF EGYPT

## INTRODUCTION

### Conceptualization of the Research Problem

While the field of comparative urban research has grown significantly, it has generally lacked a well developed theoretical framework within which to examine cross-culturally those socio-economic processes which accompany the rapid growth of most cities in the Third World (Walton, 1976: 302; Safa, 1982: 3).

This research is concerned with a historical analysis and comparison of the process of hyper-urbanization in Iran and Egypt as it is related to each nation's incorporation into the world capitalist economy during the 1952-1979 period.

Modernization theorists attribute "Hyper-urbanization" in the Third World countries to unchecked population growth, rural-urban migration, and failure to conform to Western industrialization schemes. In criticizing these assumptions, political economy theorists argue that the problem of hyper-urbanization is a symptom of "dependent" or "peripheral" capitalism (Castells, 1980; McGee, 1971; Mingione, 1981; Slater, 1978). The consequences of hyper-urbanization may be identified as widespread poverty, proliferation of squatter settlements, low industrial wages, unemployment and underemployment, a bulging tertiary or

service sector, and the presence of a large informal sector in the economy of the cities (Walters et al., 1980).

By incorporation I mean the integration of local production processes into a world-wide division of labor based upon the dynamics of capital accumulation. The incorporation process is partly determined by the way that capitalist expansion pursues particular ends such as 1) the immediate possession of important sources of production such as land, minerals, etc.; 2) the liberation of labor power and its coercion into the service of capital; 3) the introduction of a commodity economy; and 4) the separation of trade from agriculture (Luxemburg, 1963); and partly determined by the internal dynamics of the given social formation (such as class conflicts and control of the state power) which has a decisive impact on the degree of incorporation.

The rationale for the selection of Iran and Egypt is rooted in their similarities and differences with regard to their histories of peripheralization. In terms of similarities, both Iran and Egypt have a long history of what Childe (1964) calls "literate urban civilization". Today they are among the largest, most populated, and most urbanized societies in the Middle East. In both countries' pre-capitalist social formations, the tributary mode of production (Amin, 1974) has been dominant. Both have pre-capitalist urbanization patterns that have been affected by Islamic socio-economic relations and cultural values. Although in different historical sequences, compared to pre-

colonial urbanization both countries have experienced an over-concentration of population and its consequences in a few metropolitan cities after their incorporation into the world capitalist system (this is true of Egypt since 1880's and Iran since 1930's). At the present time, both countries' economic organization is based on a combination of private and state capitalist development which in turn has been shaped by the demands of the international market under the control of the multi-national corporations. And finally, both countries have witnessed a post-war process of dependent industrialization.

With respect to dissimilarities, the most fundamental is that the two societies were incorporated into the world capitalist economy under different historical conditions: While Egypt was a British colony (1882-1922), Iran never lost her legal sovereignty and thus experienced a different type of dependence. Moreover, Iran's dependence was (and still is) based on oil production, while that of Egypt was initiated by cultivation of long-staple cotton for the world market and that continued to be the dominant export commodity until the 1950's.

The major concern of this project is to investigate whether or not different patterns of dependence (e.g., dependence on exportation of raw materials, agricultural products, etc.), associated forward and backward linkages (Watkins, 1963; Hirschman, 1958); and different timing and modes of incorporation contribute to different

patterns of rural-urban migration and "hyper-urbanization".<sup>1)</sup>  
 Within this context, the project emphasizes one aspect of peripheral urbanization, that is, the growth and development of petty commodity production in Tehran and Cairo, particularly related to the small-scale industries, that based on initial comparisons have developed along different lines<sup>2)</sup>  
 (Mabro and Radwan, 1976).

The way various chapters throughout this work are organized can be divided in three parts: 1) theory and research strategy; 2) historical background and analysis of the socio-economic and spatial changes which facilitated the process of peripheral urbanization in Iran and Egypt (1800-1950s); and 3) the political economy of peripheral urbanization and petty commodity production in Iran and Egypt with a focus on Tehran and Cairo (1950s-1970).

In the first part, Chapter One is devoted to a review of literature related to the analysis of different modes of production in pre-capitalist and capitalist social formations; and also the process of urbanization in the peripheries. Within this context, the focus is on one aspect of peripheral urbanization, namely, the growth and development of petty commodity production particularly in urban areas. In Chapter Two my theoretical framework is detailed in two parts. In the first part, I investigate and formulate the conditional historical possibility of the articulation of different modes of production particularly during transitional periods when the elements of no single mode are

predominant. In the second part, I argue that peripheral urbanization and hyper-urbanization are spatial manifestations of a peripheral capitalist economy. Furthermore, it will be argued that petty commodity production which is considered to contain pre-capitalist traits for production of goods and provision of services, is in fact an integral component of capitalist production in the periphery. Finally, in Chapter Three the main tenets of my research strategy, namely, historical documentation and comparative analysis are discussed. As a research strategy, three broad historical periods for study of urbanization in the periphery are identified : 1) pre-colonial structure (1800-1880s); 2) colonial penetration and internal expansion (1880s-1920s), and continued colonial organization/domination (1920s-1950s); and 3) neo-colonial domination through speculative investments and the control of import-substitution industrialization (ISI) by multinational corporations (1950s-1970).

In the second part, I investigate the political economy of pre-capitalist Iran and Egypt during the first period (1800-1880s); the transitional period during which capitalism gained momentum in the two social formations (1880s-1950s); and spatial manifestations of socio-economic and political changes during the two periods. Chapter Four identifies various modes and forms of production and their articulation within the two social formations. Chapters Five and Seven provide a historical background for spatial deve-

lopments in pre-capitalist Iran and Egypt. Chapters Six and Eight are devoted to the historical documentaton of socio-economic and spatial changes during the second period (1880s-1950s). In particular, these two chapters document the beginnings of peripheral urbanization in Iran and Egypt during this transitional period. The second part culminates in Chapter Nine in which, I compare and contrast the differences and similarities between the two social formations' political economy and the processes of urbanization. In brief, part two (Chapters Four through Nine) has to be considered as a concise historical analysis and background for the study of peripheral urbanization during the third period.

Part three is devoted to a historical investigation of the events from 1950s to 1970 during which capitalist relations of production were established in both rural and urban areas within the two social formations. While in Chapters Ten and Eleven I provide a historical background for the consolidation of peripheral capitalism in Iran and Egypt; in Chapters Twelve and Thirteen I investigate the structural roots of hyper-urbanization by focusing on two principal urban localities of Tehran and Cairo. In the last two chapters, I also look at the employment structure within the petty commodity production sector of the urban economy particularly the small-scale industries, self-employed artisans, and those who provide various services and facilitate distribution of commodities in the marketplace.

Finally, in Chapter Fourteen I attempt to make a historical comparison between the processes of peripheral urbanization in Iran and Egypt. The findings of this research project indicate the differences in timing of incorporation of the two social formations into the world capitalist economy; differences in timing of the beginning of peripheral urbanization; and differences in the degree of advancement of capitalist relations of production which partly manifests itself in the employment structure within the petty commodity sector.



## Endnotes:

1. In examining the effects of a particular industry on other activities, Hirschman (1958:98-119) distinguishes between "backward linkage effects" and "forward linkage effects". The former arise from the input needed to supply production in a given industry; and the latter arise from the utilization of the output of the industry as inputs in new activities.

2. Small-scale industries refer to small workshops and other establishments engaged in handicrafts, repairs, servicing, or small-scale production of capitalist goods which employ less than 10 people.

## Chapter One

### Review of Literature

#### 1.1. Introduction

The undialectical and ahistorical approach of the conventional theories of underdevelopment which conceived of a vicious circle of backwardness in the poor, underdeveloped countries has been critically questioned by both Marxists and the advocates of the dependency school. Among the Marxist critics, Szentes was one of the first writers that attacked the false assumptions of the development theories:

The fact that what we can call "underdevelopment" is a historical product is only denied or ignored by those inclined to take everything for granted and to draw conclusions for the laws of struggle between man and nature from the case of Robinson Crusoe (leaving out of account of course the origin of Robinson's skills, weapons and tools) rather than from the undoubtedly more strenuous study of history of human society ... it is they who, instead of turning to the "wasteful pleasure of studying the past," are engaged in analyzing the "bread and butter" tasks of the present... they forget that it is impossible to bring about a deliberate change in the present without knowing how this present state came about (Szentes, 1970: 16-17).

Furthermore, Szentes argues that underdevelopment as a relational state cannot be understood without a comprehensive knowledge of the world economy and the given society as well. That is, the phenomenon of the underdeveloped world cannot be fully understood without disclosing the phenomenon of "developed" world.

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In general, classical Marxist writings do not appear to have very much to say about development and underdevelopment in the peripheries. In fact, the problem of underdevelopment was scarcely foreseen let alone analyzed in the 19th century as Foster-Carter (1973: 10) puts it:

There is in Marx no conception that underdevelopment is anything more or less than underdevelopment, nor any idea of supreme irony of one stagnant historical cul-de-sac being forced into the stream of world history in such a way as to condemn it to another, different, yet no less negative, blind alley.

In general, Marx was ambiguous on the nature of capitalist impact, he assumed European capitalism acquired an interest in actually developing its colonies. In the preface to the first edition of Capital, for instance, Marx made his famous statement that "the country that is more developed industrially, only shows, to the less developed, the image of its own future" (Marx, 1967: 8-9). Thus as a technological determinist, Marx was convinced that railways for example, would put India on the road of capitalist development. However, as Kay (1975: 12) argues in defense of Marxism, it would not be impossible to reconcile Marxism with the existence of worldwide underdevelopment brought about by capitalism:

The law of value provides the only satisfactory basis for such a theory which is not only adequate to its object, but which is also the definitive critique both scientifically and politically of conventional development theory and its radical offshoots.

Based on the above assumption, some scholars like Kay (1975), Palloix (1975), and Warren (1973) have returned to

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classical writings in order to develop an explicitly Marxist analysis of dependency and underdevelopment. In brief, their initial thrust of argument is that economic growth is the result of increased capitalist (imperialist) penetration into areas which, though long integrated into the world capitalist market through exchange, have not been transformed internally to any significant degree (Chinchilla and Dietz, 1981: 141). Therefore, imperialist penetration of the Third World economies creates conditions for full emergence of industrial capitalism and capitalist relations of production.

The expansion of international commodity production through the development of transnational corporations, based on this perspective, spreads the capitalist mode of production and industrialization throughout the Third World by eliminating pre-capitalist forms and creating the conditions necessary for its own reproduction. In reviewing this perspective, Chinchilla and Dietz (1981) argue that by assuming capitalism as an unchanging system subject to the same "laws" in the late twentieth century as it was in the previous one, this perspective reproduces an error which "permeates dependency theory". That is, like dependency analyses, it has no concept of stages of capitalist development or of the "maturing and decaying of the capitalist mode of production."

## 1.2. The "Modes of Production Approach"

Based on a critique of economistic, mechanical, and dogmatic theoretical concepts/methods that were characteristics of some Marxist analyses, an alternative viewpoint has come out of this perspective known as the "modes of production" approach. This approach is based on the proposition that there are various combinations of modes of production present in any given society, in which these modes of production are articulated in complementary/contradictory patterns (Chinchilla and Dietz, 1980: 1-2). The basic elements of the articulation of modes of production have been suggested by a number of writers (e.g., Althusser and Balibar, 1970; Bettelheim, 1972; Laclau, 1977; Meillasoux, 1980; Poulantzas, 1973; Rey, 1973; and Terray, 1972), who, despite certain similarities differ as regards the concepts of modes of production, social formation, and articulation. This necessitates an overview of the variations in definitions of basic concepts.

**1.2.1. Mode of Production:** This is an abstract concept that is a basic cornerstone of the historical materialist approach through which historical periods and concrete situations can be understood. But unlike the orthodox Marxist unilinear schema, this approach assumes "no order of historical sequence with respect to the whole period of the history of civilization" (Amin, 1974: 57). The basic dynamic for the mode of production scheme derives from the fundamental contradiction between the productive forces and

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relations of production. Wolpe (1980:7-8) identifies two general formulations of the relationship between the forces and relations of production and of the ways in which a general concept of mode of production should function. These are:

1) A **"Restricted" Concept** which specifies the mode of production only in terms of a limited number of elements (e.g., Brenner, 1977; Hindess and Hirst, 1975; Laclau, 1977; Poulantzas, 1973). As an example, Hindess and Hirst (1975: 10-11) state that:

A mode of production is an articulated combination of relations of production and forces of production.. the relations of production define a specific mode of appropriation of surplus labor and the specific forms of social distribution of the means of production,... forces of production refer to the mode of appropriation of nature, that is to the labor process.

and 2) an **"Extended" Concept** which is the position taken by Balibar (1970) and Betelheim (1972) that unlike the first concept, the definition of the relations and forces of production provides only the essential foundation upon which the mechanisms of reproduction and the laws of motion are formulated. As a consequence, the mode of production is held to be constituted by the combination of the relations and forces of production together with the mechanisms of "reproduction" or laws of motion derived from those relations and forces of production. Thus the extended concept paves the way for the realization and constitution of a theory of history as a succession of modes of production:

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We need it because the concept as we have developed it up to now has precisely left succession in parenthesis. We have only been able to define what a mode of production is by revealing the singularity of its forces, the specific combination that binds together these elements of every combination: laborer, means of production, non-laborer, etc. In order not to prejudge the issue, let us say that if historical materialism were reduced to this concept alone, it would be unable to think the transition from one combination to another at the same theoretical level (Balibar, 1970: 257-58).

Thus, Balibar realizes the necessity of a "theory of transition" and a "theory of reproduction" that define the dynamics of the system, which provide the crucial mechanism by which the otherwise isolated enterprises (units) of production are brought into systemic relationship with one another (p. 266). Hence, Wolpe (1980: 36) aptly argues that the distinction between restricted and extended concept of modes of production is the important step to be taken in order to remove the obstacles to an adequate theory of articulation.

**1.2.2. Social Formation:** There are various definitions of social formation provided by contemporary Marxist scholars. For example, Hindess and Hirst (1975) define a social formation as the mode of production together with its economic, ideological and political conditions of existence, while Balibar (1970) reserves the concept of social formation for the combination of different modes of production. However, it is the latter definition of social formation that has been widely and frequently utilized in the "modes of production" approach.

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Based on the "extended" concept of mode of production, Bettelheim (1972) advances a number of propositions which focus on the concept of social formation in regard to the development of a world capitalist economy: 1) the world economy is composed of capitalist social formations which do not merely coexist; but that they are linked by the operation of a "worldwide capitalist mode of production"; and 2) the two-fold tendency of the capitalist mode of production reproduces the forces and relations of production at the level of "national entity" as well as on the international level. Furthermore, in regard to the nature and mechanism of dominance of the capitalist mode over pre-capitalist modes of production in a given social formation, Bettelheim suggests the following propositions:

First, "inside social formations in which, the capitalist mode of production is "predominant" this domination mainly tends to expanded reproduction of the capitalist mode of production, that is, to dissolution of the other modes of production and subsumption of their agents to capitalist production relations."

Second, "inside social formations in which the capitalist mode of production is not directly predominant, that is, in social formations that are capitalist social formations because they are subordinate to the capitalist mode of production through the world market (but in which other modes of production predominate), the main tendency is not to dissolution of the non-capitalist modes of production but to their conservation- dissolution " (Bettelheim, 1972: 295-98).

In this view, peripheral social formations are fundamentally, but not homogeneously, capitalist and the notion of "articulation" of modes of production at different stages becomes the cornerstone of this approach.

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### 1.3. Articulation of Modes of Production and Social Change:

Initially, the concept "articulation" was utilized in the works of Marxist Structuralists such as Althusser and Balibar (1977) in order to explain the relationship between elements of a single mode of production. However, the notion of articulation of different modes of production within a social formation was later utilized by anthropologists in order to interpret structures and processes in the African societies (e.g., the works of Dupre, 1973; Godelier, 1977; Meillasoux, 1964; Rey, 1973; Terray, 1972). The underlying view of social change in their analysis of peripheral formation is an explicit rejection of the universal evolutionary view of both the modernization paradigm and the "mechanical Marxist" fixed sequences of modes of production. Based on the work of Chinchilla and Dietz (1981: 143-146), the basic premises of the articulation of modes of production approach can be summarized as follows:

1- Although it is important to analyze capitalism at the world level, however, the unit of analysis remains the "national economy" which is a concrete, historically created social formation which is formed by the articulation of two or more modes of production. Except during the rapid transitional periods, one mode of production will tend to be dominant within a social formation. The emergence of a new dominant mode does not result "necessarily" in the dissolution and decline of pre-existing modes; rather, former modes of production and their corresponding class

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relations may be able to be preserved/reinforced for a long period. Every social formation is a particular case not similar to others. Consequently, the above process is neither mechanistically predictable nor uniform.

2- This approach takes into consideration the stages of development of different modes of production which articulate within any social formation. Modes of production have periods of ascendancy and decline that affect other modes within social formations. In the same line of analysis, the capitalist mode of production is viewed as having different tendencies and functions depending on its different stages of development (e.g., competitive vs. monopoly, etc.).

3- Development is not understood in some abstract terms, but as the "development of capitalist development", i.e., as the process by which the capitalist mode and its classes come into contact with other modes and their respective class relations and replace/dominate the pre-capitalist modes. It also recognizes that capitalism is always underdeveloped in the ideal sense of development: in both rich and poor countries it brings progress only for few at the expense of the rest of the population.

4- Neither external nor internal relations are determining forces a priori; rather, they exert different forces at different points in time and in different ways. Thus there are no general "laws of development" that are moving forward unambiguously.

To conclude, the theoretical contributions of the "modes of production" approach are two-fold: realization of parallel processes of development in advanced capitalist and Third World countries within one theoretical framework without resorting to ad hoc explanations; and realization of the fact that contact with and penetration by foreign capital in the social formation of a Third World country may result either in growth or stagnation. More specifically, Bettelheim (1972:295) emphasizes the role of the capitalist mode of production and its effect on developments internal to the social formations:

Within the capitalist world market, the law of value ensures: expanded reproduction of the material and social conditions of worldwide production, a definite pattern of domination and subordination of the different social formations, reproduction of the system of places corresponding to these relations of domination and subordination.

#### **1.4. Urban Political Economy and Peripheral Urbanization**

Recent years have witnessed the emergence of a new school of urban social science. Beginning in the late 1960's, anomalies multiplied as the urban crises created unanswerable questions about "increasing class and racial inequalities rather than social integration, urban decay rather than ecological competition and succession, protest organization rather than anomic disorganization, and politics of domination rather than pluralism (Walton, 1981: 374). This new urban social science has diverse origins in theory and practice, but as Walton (1976) argues, the works

of writers such as Castells (1980), Lojkin (1976), Pickvance (1976), Harloe (1977), Harvey (1973), Hill (1977), Gordon (1971), and Tabb and Sawers (1978) have enough in common to constitute a general theoretical paradigm which might be called the "radical urban political economy." Consistent with a general political economy approach, Aiken and Castells (1977: 7) summarize the characteristics of the new urban sociology:

1) Examining the large social, economic, and political context of cities; 2) using an historical perspective to study urban problems and phenomena, meaning a strong emphasis on the process of social change over time in urban systems; and 3) exploring the critical role of the economic system in shaping the nature of urban systems.. ... (M)ore specifically, a fundamental postulate which underlies these new approaches is that a given element of an urban system cannot properly be isolated as a separate object of study, meaning it can not appropriately be removed from the economic, political, social and historical context of which it is extremely a part.

Within this context, then, Castells (1978: 16-17) defines the political economy of urbanization in capitalist societies as the concentration and centralization of capital and "its constant battle against the tendency toward a lower rate of profit." This concentration and centralization as a part of capital accumulation takes place in a spatially organized environment. Based on this, Hill (1977) conceives of a capitalist city as:

A production site, a locale for the reproduction of the labor force, a market for the circulation of commodities and the realization of profit, and a control center for these complex relationships. Thus the capitalist city functions as a spatial generative center through which growing quantities of surplus product are extracted.

This means that urbanization in capitalist societies is an inseparable part of the general conditions of production, which is also necessary for overall reproduction in capitalist social formations. Hence, the capitalist city appears as a direct consequence of the need to reduce indirect costs of production, circulation and consumption. That is, it is an efficient production site which will speed up the rate of rotation of capital and reduce the period during which capital is utilized productively (Lojkine, 1976: 122).

The foregoing discussion represents an overall picture of the new field of urban political economy that is mostly concerned with urbanization in the core capitalist social formations. Nonetheless, they have generated an impressive amount of research and propositions related to the development of the world capitalist economy and its effects on urbanization process in peripheral social formations (such as the works of Castells, 1980; Gugler and Flanagan, 1978; McGee, 1971; Mingione, 1980; Portes and Walton, 1976; Roberts, 1978; Slater, 1975 and 1978). What follows is an overview of the theoretical contributions related to peripheral urbanization, which are of concern in  
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this research project.

**1.4.1. Peripheral Urbanization:** In his interesting work on the patterns of urbanization and industrialization in Latin America, Roberts (1978) refers to urbanization in a classic demographic sense of population concentration:

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Urbanization in its most formal sense merely constitutes the increase of the urban population as compared with the rural one, but it includes and results from far-reaching economic transformations on the national and international plane (Roberts, 1978: 9).

But, since his analytical framework is situated within particular dependency relations (with both external and internal core-periphery relations being examined), he sees dependent urbanization as being affected by the world capitalist system (1978: 1, 11, 14). Roberts stresses the "unevenness" of the pattern of "dependent development" and locates Third World cities in a worldwide system of capitalist production, consumption and accumulation (13, 18). However, he considers an internal structure of class relationships which functions to the economic advantage of the metropolis and perpetuation of underdevelopment in the periphery. Related to urbanization, he puts emphasis on the importance of a class analysis and argues that while an analysis of the social structure of a city is based on its economic relations, one has to give equal weight to political structure as well.

Finally, Roberts rejects the viewpoint that considers Third World urbanization as a problem of overpopulation in urban areas with high levels of unemployment or underemployment. It is not the lack of a stable, well paid industrial employment that causes overpopulation, he argues, but rather is the contradictory process of capital accumulation in the Third World cities. That is, access to cheap and abundant labor not only powers the factories, but also

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provides complementary services and ancillary manufacturing (Roberts, 1978: 6-7).

At this point, it has to be mentioned that his analysis of "dualistic economies" in which large-scale, corporate firms contrast with small-scale, family-based enterprises, brings him closer to the "modes of production" approach. For instance, referring to the problems of Latin American countries during and after colonial expansion, he argues that they have to be understood,

...in terms of the way in which capitalism has penetrated that continent. Even apparently traditional situations such as the *hacienda* or Indian community, can be seen to have been shaped by capitalist expansion; it can be argued therefore, that such institutions are not simply the survival or transplant of non-capitalist forms of organization and production, such as feudalism or primitive communism (14-15).

Among those who have formulated the process of dependent urbanization, the Marxist-Structuralist analysis of Castells (1980) is significantly important. Similar to Roberts, he asserts that the study of urbanization in underdeveloped countries must be integrated into an overall analysis of underdevelopment within a world capitalist system through understanding the development/underdevelopment dialectic. He further distinguishes three types of historical domination under which dependent urbanization reveals, in forms and rhythm, the articulation of economic and political relations of domination:

1. Colonial domination, with, as its essential objectives, the direct administration of an intensive exploitation of resources and the affirmation of political sovereignty.



2. Capitalist-commercial domination, through the terms of exchange, procuring for itself raw materials below their value and opening up new markets for manufactured products at prices higher than their value.

3. Imperialist-industrial and financial domination, through speculative investments and the creation of local industries which tend to control the movement of substitution of imports, following a strategy of profit adopted by the international thrusts throughout the world market (Castells, 1980: 44).

In general, Castells identifies four "significant" characteristics of the urbanization process in the periphery as: 1) population concentration in large urban centers without integration into an urban network; 2) the absence of a continuum in the urban hierarchy; 3) socio-cultural distances between rural communities and urban areas; and 4) the ecological juxtaposition of the "native" and "Western" in societies that have experienced colonial rule (42-43).

Among those geographers who have criticized the inadequacies of development geography and have contributed to the political economy of urbanization, Slater has a specific place. Although his contribution does not exceed than few articles, however, some of his works should be regarded as an introductory outline of peripheral urbanization in pre- and post-colonial periods (E.g., Slater, 1975 and 1978). Following Bettelheim, he adopts a structuralist position of the modes of production approach and attempts to formulate the historical specificity of peripheral capitalism. He identifies the growing international mobility of metropolitan capital and further explains the main consequences of the capitalist penetration

into the peripheries as the continuous extraction of the local surplus product; the guaranteed self-expansion of foreign capital via the local state apparatus; the non-antagonistic relations between the interests of the pre-capitalist social forces and those of the imperial capital and thus, prevention of the formation of a national bourgeoisie; and finally, the unequal nature of exchange and the impossibility of an independent capital accumulation in the periphery (Slater, 1978: 32-34).

With regard to urbanization, Slater further identifies three phases of spatial structure under colonialism within a particular colonially defined territory. In brief, they are as follows:

I. Pre-colonial structure (before 1880's) which is characterized by the existence of the local and regional trading circuits, long-distance trading routes with a varying number of urban centers, and coastal trading centers (in concrete cases). Slater distinguishes three modes of production: communalism, feudalism and slavery in the pre-colonial social formations.

II. Colonial penetration, initial concentration, and the beginnings of internal expansion (1880's-1914): the essential feature underlying this period, according to Slater, is the introduction of capitalism in the form of plantations, settler estates and mining centers into the pre-capitalist territories. In addition, the need for stable political conditions often led to the erection of a colonial

state apparatus that could ensure the reproduction of a suitable environment for the functioning of capitalism. Finally, various types of urban centers (colonial capitals, administrative centers, strategic centers, local market towns, and mine towns) arose during this second phase.

III. Colonial organization and continued extension (1919-1950/60): this period is marked by extensive agricultural and forestry concessions, by the further extension of transport networks and specially railway lines, and by development of one-line economies along the main arteries (Slater, 1975: 145). Furthermore, urbanization which was initiated in the second phase by the rise of different urban centers with varying functions enters into a higher stage. That is, the development of an urban hierarchy in which the colonial capitals enjoyed the greatest concentration of the industrial and commercial activities. Equally, this was the pivotal point of the centripetal transport network for the capital and other regional centers although it varied from territory to territory. This was the evidence for an uneven development of the mainly externally oriented urban centers despite some attempts through the growth-pole planning, decentralization initiatives, etc.

Finally, Slater criticizes those propositions which define urbanization merely in terms of concentration of population by referring to the relatively lower level of urbanization in the peripheries as compared to that of

advanced capitalist societies, and argues that the so-called "population problem" is not because there are too many people but rather attributable to worsening poverty (Slater, 1978: 38-39, 45). However, he does not elaborate on this critical issue which I shall turn to in the next part.

**1.4.2. Hyper-Urbanization in Peripheral Social Formations:** The rapid rate of urbanization in the peripheral social formations during the post-War period was the subject of quite a considerable amount of studies by social scientists, around what was then called as the problem of over-urbanization. By definition, over-urbanization meant a higher degree of urbanization (percentage of population living in urban areas) as compared to the level of industrialization (percentage of non-agricultural labor force) in a given country.

Based on the above definition, Gibbs and Martin (1962) formulated a series of hypotheses on the dependence of the level of urbanization on industrial diversification (as an indication of division of labor), technological development, and the degree of a society's external exchanges. Based on the data for forty five countries, they then verified that the higher these variables, the higher was the percentage of urban population.

In another attempt, Davis and Golden (1954) took the percentage of economically active males not engaged in agriculture and the percentage of population in cities of 100,000 and more in a great number of countries and found a

correlation coefficient of .86 between the degree of industrialization and the degree of urbanization. Davis and Golden then presented the relationship between the two variables in a regression curve and found certain countries like Egypt, Greece, Korea and Lebanon to be significantly off the line (1954: 8). That is, their degree of urbanization was much higher than expected related to their achieved level of industrialization. Thus they regarded the above-mentioned countries as over-urbanized with an "abnormal" urban growth.

This cross-section analysis of urbanization was brilliantly criticized by Sovani (1954: 113-116) for ignoring different stages of industrialization. That is, by separating the countries into two groups based on their level of industrial development, Sovani found the correlation coefficient ( $r$ ) between urbanization and industrialization to be .39 for "developed" and .85 for the "underdeveloped" countries. According to Sovani, the results indicate that:

The association between the two variables is much more close in the underdeveloped countries than in the highly industrialized countries or, by implication, that the pace of urbanization in the underdeveloped countries is much more closely dependent on the pace of industrialization than in the highly industrialized areas. This flies in the face of the entire over-urbanization thesis, at least in the way it has been formulated up to now (115).

Thus in the case of the developed countries, when he calculated the correlation for the year 1891, instead of 1950, it became strong again ( $r = .84$ ). As a consequence, he

criticized another approach taken by UN/UNESCO (1957) that elevates in a quite ethnocentric way the course of urbanization and industrialization in four developed countries (namely, the U.S., France, Germany, and Canada) into a norm and regards the correlation between the two variables at different historical stages as a measure of normality. This leads to the conclusion that Asian countries are over-urbanized because the four developed countries had a similar level of urbanization by the mid-19th century, but with a higher percentage of their labor force engaged in non-agricultural activities (UN/UNESCO, 1957: 133).

Sovani calls this formulation as "chimerical and so unusable" because of its implicit assumption that the course of industrialization and urbanization in all countries "should radiate more or less in close conformity to the path taken by them in the four countries mentioned, if it is not to be classed as abnormal" (1954: 117). Other critics like Brookfield (1973) and McGee (1971) also argue that even if it were valid to compare the present experience of the developing countries with those of the now developed countries in the past, no policy conclusion could be drawn from such comparisons (cf. Gilbert and Gugler, 1982: 163).

It has to be mentioned that much of the conventional studies of over-urbanization have also been concerned, one way or another, with city-size distributions in which the largest city (primate) is many times larger than the next city; or with the primate city's alleged positive

association with national development (Jefferson, 1939) or negative, parasitic relation to national economy (Hoselitz, 1955). In fact, in most cases over-concentration of population in the primate cities was the sole factor for referring to a country as over-urbanized.

In the course of understanding the peculiarity of Third World urbanization, Castells (1980: 41-42) acknowledges the significance of "primacy" and "over-urbanization" as a "point of departure" but looks for the theoretical means of posing the problem in non-tautological terms. But, despite the initial attempts by the Neo-Marxist scholars to understand the process of peripheral urbanization, a fully developed theory that historically relates spatial uneven development in the peripheries, or what Gilbert and Gugler (1982: 38) call it a "distorted urban pattern", to the dynamics of world capitalist system has not yet emerged. In fact, few studies have tackled systematically the process in which the emergence of one or two major cities retards the development of provincial centers and creates uneven urban growth in Third World countries.

For instance, similar to Castells' historical-structuralist and socio-demographic analysis of dependent urbanization but with more emphasis on the issue of over-urbanization, Mingione (1980) defines the "great urban areas of the Third World" as the administrative-commercial centers for import-export companies which function as the "bridgeheads of the penetration of capitalism into the rural

periphery of underdeveloped regions" (Mingione, 1980:134). In general, the rapid urban growth in the periphery for him is a "process of urbanization without industrialization and a conversion of rural over-population to urban over-population" (p. 135). Thus, an examination of overpopulation (over-tertiarization, the question of primacy, etc.) related to the underdevelopment cycle becomes the key issue. According to Mingione, there are three situations under which "over-urbanization" might occur in the Third World countries:

- 1), "over-urbanization and underdevelopment without any dependent industrialization" that is mainly based on the unequal exchange of exporting raw materials and importing manufactured goods. As a result, it is very difficult to increase occupation in the productive sectors as the only absorbing source of growing urban surplus population.

- 2), "over-urbanization and underdevelopment with the addition of large (and intermediate) capital-intensive industries" dependent upon multinational corporations. In this case, the capital-intensive plants consume a large part of the local resources without creating enough jobs for the community, but they might create a "politically important" but "quantitatively limited" local modern working class.

- 3), over-urbanization where, through the export of valuable raw materials (mainly oil), some countries accumulate financial capacities and the state imports whole processes or industries from the advanced countries. Under this final stage of over-urbanization, similar to Slater's position (1978: 32-34), Mingione claims that the Third World countries are "unable to break the dependence and unequal exchange cycle" due to changing dependency relations from "economic" to "technological"; the capital-intensive nature of imported industries which are unable to solve the surplus population problem; an absence of producing-goods industries in the periphery that leads to further dependence upon the core countries (Mingione, 1980:138-144).



**1.4.3. Informal Sector and the Urban Economy:** Much of the discussion on the means of survival in Third World cities has dealt with the "informal economy." Many economists see the problem of development in the Third World as stemming from the division of the economy into dual sectors: a modern sector geared toward large-scale production for export; and a traditional sector geared toward small-scale peasant and artisan production for the domestic market (Safa, 1982: 5).

The emphasis on the distinctiveness of each sector of the urban economy appeared first in the studies of Geertz (1963) in Indonesia who distinguished between the "bazaar economy" and the "firm economy." The former is made up of a large number of small enterprises, which are highly competitive among themselves, rely on the intensive use of labor, and seek to minimize risks rather than seek profit maximization. On the other hand, the latter is based on rationalizing production and capital accumulation for further investment and expansion. In Geertz's distinction, each economy is antithetical to the other. That is, the existence of the bazaar economy limits capital accumulation and hinders the expansion of the firm economy, while the expansion of the firm economy gradually eliminates the bazaar economy.

The dual economy assumption has further been developed in the works of Chayanov (1966) and Franklin (1965, 1969), who identify two systems of peasant (informal) and capitalist (formal) production in the Third World countries.

Friedman and Sullivan (1972) extend the concept by proposing a tri-sectoral model of urban economy comprised of a corporate production sector, a family enterprise sector, and individual operators. However, in all these studies, the informal economy is considered as an obstacle to the expansion of the firm economy.

The dual economy approach has been widely criticized for its mechanical view of segregation between the modern and subsistence activities of the poor. For instance, Santos (1977) has emphasized the dialectical relationship between these sectors in the form of two interacting and interlocking circuits of economic activities having two distinct sets of characteristics. Studies by McGee in the SouthEast Asia (1971), Souza and Tokman in Latin America (1976), and Hart in Ghana (1973) show that most of the urban poor work in the small-scale enterprises requiring a low level of skills and capital investment, often utilizing the labor of unpaid family members to cut down on production costs. Some writers have placed particular emphasis on the way in which the pre-capitalist rural subsistence sectors in Africa subsidize the formal sectors and lower the production costs of labor in the cities (Meillasoux, 1980; Wolpe, 1980). Similarly, Roberts (1978) argues that the existence and growth in numbers of the poor in the peripheral societies suggests that they function as a reserve army of labor for the growth of the modern sector of urban economy. He distinguishes between the small-scale



sector and large-scale sector, and defines the former to include all activities "which are associated with large-scale production such as craft workshops, repair shops, petty traders and self-employed artisans (Roberts, 1978:114).

In an account of the relationships between the large-scale economy and small-scale enterprises in Peru, Scott (1978) argues that the independence of those working in the latter sector is largely illusory since in cities of the underdeveloped world, small-scale enterprise is often dependent on merchants or large-scale enterprises who provide capital or materials. Roberts (1978: 115) also points out that for large-scale firms it is more profitable to expand production by commissioning small-scale firms to undertake parts of their production. Furthermore, as the studies by Leeds (1971) for Brazil; Peattie (1968) for Venezuela; Hart (1973) for Ghana; and Eckstein (1975) for Mexico clearly demonstrate, the small-scale economy is not "traditional" either in the techniques it uses or in its type of activity.

The coexistence and articulation of the large- and small-scale sector is an evident feature of cities in the underdeveloped world. It is now also recognized that the informal economy does not develop simply in the interstices of the traditional activities deemed unprofitable by the modern sector. On the contrary, it is constantly reconstituting itself in response to changing conditions in the

"modern sector" (Safa, 1982: 7).

In summary, the main criticisms of the "informal sector" concept may be outlined as follows. First, it has been argued that urban enterprises represent more closely a continuum of scale and characteristics that do not fit in the two-division schema of the formal/informal economy (Missen and Logan, 1977). Similarly, Breman (1976) argues that the small-scale enterprises reflect the fragmented nature of the entire labor market, rather than through the isolation of a single sector.

Second, the "informal sector" concept is criticized because of its inward-looking nature. That is, instead of emphasising the integration of small-scale production into the totality of the production process, most studies have concentrated solely on the characteristics of "informal sector" enterprises (Breman, 1976; McGee, 1978).

Third, the critics question the strong association of the "informal sector" concept with the conservative ideological framework. Moser (1978) argues that the utilization of the "informal sector" concept by economic planning agencies such as the International Labor Organization (ILO), has encouraged the view that the problems of unemployment, poverty and underemployment are the result of an imbalanced economic structure; and that a careful planning policy within the existing socio-economic and political structure can solve the problem.

Thus, in order to understand the dynamics of the

so-called "informal sector," we need to transcend this concept and explore it within the broader context of a social formation. This necessitates an alternative approach which,

..Focuses on the structural linkages and relationships between different production and distribution systems (which include technical as well as social relations of production) rather than on categorizing two separate dualist sectors... (Moser, 1978: 1061).

This is a position taken by the advocates of the "modes of production" approach that have attempted to understand small-scale enterprises through their articulation with, and utility for the reproduction of other forms of production in a social formation. This approach will be discussed in detail in the next chapter.

## Endnotes:

1. I have deliberately chosen the terms "periphery" and "peripheral capitalism" for their specific meaning, instead of using "dependent" and "dependent capitalism". Slater (1978:29f) clearly points to the rationale behind this distinction:

the concept of "dependent capitalism" is most clearly associated with Latin American literature on dependency and a weakness of much of the theory originating from this tradition is that the term "dependency" is too vague.... as we can include Canada and Australia under such category. On the other hand, "peripheral capitalist" as used by both Amin and Sontag refers more specifically to those social formations that have originally been incorporated into the world capitalist economy as colonies and which continue to experience disarticulated forms of capitalist development.

## **Chapter two**

### **Theoretical Framework**

#### **2.1. The "Conditional" Historical Possibility of the Articulation of Modes of Production: A Synthesis**

Despite the fact that the "modes of production" approach has provided us with a conceptual tool for a better understanding of the nature of social formations, particularly in the periphery, it is far from satisfactory and there remain a number of conceptual problems. For example, in a critique of Bettelheim's contribution, Wolpe (1980:18) considers the "conserving" tendencies of the capitalist mode of production inside some social formations and its "dissolving" tendencies in others as "problematic" and asserts that Bettelheim's argument seems to amount to the following propositions:

"First, where the enterprises operating under capitalist relations and forces of production are quantitatively preponderant, the CMP (capitalist mode of production) directly dominates and tends to dissolve pre-capitalist modes;" and "second, where within a social formation, the CMP is not quantitatively preponderant, domination will be indirect, through the world market, and the effect will be a tendency to conserve the pre-capitalist modes of production."

Hence, Wolpe argues that while the precise manner for articulation and subordination remains undisclosed, it is also not clear as to why articulation through the market should be regarded as "indirect". Furthermore, in both



theoretical literature (i.e., the works of Bettelheim, 1972; and Laclau, 1977) and in concrete analyses of social formations (such as Meillasoux's study of Gouro (1964) and Godelier's (1977) discussion of the Incan Empire), the articulation of the capitalist mode of production with other "transformed" pre-capitalist modes is based on either the market or the rate of profit; which are considered as the "economic mechanism" of reproduction. But, the nature of transformation and its significance is rarely analyzed with any precision (Wolpe, 1980: 16-18). This lack of clarity paved the way for a critique of the theory of articulation based on the assumption that the so-called "subordinate" modes are not modes of production at all since they lack an essential characteristic, namely, the ability of self-reproduction. For example, Hindess and Hirst (1975: 263) argued that:

The presence in a given social formation of the conditions of existence of one mode of production means that the conditions of existence of another mode cannot be satisfied. Thus a social formation in which the conditions of existence of the feudal mode of production are present and continue to be reproduced cannot at the same time, be responsible for producing the condition of the existence of the capitalist mode of production. Otherwise, one and the same social formation would have to be characterized by the distinct hierarchies of its economic, political and ideological instances. It follows that while certain elements of the capitalist mode of production may be present in feudal society, the capitalist mode of production itself cannot be.

This insistence upon the impossibility of articulation between two or more modes is left unexplained and they put forward no grounds to justify their arbitrary limitation on

articulation. Furthermore, this formulation precluded any possibility for a historical transitional period. In order to overcome this problem, in their later work Hindess and Hirst (1977: 26) abandoned the concept of "mode of production" and argued that social formations have to be defined in terms of different relations of production and their conditions of existence and further asserted that:

At most the concept of a determinate social formation specifies the structure of an "economy" (form of production and distribution, forms of trade, conditions of reproduction of these forms), forms of states and politics and forms of culture and ideology and their relations, and the conditions for a transformation of certain of these forms (1977: 57).

This tends to be an improvement related to their first position, but it certainly remains as vague as the former in that it does not clarify the conditions of transformation for "certain" of these forms.

On the other hand, Banaji (1977) rejects the concepts of articulation of modes of production by arguing that in discussion of "articulation," the law of motion of the capitalist mode of production is posited as the only element of explanation of the structure of the world economy. He further criticizes "vulgar Marxism" which sees the wage-labor (the labor divorced from means of production and as a commodity) as the necessary basis of capitalism. Thus, he correctly refers to the "non-capitalist wage-labor" in pre-capitalist social formations and "non-wage-labor capitalism" when capitalism has exploited non-wage-laborers in the modern times. In addition, he questions the position that

assumes all market economies as being capitalist:

From this it follows that modes of production other than capitalist which co-exist within the structure of that economy figure only as "specific" forms of subjugation of labor perpetuated over time by the requirements of industrial accumulation. These are modes of production, entirely deprived of their own laws of motion, vegetating on the periphery of an industrializing Europe like a vast reserve of labor-power periodically called into action by the spasmodic expansions of metropolitan capital (Banaji, 1977: 14).

This leads Banaji to resort to a dualist thesis of co-existence of two modes of production, the operation of each determined autonomously by its own laws of motion (pp. 11-12). The rejection of the concept of articulation by Banaji leads to a dead-end: the autonomous reproduction of different modes in a social formation leaves no room for understanding the dynamics of transformation in an historical epoch of transition. This certainly is an indication of the capability of the "modes of production" approach to provide us with a theoretical framework for understanding peripheral social formations.

The first step for constructing a more adequate theory of articulation was taken by Wolpe (1980) who made a distinction between the "restricted" and "extended" concepts of mode of production. Towards this end, and related to the mechanisms by which the relations and forces of production in a given mode are reproduced and linked to other mode(s) in a social formation; these linking mechanisms require an understanding of the laws of motion which at the level of any given enterprise are revealed "in the logic of its

operations, the specific rationality of its production, consumption, savings and investment decisions, the degree of exploitation of its labor force, etc." (Leys, 1977: 104).

Based on the above assumption, Wolpe (1980: 36-39) proposes three possibilities for a theory of articulation. First, conceiving a social formation as a combination of "restricted" modes of production. Since the laws of motion (and in general reproductive processes) of neither the subordinate nor the dominant mode are given, a concept of articulation at the level of social formation has to be constructed on an arbitrary selection of articulation mechanisms such as the role of state. Second, it is possible to conceive of the social formation as "being constituted by combination of extended modes of production that implies each mode's ability to autonomous reproduction." This formulation is a rejection of the basic assumption of the dominance of one mode over other modes in a social formation implicit in the modes of production approach, but as Wolpe aptly argues,

there seems to be no reason for insisting upon the necessary assymetry of modes of production, and it is perfectly possible to envisage a social formation (even if only in a transitional phase) in which no extended mode is dominant (Wolpe, 1980: 37).

Finally, to conceive of a social formation in which the co-existence of and inter-relationship between a dominant "extended" mode and subordinate "restricted" modes of production is possible. As was argued in Chapter One, conceptualization of a social formation based on combination

of "restricted" modes is static since it precludes succession of one mode by another from the analysis. Thus it is important to construct a theory of transition which in turn embodies a theory of reproduction. This clearly excludes the first possibility of articulation proposed by Wolpe and leaves the other two as possible variants. That is, there exists at least one mode of production which is capable of autonomous reproduction in a given social formation. Furthermore, since the underlying assumption of the modes of production approach is a historical comprehension of the penetration of capitalism into pre-capitalist social formations, without resorting to teleological interpretations of the process in which capitalism becomes the dominant mode in the periphery, an analysis of the impact of capitalism upon periphery and conditions that enhance (or impede) its reproduction becomes crucial. According to Mouzelis (1980: 368):

An assessment or examination of such an impact should not focus exclusively on the concept of reproductive requirements (of capitalism). Equal attention must be given to class, fractions of classes, and other interest groups, i.e., to agencies which, more or less autonomously perceive or fail to perceive such requirements, and which define them in ways leading to a variety of contradictory strategies which in the long run might or might not fulfill the reproductive requirements of imperialism.

This implies that an analysis of the laws of motion of the capitalist mode of production should take into account the relatively autonomous function and impact of the super-structure and its constituent elements (ideology,

politics, etc.) that may or may not contribute to capitalist reproduction in a peripheral social formation.

The law of motion of capital that is derived from the dialectical unity of production and circulation is essentially based on the expansionist nature of the capitalist mode of production. According to Dejanvry (1981: 9):

Since not only the surplus product is alienable, as in all class societies, but also all the means of production are as well, a surplus expropriator must compete with other appropriators in order to reproduce his social position, since he has no extra economic right to his property. It is this condition for survival which exists even under monopoly capital- that creates the drive to maximize profit and to accumulate, not some inner behavioral ethic.

With regard to the influence of the political power at the super-structural level over the dominance and/or subordination of a mode of production, the theory of articulation has not much to offer. In fact, following Leys (1977), it is my contention that a careful consideration of the political factors, i.e., class struggle/domination and inevitably state power and its role in the determination of domination/subordination positions of different modes of production in a social formation is the only solution for the apparent abstractness and inherent difficulties of the articulation approach. To be more specific, an analysis of the degree to which the dominant classes from one or more mode have access to state power in a peripheral social formation will determine "whether a pre-capitalist mode of production still "exists" in a particular situation or just

how far and in what ways it is being transformed into a mere subordinate **form** of the capitalist mode" (Leys, 1977: 105).

Based on the preceding discussion, I propose the following schema for possible situation under which articulation of the capitalist mode of production with pre-capitalist modes in a social formation takes place:

First, the case in which a pre-capitalist mode (such as feudalism) is dominant in a social formation and the state functions as an agency for the reproduction of the dominant mode. In this case, capitalist enterprises may arise and function in the absence of the laws of motion of the CMP. Thus, one or more subordinate forms of production (restricted concept) are articulated with a dominant pre-capitalist mode (extended concept) in a social formation.<sup>1)</sup>

Second, articulation of two (or more) extended modes of production, one capitalist and one (or more) pre-capitalist, in a social formation through sharing the state power by the dominant classes (or a fraction of dominant classes) of each mode. In this case, the state facilitates the reproductive requirements of both modes through implication of favorable policies related to their degree of access to the state power. This is a transitional phase that depending upon internal forces and external pressures for capitalist penetration/expansion may or may not end up in domination by the capitalist mode of production.

Finally, the case in which through a process of class struggle, the capitalist mode of production becomes dominant

and its ruling strata take over the state power. As a result, the formerly "extended" pre-capitalist mode of production is reduced to a form of production and the unity of the social formation is constituted through the laws of motion and mechanisms of reproduction of the CMP. It has to be noted that the above-mentioned scenario sketches out a general pattern of articulation in a social formation that requires further elaboration on the agents of change at the economic and political levels that make it possible to identify the domination/subordination relations in a social formation.

Analyzing the structure of a social formation and following Marx's discussion of common features of a period of production (1971:190), Taylor (1979) provides a structuralist formulation of a social formation that is the result of a complex totality (social practice) containing economic, political, and ideological practices. What follows can serve as an analytical tool in order to identify the relation of dominance/subordination in a social formation:

- 1) At the level of economic practice, in any form of production, certain elements such as the worker, the means of production, the object of labor, and the non-worker/appropriator are combined together in definite **labor processes**, by means of which the raw materials or other inputs are transformed into products having a use-value. Based on definite **relations of production**, the surplus labor existing in the labor processes as a result of production



beyond reproductive requirements produces a surplus-product which is subject to different forms of extraction/appropriation in different periods (Taylor, 1979: 108-109).

For example, in terms of the relations of production in the capitalist process, the worker is separated from ownership and control of the means of production. In the labor process too, the capitalist owns the means and objects of production and the worker possesses only his/her own labor power. Thus relations of extraction and real appropriation coincide that make the economic practice a determining factor. By contrast, in a non-capitalist process such as feudalism, whilst the relations of extraction let the non-productive appropriator to extract surplus labor from the direct producer, the producer in the labor process remains in partial possession of the means of production. As a consequence, when there is a non-correspondence between the relations of extraction and possession, surplus labor is extorted by political rather than economic means (Taylor, 1979: 110-11).

2) At the level of political practice, the control of state power in order to "establish or perpetuate the dominance of a particular class or alliance of classes represented politically in the state apparatus," becomes the main objective. Based on the recognition that an "economically dominant class" and a "politically dominant class" may or may not be necessarily the same, the role of state power especially during the transition stages becomes crucial:

First, it is generally the case that political hegemony within the state apparatus is exercised by a class, or a fraction of a class that is not economically dominant (examples are legion: Gaulism, early German and Italian Fascism, late Argentinian Peronism, nineteenth century Bonapartism, early twentieth century English Liberalism, seventeenth century Absolutism, etc.). Secondly, beyond these "exceptions," it is always the case that, even if a fraction of the economically dominant class ... is politically dominant, its dominance rests upon alliances with other classes which are represented at the political level (Taylor, 1979:120).

3) Aside from the assumption of state power by the capitalist class, in order that the capitalist mode of production can exist within a non-capitalist social formation, two pre-conditions must be met:

- a) Monetary capital must be accumulated in the hands of non-productive labor which has effective control over the use of the means of production.
- b) The direct producers must be separated from their means of production in order that they can function as wage-laborers for the controllers of the means of production (Taylor, 1979: 143).

It is within this theoretical framework that I now turn to the question of peripheral urbanization which is the focus of my study.

## 2.2. Peripheral Urbanization

The study of urbanization as a socio-economic process requires us to adopt a clear and unequivocal interpretation of spatial analysis, which should not be regarded as a substitute for class analysis. Rather, as Soja (1980: 207) suggests, "it can be an integral and increasingly salient element in class consciousness and class struggle." By critically examining the assumptions which substitute spatial/territorial conflict for class conflict as the

motivating force behind social transformations (e.g., Lefebvre, 1970), or those who maintain the pre-eminence of "aspatial" social class definitions despite their implicit adoption of the former propositions (e.g., Castells, 1980), Soja concludes that:

The structure of organized space is not a separate structure with its own autonomous laws of construction and transformation, nor is it simply an expression of the class structure emerging from the social (i.e., aspatial) relations of production. It represents, instead, a dialectically defined component of the general relations of production, relations which are simultaneously social and spatial" (1980: 208).

This necessitates an understanding of the general laws of motion in different modes of production (esp. capitalism) under spatially undifferentiated conditions and, the concrete historical conditions within which spatial aspects of articulation of different modes of production in a social formation are studied. With regard to the capitalist penetration into peripheral social formations, by means of separating the direct producers from their means of production, the (imperialist) penetration and intervention into peripheral social formations seeks to establish capitalist relations of production. This is achieved by a variety of mechanisms such as taxation, land reform, enforced migration, etc. However, according to Taylor (1979: Chapter 13), the development of the capitalist mode of production in the periphery is both "restricted" and "uneven" for the following reasons: 1) capitalist relations of production fail to establish their dominance in large sectors of

economy such as agriculture which remains mainly non-capitalist; 2) in cases where they are dominant, they do not succeed in substantively bringing various labor processes under their control. Therefore, while advanced techniques are established in certain capitalist sectors (extractive and some import-substitution industries), in others (such as artisans controlled by merchant capital) the forces of production are utilized based on pre-capitalist relations of production. This is basically due to the lack of interest by the imperialist forces to invest and expand capitalist relations in sectors where capitalist development might restrict the marketing requirements of the center.

It is within this framework of expanded reproduction of capitalism in the periphery that is uneven and restricted at the same time, that we can define the role of uneven geographical development. Mandel (1968: 371-73) observes that regional underdevelopment is a universal phenomenon of capitalism that manifests itself in unevenness of development between the industrialized and the colonial or semi-colonial countries. In this process the industries of the former destroy the crafts and domestic production of the latter. As a result of this destruction, a portion of labor power is released that cannot find occupation in an expanded national industry (obviously because of the concentration of industries in the metropolitan country). As a consequence there appear the chronic under-employment and pressure of over-population on the land.

The spatial effects of the expansion of capitalist mode of production in the periphery is an increasing regional disparities and elimination of the autonomy of subordinate regions in peripheral social formations. Based on the foregoing discussion and also theoretical contributions of Castells (1980), Gilbert and Gugler (1982) related to peripheral urbanization (see Chapter one), the dialectics of capitalist expansion and urbanization may be outlined as follows:

1) The disruption of pre-capitalist forms of agricultural production which is accomplished by a penetrating commercial agriculture and increasing monetary taxes in rural areas induces rural-urban migration. At the same time, the urban (and rural) craft industry is undermined by the import of manufactured goods that helps to create enormous unemployment among the urban migrants.

2) With the exception of the nationalist movements, surplus generated in the peripheral social formations is extracted either by the ruling classes in the periphery (at different historical times) whose interests are one way or another in line with those of the capitalist interests in the center, or directly by the representatives of foreign capitalist interests.

3) That part of the rural labor force and also urban artisans, who are detached from the pre-capitalist forms of production, move to largest cities in search for employment. While a tiny portion of the migrants is absorbed by the

mostly capital-intensive industries as wage-laborers, the bulk of the urban work force becomes involved in commodity<sup>2)</sup> production (see my discussion in Chapter one).

4) This occurs at a time when a centralized state bureaucracy is in the process of emerging with the main goal of concentrating the major industries in the largest cities. By providing infrastructure for an industrial expansion in the main urban centers, and by legitimizing a system of peripheral capitalist production through provision of social services to selected groups, the centralized state accelerates the concentration of higher-income groups in the major urban centers.

At this point, it is possible to identify two levels of analysis for understanding this research project: a) the study of "patterns of urbanization" which focuses on the interaction of spatial units (cities, regions) and formation of spatial hierarchies within a social formation (Hymer, 1971; Cohen, 1981); and b) the study of a single "spatial unit" such as a city or region with regard to the spatial requirements of capital accumulation and distribution of social classes.

**2.2.1. The Process of Urban Concentration:** As discussed in Chapter One, Mingione's conceptualization of the problem should be considered as the first step toward a more detailed analysis of over-urbanization. The major problem with his analysis lies in the fact that there is no indication whatsoever of the processes which lead to over-concen-

tration of population either in rural or urban centers of the peripheral countries. Gilbert and Gugler (1982) have tried to overcome this deficiency by providing a historical explanation of this process of urban and regional concentration by dividing it into two historical phases: 1) the spatial changes associated with the export-orientation phase of the economy (colonial and post-colonial phases); and 2) the spatial changes associated with the inward-oriented industrialization/modernization phase (Gilbert and Gugler, 1982:38).

During the first phase, the growth of major cities that leads to urban primacy is linked to the growth and the degree to which one or several centers control the flow of international trade or, to be more specific, control over the "surplus profit generated by international trade." In most cases, concentration of the state bureaucracy and private interest groups in the periphery which (partly representing the interests of the center) control this surplus are the crucial factors in the domination of the primate city over provincial cities. In brief,

Primacy in Third World countries, therefore, can be explained in terms of the geographical locations of export production, the transport networks which emerged to ship those exports and, most fundamental of all, the location of the main beneficiaries of the profits generated by international trade" (Gilbert and Gugler, 1982:39).

As a result of the superimposition of a foreign trade system on an indigenous system and according to the form that the export expansion process takes, claim Gilbert and

Gugler, urban development becomes either "dynamic" or "truncated." Based on evidence from the Latin American urbanization, they identify three types of production and their effect on urban growth which are described below.

First, plantation systems that were specialized in export production (such as the banana and sugar estates of the Caribbean) restricted urban growth by monopolizing the services normally provided through small towns and generated little in the way of multiplier effects because of a "wholesale" shipment of harvest (and profits) to the center. In brief, plantation agriculture depresses local urban development and growth.

Second, to a certain extent, mining enterprises/enclaves were more likely to generate "local" urban growth (such as in Peru). This was due to miners' extra income derived from transport and construction, and food supplies contracts that eventually raised regional income levels, that in turn helped the diversification of village economies and the expansion of crafts. However, a mining town gets its major supplies through extra-region sources and thus generates little in the way of rural-urban linkages.

Finally, it is argued that small-scale peasant production and its demand for consumer products and agricultural inputs (seeds, tools, etc.) tended to stimulate local urban growth. Thus a growing export economy based on small-scale production (such as that of coffee in Western Columbia) led to the gradual development of a diversified,



integrated urban system. Thus "it is a combination of linkage effects, together with the methods of production" that determine the local patterns of urban development (Gilbert and Gugler, 1982: 40-43).

The second phase of spatial changes in the Third World, according to Gilbert and Gugler, was marked by the 1930's depression and the effect of the Second World War that led to a process of import-substitution industrialization (ISI) in the peripheries. Since many of the new industrial enterprises were financed and/or controlled by multinational corporations, ISI took place in the largest cities and accentuated the uneven growth and development of the primate cities because of the advantages and benefits of a central location. According to Gilbert and Gugler (1982:46):

Underlying these advantages is the fact that the export-orientation phase of development tended to create a highly concentrated urban complex which contained the bulk of the higher-income groups, the greater part of the social and economic infrastructure, the termini of the transport system, and the national government bureaucracy. In choosing their locations, few foreign and national enterprises were reluctant to show the advantages of these concentrations; advantages which were magnified further by the forms of industries being established.

Thus, neo-colonial relations, or to use Castells' definition (1980), "the stage of monopoly industrial and financial domination" further exacerbated and reinforced the position of primate cities (or in some cases that of a few major urban localities) due to the requirements of the international capital.

To conclude, the Neo-Marxist approach to peripheral urbanization attempts to understand the question of "primacy" and "over-urbanization" within the context of the development of world capitalist system. At the "national" level, then, over-urbanization has been redefined not as an over-expansion of the urban built environment, but as "hyper-urbanization" or increasing mass of urban population. As a "symptom" and not the "cause" of peripheral capitalism, then, hyper-urbanization manifests itself in the form of;

Widespread poverty, proliferation of squatter settlements, low industrial wages, unemployment and under-employment, a bulging tertiary or service sector, and the presence of a large informal sector in the economy" (Walters et al., 1980: 15).

#### **2.2.2. Urban Employment and Petty Commodity Production:**

To provide a further example of economic phenomenon being structured by an articulation that is determined by the reproductive requirements of one or modes of production, we can refer to an important aspect of peripheral urbanization, namely a high level of urban unemployment. To be more specific, large cities in peripheral formations are characterized by an excess of labor with limited skills. According to UN documents (1980: 24), the existence and persistence of substantial surplus labor is partially due to a massive rural-urban migration that in most cases constitutes between one-third and one-half of the urban growth.

We have already outlined the processes of imperialist penetration that destroyed both rural agricultural

production and artisan industries; and separated direct producers from their means of production in rural areas. However, due to the capital-intensive nature of capitalist production and its restricted form of production, the labor power detached from the pre-capitalist forms of production could not be fully utilized. As Taylor (1979: 231) portrays it:

Unable to return to the non-capitalist agricultural production which had sustained it, due to the destruction or drastic reduction of this sector, and unable to find employment in industry, this mass of labor power was forced either to remain unemployed, or to seek employment in the inflated non-productive service sector that has arisen as a result of the above-process, in the cities of Third World countries.

This phenomenon can be viewed as a result of changing patterns of articulation among different modes of production. Thus, alongside an industrial proletariat, what Taylor (ibid) calls a "semi-proletariat" emerged which was "sporadically employed in the state sector, the service sector, or in sectors dependent upon foreign consumption." In line with this analysis, Gugler (1982: 173-179) identifies three types of this semi-proletariat or what he prefers to call "surplus labor in disguise" as follows:

First, the "unemployed," which based on some regional estimates for 1975 comprised of 6.9% of urban labor force in Asia (excluding China and other centrally planned economies); 10.8% for Africa; and 6.5% for Latin America.

Second, the "underemployed," who represent the "underutilized" portion of urban labor force that in turn

takes three forms in disguise: 1) seasonal work that depend upon fluctuations in economic activity (such as recreational services and construction); 2) Abundance of workers that keep at all times a substantial proportion of them "less than fully employed" (such as street vendors); and 3) "hidden unemployment" where solidary groups continue to hire all their members rather than discharging them when there is insufficient work (such as family enterprises).

Finally, the "misemployed," who may be employed full time but contribute little to social welfare (such as beggars). This is what may be called a lumpen-proletariat that embraces those whose labor does not generate surplus value. Hence, at the micro-level, a careful analysis of the "seamy side" of hyper-urbanization will help us to understand the dynamics of peripheral urbanization. As Castells (1980: 42) puts it:

This uprooted and changing population, unemployed, a "reserve army" for a non-existing industry, is the foundation for urban growth. This is an essential fact that requires explanation.

A clear manifestation of underemployment in peripheral social formations is the existence of small-scale enterprises (or what is known as informal sector ) and the way it utilizes the surplus labor particularly in the urban centers. As was discussed in the previous chapter, the need for an alternative approach to the dualistic understanding of the formal/informal sectors of economy has led a handful of scholars (such as Breman, 1976; Santos, 1976, 1979;

Gerry, 1979) to adopt what Moser (1978) has termed a "petty commodity production" approach to the analysis of the small-scale economic activity. According to Forbes (1981: 117), the term "commodity" in this approach is utilized in the Marxist sense. That is, a commodity has a use-value and is produced for exchange in the market. Within a "modes of production" approach, then, Moser (1978) puts the common ground and argues that the vast majority of the small-scale enterprises, of the type explained as being in the informal sector, fit into the category of "petty commodity production" which is identified as a transitional mode between feudalism and the capitalist mode of production. Based on the "modes of production approach," then, Moser asserts that:

Here, in a given economy, more than one mode of production is identified. In the urban sector, the modes of production referred to are on the one hand the capitalist sector, deeply integrated into an international economy, and on the other, a variety of pre-capitalist modes each more or less transformed through its relation with the former.

However, Moser is not specific about the way in which different modes are articulated. But she makes a distinction between a "mode" and a "form" of production based on a definition of mode of production which essentially refers to a self-sufficient totality at both the superstructural and economic base levels (ibid). This leads to the identification of petty commodity production as a form of production (restricted concept) which according to Lebrun and Gerry (1975: 20), exists "at the margins of the

capitalist mode of production but nevertheless integrated into it and subordinate to it." Furthermore, Moser (1978: 11075) points to the fact that petty commodity production has always constituted a "form" of production, in articulation with other modes in a social formation. One important component of this articulation is the transfer of value from the petty commodity sector to capitalist production as a result of a process of unequal exchange of commodities. Bienefeld (1975) argues that the labor-time component of petty commodities is exchanged for commodities produced by capitalists in the markets which embody less labor-time while (relatively speaking) their prices do not reflect their greater efficiency of production. This results in a net transfer of value from the petty producers to the wage-earners involved in capitalist production.

The unequal nature of exchange of commodities in the above-mentioned process is demonstrated by Santos (1976), who examines the role of the agricultural produce wholesalers in Lima, Peru. Santos (Ibid.:34) identifies two circuits of urban economy (lower and upper) with an upward movement of surplus value:

when economy leaves the horizontal movement which is internal to the lower circuit, it takes a qualitative leap. It leaves the realm of the simple reproduction of capital and enters that of the extended reproduction. In other words its function of reproduction (of means of labor and existence of poor traders and artisans) is dead. It fulfills from then a function in the process of accumulation. the two flows are integrated for the benefit of the upper circuit. Money and goods are dear when they descend towards the lower circuit and become cheap when they reascend towards the upper circuit.

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Santos concludes that this type of exchange relations is inherent in articulation which leads to a transfer of wealth which is directly beneficial to the functioning of the capitalist sector (see Table 2.1).

Petty commodity production is not a static form of production that is in danger of extinction or elimination by capitalist production. In fact, some case studies indicate the opposite view, that petty commodity production is in a constant state of change (Bienefeld, 1975) with a tendency for proletarianization of the workforce and production based on capitalist relations (Gerry, 1979). An examination of the nature and extent of the linkages between petty commodity production and the capitalist production will favor this position. Within a conventional frame of analysis, Hirschman (1958) distinguishes between "backward linkage effects" and "forward linkage effects" of a particular industry or economic activity on other economic activities. The former arise from the input needed to supply production in a given industry; and the latter arise from the utilization of the output of the industry as inputs in new activities. This may be used as a conceptual tool in order to demonstrate the interaction between petty commodity and capitalist production in peripheral social formations as shown by many other social scientists.



**Table 2.1: Characteristics of the Two Circuits of the Urban Economy of Underdeveloped Countries**

	Upper Circuit	Lower Circuit
Technology	Capital-Intensive	Labor-Intensive
Organization	Bureaucratic	Primitive
Capital	Abundant	Scarce
Work	Limited	Abundant
Regular Wages	Normal	Not Required
Inventories	Large Quantities, and/or High Quality	Small Quantities, Poor quality
Prices	Generally Fixed	Generally Negotiable
Credit	From Banks and other Institutions	Personal, Non- Institutional
Benefits	Reduced to Unity, But Important due to the Volume of Busi- ness	Raised to Unity, but Small in Relation to the volume of business
Relations With Clientele	Impersonal and/or Through Documents	Direct, Personal
Fixed Costs	Important	Negligible
Publicity	Necessary	None
Re-Use of Goods	None, Wasted	frequent
Overhead Capital	Indispensable	Not Indispensable
Government Aid	Important	None or Almost None
Direct Dependence on Foreign countries	Great; Outward- oriented Activity	Small or None

Source: Santos (1977: 51)

First, with regard to backward linkage effects, Gerry (1975, cf. Moser, 1978: 1059) provides empirical evidence on four different occupational groups involved in petty manufacturing in Dakar by showing the structural constraints upon their autonomous growth. that is, the overwhelming degree of dependence of petty commodity producers upon capitalist industry for the provision of raw materials and basic technological equipment.

Second, related to forward linkage effects, referring to several case studies, Acharya (1983) demonstrates how a large number of corporations, both from the national and international capitalist enterprises, sub-contract part of their activities outside their own enterprises to smaller units. Thus, "casual labor is employed by large factories and enterprises on a contractual basis" with no commitments to any other facilities like medical benefits, pensions, etc. (p. 435). Petty commodity production becomes a convenient complement of the large-scale capitalist production because of the peculiar conditions of market relations. According to Roberts (1978: 17):

Large-scale enterprises may be unprepared to risk expanding their fixed investments in the face of an uncertain market for their product and fluctuations in demand. It is more profitable to expand production, when necessary, by the out-work systems ...., since workers in these can be laid off with little or no cost when market demand drops.

Finally, in the realm of distribution, petty traders are utilized for marketing commodities produced in the

capitalist sector for a simple reason: to reduce distribution costs and accelerate the circulation of surplus value for its realization in the form of profit. Although within a dualistic frame of analysis, Acharya (1983: 439-440) realizes the important role of the petty traders in distributing activities by asserting that:

There are no direct surplus calculations for such operations available, but the fact that commodity, whether sold by the vendor or departmental store, is priced the same, and that the wage of the workers in the latter is low, implies that the amount the producer pays to the departmental store as commission is lessened by employing informal sector labor.

To conclude, a detailed examination of petty commodity production and its articulation with other modes and forms of production in peripheral social formations is crucial for understanding the dynamics and consequences of hyper-urbanization at the micro-level of peripheral urbanization.

## **Chapter Three**

### **Research Methodology**

#### **3.1. Historical Documentation and Comparative Analysis**

When it comes to a sociological analysis of a given social event or phenomenon, there seems to be a critical split among sociologists in the way they try to conduct research. On the one hand, some sociologists argue that the literature of historical scholarship is richer and more meaningful as compared to the works of those who employ quantitative research techniques. On the other hand, there are other sociologists who attempt to maintain vigorous methodological and "scientific" standards, tend to ignore historical literature, and consider the historical scholarship as "non-scientific" and pre-scientific" junk. In between the two, a third group of sociologists take neither a pro-history or anti-history stand but "leave history to the historians while they themselves get on with sociology" (Turk, 1973:287). This has resulted in drawing artificial lines "between history and sociology, history and historical sociology, historical and other sociology, and historical and other kinds of explanation" (ibid.). What is obvious here is that like social beings which are historical "entities", the social sciences are also an historical group

of disciplines. Thus, as Mills (1959:146) puts it, "all sociology worthy of the name is historical sociology". Furthermore, a historical understanding of social, economic and political structures necessitates a comparative study of societies in different time periods. Mills (ibid.:150-151) persuasively makes this point clear:

Comparative study and historical study are very deeply involved with each other. You cannot understand the underdeveloped, the communist, the capitalist political economies as they exist in the world today by flat, timeless comparison. You must expand the temporal reach of your analysis. To understand and to explain the comparative facts as they lie before you today, you must know the historical phases and the historical reasons for varying rates and varying directions of development and lack of development.

Related to the research proposal, this implies that we have to examine comparatively how the two satellite nations of Iran and Egypt variously articulated with an international political economy and how the interaction between international and national socio-economic forces contributed to create special circumstances of uneven urban development. In addition, in order to make a historical comparison between the two social formations, we need to construct a logic for comparison. In general, there are two approaches to the comparative method in the social sciences. According to Przeworski and Teune (1970), the first approach is "most similar systems" or "concomitant variation" --a method which aspires to the model of a controlled experiment. That is, the cases selected for comparison have a great deal in common. The second approach is called the "most different

systems" (Przeworsky and Tuene, 1970). This view maintains that vastly disparate societies may be studied on the assumption that certain "universal characteristics" may be discovered that hold across systems.

An alternative logic for comparison has been proposed by Lubeck and Walton (1979:6-7). In their comparative analysis of urban class conflict in Nigeria and Mexico within a world systems perspective, Lubeck and Walton go beyond a point-by-point comparison. Comparison is made not for its own sake, rather the goal is to achieve a full appreciation of both the similarities and differences among the cases under comparison through a historical analysis of the circumstances under which different social formations have become incorporated into the world capitalist economy. Within this context, I consider the Iranian and Egyptian social formations as two "historically specific" entities that have to be understood in terms of their own social, economic, and political institutions within each specific period.

It is important to note that this research is not designed to uncover causal-deterministic relationships among the core states and peripheral societies within the world capitalist system (e.g., Wallerstein, 1974, 1979). Rather, the comparison is based on an appreciation for the role of internal forces (class relations, state power, mode of incorporation, etc.) which influence the course of events in interaction with external factors. Hence, the historical

specificity of Iran and Egypt make point-by-point comparison impossible, and rather irrelevant. Following Walton and Lubeck (1979), the project intends to go beyond the positivistic premises of a quasi-experimental comparison (which is based on generalization and ahistorical analysis) in favor of a more systematic-historical approach and with an appreciation of concrete socio-economic situations.

### **3.2. The Problem Refined**

The objective of this research proposal is to examine and compare peripheral urbanization in Iran and Egypt through an historical investigation of the following socio-economic factors and their contribution to the urbanization process. The application of documentary techniques will provide access to relevant information by means of a systematic research through the primary and secondary sources. The following discussion is meant to clarify major issues of concern and available data sources for this project.

**3.2.1. Differences in Dependency Relations:** This refers to the types of economic relations existing inside the peripheral social formations of Iran and Egypt that, as formulated by Dos Santos (1970:232), has incorporated them "into situations of dependence within the network of international economic relations generated by capitalist expansion." The discovery of oil and its production for the world market in Iran contributed to a specific sort of dependence: a) the excessive available foreign exchange in the hands of the

state enabled it to import agricultural and industrial products and thus suppress the primary and secondary sectors; b) the capital-intensive nature of oil production created no backward linkages and employed a tiny labor force (Fesharaki, 1976; Girvan, 1976); and c) the oil industry provided no considerable forward linkages within the social formation (Halliday, 1979).

In the case of Egypt, the replacement of a subsistence agrarian economy with that of a mono-culture(cotton), export-oriented production set her in a different path of dependence: a) unlike oil, agricultural production for export required an efficient infrastructure and transportation network and thus the need to invest a portion of revenue within the social formation (Crouchley, 1936; 1938); b) unlike oil, again, agricultural production provided a strong internal backward linkage and employed a considerable portion of the rural labor force due to its being domestically produced means of production and its labor-intensive nature (Richards, 1982); and c) although capable of providing forward economic linkages, because of colonial policies (like in the case of Iran) the cotton cultivation's contribution to internal economic forward linkages was minimal.

**3.2.2. Different Timing and Modes of Incorporation:** Based on the premises of the "modes of production" approach (Bettelheim, 1972; Balibar, 1970; Bradby, 1980), despite the importance of analyzing capitalism at the world level, it is my contention that the "national economy" has to remain the



basic unit of analysis which is a concrete, historically created social formation formed by the "articulation of two or more modes of production" (Chincilla and Dietz, 1981). The complimentary/contradictory patterns of interface between different modes and their classes influence the structure, class nature, and direction of development in any given society. This leads us to recognition of the role of state and importance of "political-ideological" instances in the domination of one mode in a social formation (Poulantzas, 1973; Leys, 1977; Munck, 1981). Following Wolpe (1980) and Munck (1981), but going beyond the "modes of production" premises, two distinct possibilities in regard to the penetration of capitalism in pre-capitalist social formations are identified: a) the "transitional period" within which the pre-capitalist and capitalist modes are articulated and state power is shared among the elements of the dominant classes from each mode; and b) the subsequent domination of one mode (in this case capitalism) and the role of state as the sole reproductory agent for the capitalist relations of production.

With regard to this project, we need to identify and define the prevalent pre-capitalist modes in Iran and Egypt, as well as the pre-conditions for the existence of a capitalist mode of production within pre-capitalist social formations.

Furthermore, pre-conditions for the existence and reproduction of the capitalist mode of production in pre-

capitalist social formations have to be existent. That is, a) monetary capital must be accumulated in the hands of non-productive labor which has effective control over the use of the means of production; and b) the direct producers must be separated from their means of production in order that they can function as wage-laborers for the controllers of the means of production.

In order to understand the dynamics of capitalist penetration of peripheral pre-capitalist social formations, the articulation of pre-capitalist and capitalist modes, and the subsequent subordination of the former by the latter, three historical periods of the world capitalist development are identified:

I. Penetration under merchant's capital (16th to mid-18th century);

II. Penetration under the dominance of "competitive capitalism" (roughly the 1750-1850 period); and

III. The imperialist stage (since the end of 19th century) (Lenin, 1968; Taylor, 1979; Hobsbawm, 1969; Castells, 1980).

Faced with the necessity of creating capitalist relations of production, imperialist penetration attempted to destroy the non-capitalist mode in the peripheral formations by separating direct producers from their means of production (Taylor, 1979).

In this research project I intend to investigate the effects of capitalist penetration on peripheral urbanization in Iran and Egypt since the second period or, penetration under competitive capitalism. In order to examine the

dynamics of change in the spatial structure (urban hierarchy, communication/transportation networks, etc.), following Dos Santos (1970) and Slater (1975), I have identified four historical phases:

**Phase one: pre-colonial structure (before 1880's).**

**Phase two: colonial penetration and the beginnings of internal expansion (1880's to 1920's); and continued colonial organization and domination (1920's to 1950's).**

**Phase three: neo-colonial concentration or "New Dependence" through speculative investment and control of ISI via multinational corporations (1950's to the Present Time).**

Following Gilbert and Gugler (1981) and Roberts (1978), and based on the preliminary findings, it is my hypothesis that plantation systems and specialized export production contribute to the emergence of primate cities in the peripheries, and tend to restrict urban growth at the local levels. The uneven growth of a few Egyptian cities since the early 1800's (Cairo and Alexandria) as compared to a more "even" growth pattern of urban hierarchy and absence of a primate city in Iran up until the 1920's (by which time her economy became dependent upon oil production for export) is supportive of the above-mentioned hypothesis.

**3.2.3 Patterns of Rural-Urban Migration:** In a careful estimate of migration in Iran, Bhariar (1972) argues that there was no extensive rural-urban migration before about 1934, but that there were movements of population "within" both rural and urban areas. On the contrary, Egypt's (fluctuating) rural-urban migration started as early as mid 19th century (Richards, 1982). It is my hypothesis that the

differences in patterns of migration are related to differences in types of dependence: Egypt's agricultural production for the world market has always been contingent upon fluctuations of the aggregate demand in the world market. Hence, the socio-economic structure of the rural communities and rural employment opportunities became contingent upon the ups and downs of the world capitalist economy. On the other hand, Iran for most of the 19th century remained a "semi-colonial" state that functioned as a buffer zone between the interests of the British and Russian imperialism (Ashraf, 1971). In addition, and as stated earlier, production of oil for the world market had no direct effects either on rural or urban areas; and the oil revenue functioned as a "collective economic rent" in the hands of the state that further made rural/urban development contingent upon state-sponsored planning (Fesharaki, 1976; Halliday, 1978). This is an important issue that I intend to explore more in detail by examining available data.

In addition to the secondary sources, several primary sources of data will be utilized. In the case of Egypt, the major sources are: a) the population censuses which are available for the years 1947, 1960, 1966, and 1976; and b) statistical indicators for the 1952-1979 period. All of the above sources are prepared by the Central Agency for Public Mobilization and Statistics (CAPMAS) that provide information about rural/urban population changes and rural-urban

migration.

As for Iran, the population censuses of 1956, 1966, and 1976 provide comprehensive data about population changes, migration patterns and employment conditions in urban areas. Particularly, the 1976 Census investigates the pattern of rural-urban migration (original place of emigration and final destination) which is of great importance for the study of hyper-urbanization.

#### **3.2.4. Hyper-Urbanization and the Question of Primacy:**

Much of the conventional studies' attention has been paid to city size distributions in which the largest city (primate) is many times larger than the next city; or to the primate city's alleged positive association with national development (Jefferson, 1939) or negative, parasitic relation to national economy (Hoselitz, 1955). This research is not interested in the question of primacy but instead in what is called "over-concentration of population in few cities" (Abu-Lughod, 1965a, Mingione, 1980), or "hyper-urbanization" (Walters et. al., 1980).

In the case of Iran, several attempts have investigated the historical roots of urbanization (e.g., Issawi, 1969; Banab, 1978; Bahrambeygui, 1977), but the rest of the studies may be categorized as 1) purely descriptive studies (Gaube, 1979; Boyne, 1961; Beckett, 1966; Bonine, 1979); 2) modernization/developmentalist studies of urbanization (Clarke, 1966; Clarke and Costello, 1973; Costello, 1976; English, 1966; Kazemi, 1980; Paydarfar, 1974); and 3)

demographic studies of urbanization (Bharier, 1977; Paydarfar, 1967).

As for Egypt, Abu-Lughod's outstanding contributions in her "systemic-historical" approach (1961, 1964, 1965a, 1965b, 1972) are valuable sources of information. In addition, a few studies have tackled the problem of peripheral urbanization only in passing (e.g., Antoniou, 1979; Issawi, 1969). All these sources are utilized and their analyses are examined, whenever appropriate, throughout my work.

Interestingly, while Cairo experienced hyper-urbanization since the mid-19th century (Abu-Lughod, 1969), that of Tehran actually started in the 1930's (Looney, 1977; Pacione, 1981; Kazemi, 1980). However, they both experienced a cancerous urban growth pattern during and after the 1950s (identified as the era of new dependence). With regard to the effects of uneven economic development in the peripheral formations, this research investigates two important aspects of hyper-urbanization:

**a) Uneven Urban Growth and Concentration of Economic Activities in Major Urban Localities.**

Following Gilbert and Gugler (1982), it is argued that the 1930's depression and the effects of the Second World War led to a process of import-substitution industrialization (ISI) in the peripheries. Since many of the new industrial enterprises were financed/controlled by multinational corporations, ISI took place in the largest cities and accentuated the uneven growth and development of the primate

cities because of the advantages of a central location.

In case of Egypt, by 1965 almost 60% of trading firms, 72% of the brokerage firms, 52% of warehouse companies, and 45% of the banking institutions were located in two hyper-urbanized centers of Cairo and Alexandria (Abu-Lughod, 1965a). They also contributed close to 50% of the total value added by manufacture and employed 45% of industrial workforce in 1976 (The World Bank Development Report, 1979). On the other hand, since the early 1960's, modern industry was synonymous with Tehran where most industrial plants were established, where a large service sector grew, where all corporations had their headquarters (Looney, 1977); and where in 1976, 36% of industrial labor force were concentrated in Tehran (Kazemi, 1980).

**b) The Role of Petty Commodity Production in Various Aspects of Urban Economic Activities of Tehran and Cairo**

In the case of Iran, only the "dualistic" approach of Amuzegar and Fekrat (1971) examines the coexistence of a large traditional (static) sector and an advanced (dynamic) export-oriented sector in Iran. Therefore, a careful analysis of the role of the informal economy (especially the small-scale industry) in Iran's socio-economic activities has to be undertaken.

On the other hand, the informative works of Mabro and Radwan (1976), the World Bank's Survey of Small-Scale Industry in Egypt (1977), and particularly the interesting work of Abdel-Fadil on the informal sector employment in

Egypt (1983) provide valuable data about the role of petty commodity production in the Egyptian economy. My examination of the Egyptian Census data for the analysis of petty commodity production sector relies greatly on Abdel-Fadil's analysis.

The initial studies and comparisons between the "organized" component of petty commodity production, namely small-scale manufacturing (employing less than 10 workers) have indicated divergent patterns. Based on 1973 data, while the small-scale industries accounted for 85 percent of Iran's industrial labor force and 43 percent of the value added, the corresponding figures for Egypt were 33 percent and 16 percent, respectively (Mabro, 1973; Mabro and Radwan, 1976). In his study of Egypt's informal economy, Abdel-Fadil (1983) estimates that 24 percent of Cairo's employment is provided by the small-scale manufacturing and handicraft activities. In case of Tehran, while no systematic research on the subject has been conducted as yet, but the results of my analysis indicate a higher share of petty commodity production in its economy during the third period.

Finally, there are several sources of primary data that the project intends to focus on related to petty commodity production: 1) the annual labor force sample surveys for Egypt by CAPMAS; 2) the Egyptian Census of Industrial Production for 1950 (prepared by the Ministry of Finance); and 3) the industrial censuses of Iran for 1963, 1964, and 1976 prepared by the Statistical Center of Iran.



### **3.3. Issues Concerned With Data Collection, Interpretation, and Analysis**

I have to acknowledge that the existing governmental data are sometimes incomplete, or utilize generalized classifications and categorizations which do not fit the specific criteria being used in this project. But in the absence of such data the project aims at utilization and reinterpretation of the available data in order to initiate further research possibilities in the field.

Throughout the research there were several problems that made comparison between the two social formations problematic. First, most of the statistics for 19th century Iran and Egypt are at best "guesstimates" compiled based on the statements of travellers, military attache's, foreign advisors, traders, etc. Thus utilizing statistics to support an analysis runs the risk of unwarranted errors. Second, there have been government-sponsored census enumerations in Egypt since 1882, but those of Iran started as late as 1956 (with semi-official statistics available for previous years); also the census years for Iran and Egypt are different. Although as I stated earlier, I do not intend to make point-by-point comparisons, the above short-comings have created difficulties in comparing even the processes of change within each of the three historical periods. For example, for the third period (1950s-1970) I have to utilize the Egyptian population censuses for 1947, 1960 and 1966, and rely on the 1956 and 1966 censuses for Iran. Third,

there exists the problem of definition, both in historical accounts and statistical data. For instance, designating a settlement as a "town", a "city", or an "urban place" varies in the two social formations. As for the 19th century and early 20th century, we have to rely on those who identified certain settlements as such. For the most recent periods, the term "urban" has been used based on official demographic definitions. Whenever necessary, I have tried to give a proper definition of these terms. Furthermore, there are no available data in the official censuses for the study of petty commodity sector in Iran and Egypt. Thus it has been necessary for me to reinterpret and create new relevant data especially in the case of Iran (Chapter 13).

A final word about historical analysis in this work. Even though only in two chapters, namely 9 and 14, I have tried to put the historical pieces together and compare the two social formations, each chapter in itself is a historical investigation of the dialectics of social change within the two social formations.

### **3.4. Contribution to Sociology and Policy Formulation**

Based on the preceding discussion, the preliminary research questions are formulated at two levels: 1) an examination of peripheral urbanization in a given social formation within the world economic system; and 2) a focus on a particular city/region and its historical development. Thus, at the first level, the overall pattern of peripheral

urbanization (spatial hierarchy and historical specificity of rural-urban migration in different periods) will be examined; and at the second level, the historical development of a particular city/region in regard to its concrete position both within the "national" and "world system" boundaries will be investigated. Furthermore, a comparative analysis of peripheral urbanization in the Iranian and Egyptian social formations will lead to more knowledge about:

**I. The Relation Between Different Types of Peripheral Capitalist Formations and Patterns of Peripheral Urbanization:**

To what extent do different types of dependence and hence, different forward/backward economic linkages contribute to the development of different patterns of urbanization (urban hierarchy, uneven urban development, and communication/transportation networks) in Iran and Egypt ?

**II. The Relationship Between a Historically Specific Peripheral Capitalist Formation and "Hyper-Urbanization" in Few Localities:**

What are the main areas of economic activity of petty commodity sector in Tehran and Cairo; to what degree have the petty commodity and capitalist sectors been articulated in the two cities during the 1952-1979 period ?

There is general agreement among urban sociologists that very high rates of urbanization set up stresses which are a serious threat to social equilibrium and stability. But, it is not always accepted that prevention of rural to urban migration is the best solution to the problem. This viewpoint has been strongly argued by Abu-Lughod (1972: 42-62) who regards rural-urban migration in Egypt as

both inevitable and necessary for national economic growth. Ibrahim (1975: 29-45) however, has argued the opposite and believes that most Arab countries reached the optimum level of urbanization (10-20 percent) considered sufficient to stimulate a healthy economic take-off in the 1940s. Thus, he contends that rural-urban migration contributes to "urbanization" but not necessarily to "urbanism" which is the key to "modernising societies."

One fact about the future urban scene in Iran and Egypt which seems beyond dispute is that urbanization will continue to increase (Blake and Lawless, 1980: 252). In the case of Egypt, and with regard to the governmental planning strategies, Abu-Lughod (1965a:341-42) asserts that there have been no government policies with respect to urbanization. On the other hand, Iran has developed national spatial strategies since 1960 to create alternative growth poles to encourage decentralization of industries. Yet Tehran as the "primate" city has grown enormously anyway, and these efforts have been minimal (Blake and Lawless, 1980: 255).

This project is based on a contrary view presented by the Marxist literature, where hyper-urbanization, urban poverty and unemployment are not seen as "problems" that can be resolved by planning within the existing socio-economic conditions. Rather, they are seen as the socio-spatial outcomes of capitalist development in urban areas. Thus, if this research adds anything to the recognition of this problem, then it has served its purpose in generating further

research possibilities and/or proposing alternative strategies to prevent excessive uneven growth of the urban areas in peripheral societies. .

## Chapter Four

### Characteristics of Pre-capitalist Social Formations in Iran and Egypt

#### 4.1. On the Nature of the Iranian Pre-capitalist Social Formation

There are few studies that have tried systematically to provide an historical analysis of the Iranian pre-capitalist social formation. This is due to the fact that the "modes of production approach" is still in its stage of maturation. Apart from the "ahistorical" accounts of the pre-capitalist Iran that try to understand historical developments and changes through personal conflicts among the elites and the effects of foreign influences through trade missionaries and diplomatic relations, it is possible to identify four distinct approaches to the nature of pre-capitalist Iranian society.<sup>1)</sup>

The first approach includes the works of Soviet Iranologists who, based on Marx's unilinear theory of historical development divide Iranian history into the four stages of primitive commune, slavery, feudalism, and capitalism. Thus Persia under the Safavids (1502-1736 A.D.) is regarded as "centralized feudalism" while the 19th century Iran under the Qajar rule is thought to be a period of the disintegration of feudalism as a result of colonial

penetration (Petrushevsky et al., 1967). In this context, while some regard the Iranian society of the 17th and 18th centuries as feudal "tout court" (Critchley, 1978; Jazani, 1978; Keddie, 1960, 1968 & 1972), others characterize only certain periods as feudal. For example, Nomani (1972) argues that from the 7th to the 15th century, the Iranian social formation should be regarded as "feudal." The main characteristic of the Iranian feudal system was the form of peasants' exploitation called "Muzara'a". Based on this type of contract between the landlord and peasant, the latter was obliged to pay rent (usually in kind such as a share of the crop) to the former. Then, during the 10th century, Muzara'a was replaced by a new form of "conditional" feudal ownership called "Iqta." this new form simply was a grant of land or its revenue, or both, which was made by the central government to its regional officers (governors, etc.). However, Nomani sees some differences between the feudal nature of Medieval Iran and European feudalism such as: 1) the non-existence of demense farming which reduced the landlords' role to an organizer of agricultural production; 2) the combination of large-scale feudal landownership and small-scale peasant production; and 3) the non-existence of labor rent (Nomani, 1978: 119).

The second approach is Marx's own analysis, based on which he identifies the dominant mode of production in many pre-capitalist societies (including Iran) as "Asiatic". In brief, Marx identified many non-European societies such as

Arabia, Persia, India and Tartary as being qualitatively different socio-economic systems of production. He argued that "climate and territorial conditions, especially the vast traces of desert" necessitated "artificial irrigation by canals and water works." The low level of civilization, vastness of the territories, and the need for artificial irrigation, according to Marx, called into life "the interference of the centralizing power of the government" in the Orient (Marx & Engels, 1972: 37). The shortage of water resources and the need for organization of agricultural production resulted in the absence of private ownership of land in the East, and the importance of communal property. By giving the Indian example, Marx & Engels (1972: 315) assert that the stagnant character of the Indian formation is because of the self-sufficient nature of villages (and towns) which form separate units of production but at the same time are dependent on the central government for public works. The fundamental principle of the Asiatic (village community) is that the individual does not become independent of the community while these isolated communities are unified under the rule of a despot as the head of the central state. Hence the foundation of **Oriental Despotism** becomes:

... (T)ribal or common property, in most cases created through a combination of manufacture and agriculture within the small community which thus becomes entirely self-sustaining and contains within itself all conditions of production and surplus production" (Marx, 1964: 70).



The third approach which has been developed and introduced recently is an eclectic combination/theorization of Marx's concept of the "Asiatic mode of production;" Wittfogel's concept of "Oriental Despotism" in the so-called "Hydraulic civilizations;" and Weber's "ideal type" of "Oriental Patrimonialism." For example, Ashraf (1970:313) identifies the post-Safavid Iranian social formation (16th century onward) the "Asiatic patrimonial despotism." By stressing the differences between the "urban structure of Persia and the West," or the persistent and important element of bureaucracy and the bureaucratic nature of land tenure in Persian society, Ashraf differentiates between the feudal system and Persia's historical institutions. He further argues that since the Shah (theoretically) owned all arable lands and water resources, his arbitrary power to confiscate and redistribute the land prevented the emergence of a strong landed aristocracy as was the case in feudal Europe. Finally, he realizes the coexistence of "a trichotomous social system of urban, rural and tribal communities" in the Iranian society under a social system that fluctuates between "centralization and decentralization" of power (Ashraf, 1970:313).

While Ashraf emphasizes more the "bureaucratic" nature of land tenure in Iran, Abrahamian (1974: 7-9) focuses on the "fragmented" nature of the social organization in the Asiatic mode of production. following Marx who sought the foundations for Asiatic despotism in the small "stereotypes"

of social organisms such as clans, tribes, and villages (Marx, 1964: 69-71) Abrahamian pictures the 19th century Iran as a collectivity of self-sufficient units that were economically self-sufficient and tied together by blood relations. Although he sees some similarities between feudal Europe and pre-capitalist Iran in terms of the existence of a ruling elite and hierarchical social strata, ties of personal dependence between lord and peasant, etc.; Asian society is different in one aspect:

While the political structure of the Middle Eastern societies is characterized invariably as despotic, the feudal monarchies of Europe were limited monarches restricted by a hereditary and independent class of aristocrats (Abrahamian, 1975: 129-30).

Furthermore, Abrahamian argues that the "bureaucratic" theory of Oriental Despotism is useful in analyzing empires such as Egypt, India, China and ancient Iran "where there were despots, bureaucrats, and irrigation works"; but the same theory does not apply to 19th century Iran under the Qajars where "the ruler was neither involved in irrigation works nor in control of large-scale bureaucracies" (Abrahamian, 1974:8).

Finally, there are those who attempt to analyze pre-capitalist Iranian socio-economic development within the "modes of production" approach (Lahsaeizadeh, 1984; Mahdi, 1983) by looking at the dynamics of articulation of different modes of production within the "Iranian social formation." Here I will focus on Mahdi's analysis since Lahsaeizadeh is more concerned with the peripheral

capitalist Iran. Because of the theoretical relevance of Mahdi's work to that of mine, in what follows I will briefly outline his argument.

Mahdi criticizes those who see pre-capitalist Iran as "feudal" for three reasons. First, while in a feudal economy the landlord is the owner of farmland, "the majority of the rural population" in Iran "lack any means of production and live by tenancy and/or hired labor on extremely unfavorable terms (Mahdi, 1983: 65). Second, based on Lambton's analysis (1965) Mahdi argues that the Iranian landlords did not own their land but utilized it under the system of "iqta" under which "the lands were the exclusive property of the state"<sup>2)</sup> (Mahdi, 1983: 65). Thus in many cases the muqta's (the holder of iqta') "could transfer their iqta's to their children or even sell them." However, they could do so "only with regard to the right of possession and not the property right. That is, "they could transfer their right of usufruct, but not the ownership rights which they did not have." (ibid.). Third, in contrast to feudal relations in which peasants are dependent on the landlords, in the Iranian situation the state was the "sole owner of the land" and peasants were being exploited collectively (i.e., as belonging to a village community) and not individually (ibid., p.71). Mahdi concludes that the system of iqta was not a hereditary institution and worked "independently of the political institutions of the state." As a result,

The economic and political privileges of the landholding class was by and large derived from their political service rather than from the ownership of private property" (ibid., p.68).

Furthermore, Mahdi correctly questions Marx's concept of the "Asiatic mode of production" which characterizes the Oriental societies as lacking any internal dynamics of their own for change. However, he utilizes the "Asiatic mode" concept within the "modes of production " approach and refers to the Iranian pre-capitalist social formation as "Asian". That is , while the Asiatic mode of production was the dominant mode in that formation, different modes such as feudalism, pastoral-nomadism and small independent production in both agriculture and handicraft manufacture coexisted with it, amidst the constant tension between them. To support his claim, he considers the contradictory tendency toward centralization of power (the practice of iqta) and decentralization (development of feudal relations in the peripheral regions) as a sign of continued tension between Asiatic and feudal modes of production . thus in different historical periods, the feudalization of social relations has signaled the structural disintegration of the central state and vice versa (ibid., pp. 112-117).

Interestingly, Mahdi identifies the pastoral-nomadic way of life as a distinct "mode of production" with its own laws of motion by having three characteristics: 1) lack of a clear conception of landownership; 2) a mode of production based on appropriation and exploitation of animals and

pastures through organization of patterns of movement and residence; and 3) lack of market/monetary exchange among nomads (tribes) themselves while it was a common practice between nomads and non-nomadic population.

#### **4.2. A Critical Assessment of the Problematic of the Asiatic Mode and the Question of the State in the Iranian Social Formation**

In analyzing the Iranian pre-capitalist social formation and based on the "modes of production" approach, Mahdi's contribution is substantial. However, his analysis stems from a different theoretical formulation within the modes of production approach. That is, his definition of the "mode of production" is based on the "restricted" and not the "extended" concept (see Chapter One):

A mode of production ..... refers to a historically specific structure--- a structure characterized by two essential components of forces and relations of production (Mahdi, 1983: 102).

By conceiving the Iranian social formation as a combination of "restricted" modes of production, the laws of motion and reproductive processes of neither the dominant mode, nor the subordinate modes are given by Mahdi (see Chapter Two). As a result, the nature of the state and degrees to which the dominant classes from one or more modes have access to state power remains unexplained.

In the case of Iran, It is my contention that what in fact in the Marxist analysis is recognized as the "Asiatic mode of production", is the historical necessity of the existence of an organizing body or a bureaucracy by a

ruling stratum with tribal origins. This is a necessary administrative body for the exploitation (surplus extraction) of and domination over fragmented socio-economic enclaves (a complex of villages, towns and tribal communities with their regional networks of interaction and functioning under one or more modes of production. Although we may refer to this organizing bureaucratic body as the "state" in a pre-capitalist social formation, its "raison d'etre" is historically different as compared with the state in the post-capitalist social formations. The following discussion is an attempt to further clarify my theoretical position on this issue.

A careful study of pre-capitalist Iranian history reveals the fact that the tribal forces have always been an important element of conflict in the quest for domination and political power. Following Smith (1978) and Lambton (1970), Mahdi (1983: 123-24) points to the fact that "various Iranian dynasties have come to power on tribal support." For instance, from the Arab conquest to the Mongol invasion (635-1501 A.D.), Iranian people were ruled by tribesmen of foreign origin. Furthermore, the ruling strata of the Safavids (1502-1736 A.D.); the Afsharids (1736-1747 A.D.); the Zands (1751-1795 A.D.); and the Qajars (1796-1925 A.D.) were all Iranian tribesmen who established dynastic rule in Iran.

The assumption of political power by the ruling strata of the pastoral-nomadic mode of production manifests itself

in the ideological tenets of that mode and its reflection in the superstructure. Describing a complicated system of land tenure among an Iranain Kurdish tribe in the first half of the 19th century, Rawlinson (cf. Lambton, 1953: 142-43) states that:

The country, acquired in war, was originally held as direct property of the chief. From him it descended to his family, and thus, at the present day, the proprietorship of almost the whole of this extensive country is in the hands of a single family, the Baba Amireh.... This small family, which does not number above fifty or sixty people, cannot be supposed capable of cultivating all the lands, and a system has been introduced, by which the chief of the tribe can assign any portion of the country that he pleases to the care of other inferior leaders, called Aghas, with or without the consent of the proprietor.

As can be seen, the practice of "Iqta" in pre-capitalist Iran is an exact replica of the above-mentioned pastoral-nomadic system though in a larger scale. The continual conflict between the feudal relations of production (land-ownership, and local, decentralized power) and pastoral-nomadic relations (the system of iqta and an over-arching centralized state) testifies to the constant tension both at the infrastructural and superstructural levels. Thus the emergence of feudal relations based on private ownership of the land and reinforcement of local political-jurisdictional power of the feudal rulers is dialectically related to the weakening of a centralized state in the hands of tribal rulers (and vice versa).

#### **4.3. Characteristics of the Pre-capitalist Egyptian Social Formation:**

In studying the Egyptian pre-capitalist social formation, we have to take into account the dynamics of interaction between the external forces of domination and exploitation on the one hand, and internal destabilizing factors on the other. The former being the Ottoman Empire and its bureaucracy for collection of taxes and the latter being different factions of the ruling strata whose interests were threatened by the Ottomans. In fact, the introduction of the Turkish element into Egypt dates back to the Ottoman conquest in 1517, A.D., when the social formation was nominally reduced to the rank of an Ottoman province for the next two hundred and forty years (McLoan, 1882:28).

At the end of the 18th century, Egypt was ruled by the Mamelukes, a ruling stratum composed of former slaves who governed the social formation under the central authority and control of the Ottomans. According to the twenty four provinces into which the Turks had divided Egypt, there were twenty four Mameluke beys (provincial governors) under the nominal control of a Turkish Pasha (head administrator). Egypt was of interest to the Ottomans mainly as a source of tribute derived from the land (Marlowe, 1965:10). The fiscal crisis of the Ottoman state in the late 16th and early 17th centuries required decentralization of provincial administration. Provincial lands were granted to Turkish



treasury officials (emin) who, unable to do the work themselves, appointed agents or "avamil" who were drawn from the Mamelukes. Under a system of tax collection called "iltizam", the Mamelukes were responsible for supervising tax collection, paying a fixed sum to the Ottoman treasury, and eventually pocketing what was left out of the surplus (Richards, 1982:9-10).

The reinforcement of the Mamelukes' authority at the end of 18th century and a relaxation of the Ottoman control due to the Court's reluctant recognition of the Mamelukes and inability of the Ottoman Pashas to control Egypt brought her to the verge of political decentralization (Little, 1958:50-51). Since "iltizam" was technically the property of the state, the Mamelukes held only the usufruct. It was estimated that of 6,000 muultazims (landholders), 300 were Mamelukes who held more than two-thirds of the cultivated land in Egypt. With the decline of the central power, there was a marked tendency for the usufruct of the land to become hereditary and hence, the evolution of private property. (Richards, 1982:10). Thus on the eve of the French invasion in 1798, the only source of influence left to the Ottomans was the policy of "divide and rule" and taking advantage of the existed discord between the Mameluke rulers (Marlowe, 1965:11-12).

There is not a great deal of literature dealing with the pre-capitalist nature of the Egyptian social formation. Aside from descriptive accounts of various aspects of the Egyptian

society, others have rarely looked at Egypt within a firm theoretical framework. Most of the literature fits into the modernization schemes that simply refer to pre-capitalist Egypt as a "traditional society" having its economy based on subsistence agriculture, in which the mass of peasantry did not own the land they tilled and land was owned by the tax farmers (Baer, 1969; Issawi, 1963). Among the scholars, only Amin (1978, 1980) provides an analysis which is an attempt to understand the exact nature and dynamics of interaction among various socio-economic forces in pre-capitalist Egypt.

In his discussion of pre-capitalist social formations, Amin (1976, 1980) discusses the "Asiatic mode of production" under a different name: the "tributary mode of production." According to him, the tributary mode is neither a transitional mode between classless and class societies, nor a formation belonging to a later or earlier historical stage.<sup>3)</sup> Rather, it is merely a different mode as compared with feudalism. For example, with regard to the property question, the feudal form of landownership results from a weak and decentralized political power while the tributary form of property (of the land) as an advanced feudal mode leads to centralization of the political power (the state) (Amin, 1980:48-62). The main characteristics of the tributary mode are: 1) extraction of surplus product by non-economic means; 2) organization of production based on use value rather than exchange value; and 3) the dominance

of the superstructure (particularly religious institutions) in extracting the surplus. Furthermore, since production is initially meant for personal/local consumption, the essence of the tributary mode is a "natural economy" (Amin, 1980: 50-54). In the case of Egypt, he considers the composition of the pre-capitalist social formation as an articulation of the tributary mode of production with other forms of production such as petty merchant (artisans) and long-distance trade. Although not in detail, he identifies the tributary mode in Egypt as the dominant one because of the existence of a centralized state (Amin, 1978:97-98).

It is my contention that Amin's analysis gives an accurate picture of pre-capitalist Egypt, and fits in my own theoretical framework as well. Although not clear in his discussion, it seems to me that he differentiates between the extended and restricted modes when identifying the tributary "mode" and other "forms" of production such as mercantalism, petty commodity production and slavery (Amin, 1978:97-98). Interestingly, and in sharp contrast to the Iranian situation where the pastoral-nomadic mode of production played a significant role both at the economic and political levels, evidence indicates the insignificance and the historical subordination of the pastoral-nomads to other socio-economic and political forces in Egypt, which reduced pastoral-nomadism to a restricted mode in that social formation. However, the method of extracting surplus product by the Ottomans based on tribute-paying

resembles that of Iran. The difference was that the Ottomans (as non-producers) controlled Egypt from outside the social formation while the pastoral-nomadic rulers in Iran (also as non-producers) did it from within.

Pastoral-nomads in Egypt are referred to as "bedouin", which is derived from an old Arabic word meaning "original" or "aboriginal". The term is therefore used to describe any nomadic desert-dwellers in contradistinction to the settled peasants of the Nile valley (fellahin) (Kennett, 1968:1). Bedouin live in camp units varying in size from 20 to 70 people. The grazing land and wells are owned communally, but the cultivated land in most cases has been divided among the unit members. The life-style of the bedouin in the coastal and inland areas is significantly different. Burja (1973:146-47) gives two examples of coastal and inland camp units. While in the former 75 percent were engaged in cultivation and 8 percent in animal husbandry, in the latter only 7.5 percent were cultivators while 70 percent engaged entirely in animal husbandry.

Estimates for the nomadic population in the beginning of the 19th century are contradictory and ambiguous. Even in 1882 there was no official classification of the Egyptian population. But McLoan (1882:22-23) estimated the population of different groups in 1880s which in the absence of any other statistics has to be accepted with caution (see Table 4.1).

**Table 4.1: Break-up of the Egyptian Population in 1882**

Category	Population
Settled Arab peasants (fellahin)	4,500,000
Bedouin	300,000
Turks	10,000
Copts (Christian Egyptians)	500,000
Foreign Residents	290,000
Total population	5,500,000
% Bedouin to total	5.45

Source: McLoan (1882:22-23).

As can be seen in the table, even if the bedouin comprise only less than 6 percent of the population, this is believed to be an inflated figure. The main reason is the historical privileges given to the nomads by Mohammad Ali for their earlier services to his Syrian and Arabian expeditions, when in 1830's he exempted the bedouin from enlistment. This led to repeated false claims by the peasants as belonging to certain tribes in order to escape from conscription, which in turn inflated the number of the bedouin statistically.

Another factor that might be taken as an indication of the historical weakness of the pastoral-nomadism in Egypt is the attempts by the centralized state (Mohammad Ali) to settle the bedouin (and hence break up the tribal-communal unity) during the first decades of the 19th century by granting large tracts of land to tribal heads. All the Egyptian tribes are composed of associations of families as clans. With each sub-section of a tribe having its own

petty-chief (shaykh), they are under the authority of the head shaykh who represents the tribe "in all its transactions with other tribes, or with the outside world in genral" (Murray, 1950:41). The growing importance of Egypt for cotton production to be sold in the world capitalist markets probably was the main incentive for Mohammad Ali to settle the bedouin whose lifestyle was a hindrance to the security of roads and safe transportation of cotton to the main ports for exportation. Furthermore, the profitability of cotton production as compared to pastoralism gave the bedouin shaykhs a powerful incentive to acquire large tracts of land (Baer, 1969:5-7). Later on, Mohammad Ali facilitated the break up of the tribal unity by appointing the shaykhs to government offices. It is important to make note that this was not done because of the pressures put by the tribal leaders upon Mohammad Ali. Rather, it was the policy of the state for sedentarization of the bedouin. As a result, while until 1833 all offices higher than the village head were held by non-Egyptians, from that year on the tribal chiefs and native Egyptians were appointed to be district officers (nazir qism). Thus, the tribal shaykhs moved to towns, acquired large mansions, intermarried with the ruling class and became government officials; while the rank and file immersed in the peasant population or later on moved to cities to become wage-laborers in railway construction and other urban activities. As a result of this policy, the bedouin became subjugated to the government authority

and as McLoan puts it in 1882, "the desert on both sides of the Nile is as safe for caravans or even private travellers as are the streets of Alexandria and Cairo" (McLoan, 1882:27) .

## Endnotes:

1. For this part, I am indebted to the works of Ashraf (1970) and particularly Mahdi (1983) for his historical review of the literature.
2. For a detailed analysis of Iqta see Lambton (1953:53-77).
3. See for example, Godelier (1978).



## **Chapter Five**

### **Spatial Developments Within the Iranian Social Formation During the First Period (1800-1880s)**

#### **5.1.Introduction: The 19th Century Iranian Pre-capitalist Social Formation**

Historically the Iranian pre-capitalist social formation first came into contact with the newly emerging capitalist economy in the 16th and 17th centuries. First, by conquering many coastal cities in the Persian Gulf area, the Portuguese entered Iran in 1507 (Savory, 1980). Then, England's enormous industrial growth and capitalist development in the 16th century and her urgent need to find external outlets for her surplus woolen products led to the first British expedition to extend her foreign trade with Iran in 1557 (Mahdi, 1983: 408). This was followed by the Dutch involvement in the region's trade (1580s) as well as the French<sup>1)</sup> since 1660s (Glamann, 1958; Peretz, 1963). However, Iran's early involvement in the world capitalist economy was primarily commercial and limited to the coastal regions in the Persian Gulf.

By the end of the 18th century, the Iranian socio-economic and political relations were affected by two major factors: 1) the consolidation of British power in India; and 2) the emergence of Russia as a competitive economic and

political power in international affairs in general; and in the Asian continent (Iran, Afghanistan, and Central Asia) in particular. In regards to Iran, Russia's imminent threat to the interests of the British in the region forced the latter to change her regional policy which was based on free trade to a more structured political and economic strategy with Iran from early 19th century.

Internally, the assumption and centralization of power by the Qajars in 1796 was the outcome of an ongoing conflict and rivalry within the Qajar tribe itself, and between the Zand and the Qajar tribes (Fasa'i, 1972:Ch 1). In order to control and run the country, an administrative system was established by the Qajars which consisted of two segments: 1) the central government comprising the ministerial offices headed by the office of the "grand vizier" (prime minister); and the provincial governments which were run and controlled by the central government's appointed "governor-generals."

The regional governor-generals were either the feudal nobles or the local tribal leaders (Avery, 1965: 83-87). This in fact was a clear manifestation of the contradictory nature of the Iranian pre-capitalist social formation. That is, through the practice of iqta and tax collection, the central government was controlled by the rulers of pastoral-nomadic origin while in provinces the landowners (feudal mode of production) made every effort to establish their own local political and economic power by resisting the central government's demands (Keddie, 1960: 6). Thus the weaker the

central government, the stronger the feudal governors became and vice versa.

It was within the above historical conditions (both internal and external) that the Russian and the British imperial powers sought to maintain their political and economic influence in Iranian affairs. According to Ashraf (1971: 30), because of the rivalry between the two powers, Iran never became a formal colony. Rather, she "survived as a buffer state between the expanding Russian appetite for the South, and the British policy of the defense of India." This is what Ashraf (ibid.), Mahdi (1983), and Mehrain (1979) call the "semi-colonial situation" in Iran; in which both powers attempted to control the local rulers and the central government through securing a series of political, commercial, judicial, and military concessions.<sup>2)</sup> In the absence of a systematic analysis, Mehrain (1979: 54) gives three reasons for Iran's semi-colonial situation:

1) Iran's dispersed population, unfavorable terrain and climate, and until the end of the 19th century, lack of known natural resources. 2) demands of the British/Indian and Russian economies..... which were more for markets attainable through trade concessions and less for capital investment outlets which would have required more direct administrative control. 3) existence in Iran of a particular form of social structure and centralized state.

Thus the 19th century Iranain political economy was affected and increasingly being controlled by a series of concessions given to the capitalist interests. The major economic concessions of this period may be summarized as follows. First, in 1801, the British sent an urgent mission

to Iran led by Captain Malcolm. This mission according to Mahdi (1983: 462) had three objectives: a) to obtain Iranian military assistance to suppress the political Afghan threat to her Indian interests; b) to neutralize the French in their plan to seek Iranian military assistance in a joint-operation with Russia against Indian territories; and 3) to obtain new commercial agreements allowing free operation of the British merchants in the Iranian territory.

Second, following the Russo-Iranian battle of Aslanduz in 1812 from which Russia came out victoriously, and under the "Gulestan Treaty", a vast part of Northern Iranian territory was ceded to Russia along with the right to sail warships in the Caspian sea (ibid., p. 466). Russia's violation of this treaty erupted into another conflict that ended with Iran's defeat and culminated in the second Russo-Iranian treaty of "Turkomanchay" in 1828. In addition to lost territories, Iran agreed to grant "extra-territorial rights to Russian citizens living in Iran such as owning homes, shops and warehouses;" and granted Russians a "fixed custom duty of five percent ad valorem on goods exchanged between the two countries." (ibid., p.467)

Finally, Iran granted a mineral-exploration concession to the Britisher Baron de Reuter in 1872 that, according to Corzon (1966, I:480), was the most comprehensive and extraordinary "surrender of the entire industrial resources of a kingdom into foreign hands." The concession gave de Reuter an exclusive right to construct the Iranian railway

system and all the needed public land, to exploit all mines except precious metals and stones, and to establish a banking system.

The consequences of this semi-colonial situation were severe and manifested themselves in the peculiar economic and political relations in 19th century Iran. First, while the competition among colonial powers helped the central government to maintain its grip over the country, the ruling elements had to adopt a policy of balancing the two major powers. This consequently led to their increasing dependence on one of the colonial powers and assumption of a clientele role (Ashraf, 1971:22). For example, on three occasions of succession in the Qajar dynasty (Mohammad Shah in 1834, Nasser od-Din Shah in 1848, and Muzaffar od-Din Shah in 1896) the "open show of support" by colonial powers was "deemed necessary for these successions to take place (Avery, 1967:47).

Second, Iran's piecemeal integration into the world capitalist economy resulted in the gradual disintegration of inflexible local markets and underdevelopment of local industries (Ashraf, 1971: 467). For example, the fixed custom duties put the Russian (and later British) merchants in an advantageous position in exchange of goods with their Iranian counterparts (Mahdi, 1983; 467).

## **5.2. The Spatial Manifestation of the Iranian Pre-capitalist Social Formation:**

Physically, a complex of mountain chains make up much of the scenery of Iran and enclose a series of interior basins. But one can identify four physiographic units of the country. First, the Zagros mountain range that extends from north-west to south-east and occupies the entire western part of Iran. Two sub-regions may be recognized: a) the northwestern section extending from the Turkish-Russian border to the Qazvin-Hamadan-Kermanshah zone; and b) the region beginning from the latter zone and extending to Bandar Abbas in southeastern Iran by the Persian Gulf. Second, the northern highlands including the Alburz range and associated Caspian Sea province. The Alburz is extremely steep and appears as a continuous wall separating the northern province from the interior desert basins to its south. Third, the eastern and south-eastern Iran which consists of a number of "upland massifs" separated by lower plains. Finally, the interior desert basins contained within the surrounding mountain ranges of Zagros, Alburz and eastern highlands. This interior basin receives a low rainfall, of about 1-6 inches per annum and covers an area of over 300,000 miles, or more than one-half of the total land area (Fisher, 1968) (see Figure 5.1).

The aridity of the Iranian climate (except the Alburz region and north-west Zagros area), the huge size of the territory, and the ruggedness of its terrain have made it a

difficult task for the central governments to have a firm grip over the Iranian territory. While Egypt, for example, had the Nile as her prime means of internal communications, in the absence of roads and navigable rivers, the Iranian provinces were separated and isolated from each other by natural barriers. Furthermore, Iran's location in the region, situated between the Fertile Crescent and Central Asia, isolated her from the important centers of economic and political power. Despite geographical barriers, however, Iran's location on the well known overland trade route known as the "Silk Road" which joined the Near East to Central Asia and China offset the consequences of isolation to a great extent up until the 16th century. Once bringing prosperity to many Iranian cities such as Kermanshah, Hamadan, and Marv and corresponding regions, the shift of world trade to the sea routes since the 16th century deprived Iran of her advantageous position in the region's trade (Issawi, 1971:3).

The spatial configuration of the Iranian pre-capitalist social formation is conceived by many scholars as a "trichotomous" socio-economic and political system of urban, rural, and tribal units. Following Marx, some see the units as fragmented social organizations which are mostly self-sufficient and coexist under an over-arching state or "patrimonial ruler" (Ashraf, 1971; Abrahamian, 1974; Mehrain, 1979; Mahdi, 1983). Others look for the regional integration and interdependence of the three units in

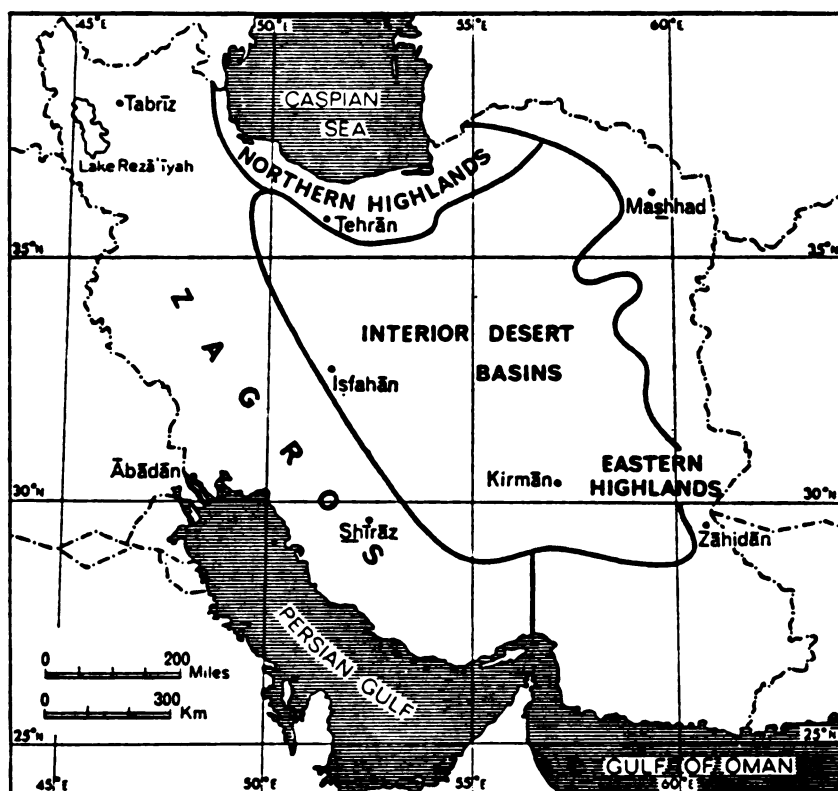


Figure 5.1.: Physiographic Units in Iran

Source: Fisher (1968: 7)



different parts of Iran. In his now classic work "City and Village in Iran," English (1966) sees the relation between the three as an "ecological trilogy" which is dominated by urban centers. This dominance was extended through the concentration of decision-making strata (rulers, land holders, and merchants) in urban centers and their control over agricultural production, craft industries, and animal husbandry (ibid., pp.87-97). With regard to the spatial manifestation of the articulation of different modes of production in the Iranian social formation, only Mahdi (1983: 212-48) comes close to an analysis of the urban, rural, and tribal entities. However, as stated earlier, since his analysis of modes of production is based on the "restricted" concept (see Chapter 2 ), he adopts the "trichotomy" scheme and fails to incorporate urban, rural and tribal units with regard to the social relations of production and hence the important role the central state plays in spatial development and changes in Iran.

As stated earlier, the Iranian pre-capitalist social formation was comprised of the articulation of two extended modes of production, pastoral-nomadic and feudal; and Iran's involvement in international trade. The increasing influence of the colonial powers in Iran's political economy and an increase in the volume of foreign trade, however, should not be regarded as implying the existence of capitalism and capitalist relations of production in Iran. The degree of Iran's involvement in the world capitalist economy was

dependent upon the degree to which the colonial powers had access to the political structure (the state and the ruling strata). On the other hand, talking about the pre-capitalist social formation does not imply that there existed a "unified national economy" under the central government's firm control. Rather, in the absence of capitalist relations of production and a capitalist monetary system (based on exchange value), it suggests that certain economic and political links existed between different modes of production. The following discussion is meant to provide an outline for the spatial characteristics of pre-capitalist Iran.

### **5.3. Spatial Characteristics of the Pastoral-Nomadic Mode of Production**

Due to the lack of readily available land and constant water supplies on much of the Iranian territory, the sedentary life over greater parts becomes difficult if not impossible. Thus pastoral-nomadism becomes a viable alternative way of life in Iran. The social organization of pastoral-nomadism was based on a hierarchical social structure. At the upper level there existed a "camp" which was "an integrated composition of several tents headed by a recognized leader," usually head of the most prominent tribal family (Khan) (Mehrain, 1979: 59-61). Under this central authority there were various sub-tribes (called "tayefeh," "dasteh," or "tireh") headed by sub-tribe leaders (Kalantars). According to Barth (1961), the Kalantars were directly

responsible to the chief who was assisted by a small group of functionaries. Interestingly, the highest strata of leadership-administration in the confederacies were not mobilized during the routine seasonal migrations. The kinship ties were the most important regulatory factor in tribal affairs, defining who belongs to what community and mediating between the tribe and external communities.

Because of the tribal mobility and search for grazing areas only partial zones are utilized by the tribes at any given period. With regard to the land question, theoretically all tribal land in pre-capitalist Iran was crown land (belonging to the central authority), and the tribes were assigned rights of usage in return for taxes (Mehrain, 1979:63). But in some parts of Iran (such as Fars province) the tribal pastures belonged legally to tribal leaders in whose names they were registered (Lambton, 1953: 284). However, powerful "khans" in most cases monopolized the control over the organization of production and the extraction of surplus production. This in times was expanded over certain villages in which peasants gave dues (in kind) to the khans in return for an agreement for peaceful coexistence and non-interference. This in fact made the tribal khans "hardly distinguishable," as Sunderland (1968: 638) puts it, "from the large landed proprietors."

Historically, there has always been a conflict of interests between the pastoral-nomadic and the settled populations in villages and towns. In many areas, when the



tribe's migration route passed through cultivated areas, considerable damage was inflicted to the crops. Due to the precarious nature of nomadic life and periodic hardships, the Iranian tribes in various occasions have also assaulted the settled population and robbed them off their food supply (Mahdi, 1983: 145). On the other hand, at the economic level the village communities were in need of pastoral produce (animals and their by-product), and the tribes dependent upon village commodities such as handicrafts and tools. This mutual interdependence (in the form of economic exchange) kept in check the violent conflicts between the settled and nomadic groups. This exchange in most cases took the form of simple barter and sometimes mediated through money in a system of simple commodity production.<sup>3)</sup>

The spatial configuration within the Iranian pre-capitalist social formation was also affected by socio-economic interaction between people who operated within different modes of production. First, in times of difficulty due to droughts and epidemics, the village life seemed to be more attractive to the pastoral-nomadic population as compared to their less secure life-style. Second, harsh treatment and exploitation of villagers by the central government and their agents in provinces induced the peasants to leave the land and adopt a nomadic way of life. This also minimized their conflictual contacts with the agencies of the government. This "nomadization" was in times imposed upon the settled population by force, because of

the ravages and devastation caused to their settlements by tribal raids. The Mongol invasion is a prime example (de Planhol, 1968:414). Thus in certain situations people were forced to move from one mode to another mode of production and consequently engage in a different relations of production. However, since it was economically difficult for tribal units to integrate peasants who owned few or no animals to their system of production, the general trend has been the movement from the nomadic to settled communities (Sunderland, 1968:641).

#### **5.4. The Unity of Town and Country in Pre-capitalist Iran**

One of the major differences between spatial organization during the Islamic period in Iran and that of feudal Europe was the relation between town and country. While most cities in Europe were autonomous and independent units functioning as the centers for craftsmen and traders, the real power resided in the villages where the feudal lords built their fortified castles. Thus town and country were separated and this enabled the towns- people to challenge the feudals and develop autonomous cities. This observation of the historical development in the West has led many to the conclusion that the contradiction between town and country is a universal phenomenon since they are two different and independent entities. Furthermore, the walled cities and villages in the "Islamic Orient" are viewed as independent socio-economic units, each with its own

independent and self-contained structure.

According to Ashraf (1974: 42), a closer look at town-country relations during the Islamic pre-capitalist period reveals the fact that: 1) the town-country relation was one of contradiction and mutual interdependence; 2) town and country shared similar cultural traits despite their alleged cultural diversities; and 3) there was no distinct spatial separation or concentration of agricultural activities in the countryside, and those of industries and trade in the cities. This indicates the lack of a distinct division of labor between town and country in the Iranian pre-capitalist social formation.

In his early writings, Marx (1980: 27-29) considered the separation of town and country as the "most important division of material and mental labor," and as a clear outcome of the separation of capital and landed property. The absence of private landownership in most Asian social formations, led Marx to clarify the Asiatic societies by some specifications other than those of the European communities:

Ancient classical history is the history of cities, but cities based on landownership and agriculture; Asian history is a kind of undifferentiated unity of town and country (the large city, properly speaking, must be regarded merely as a princely camp, superimposed on the real economic structure); the Middle Ages (Germanic period) starts with the countryside as the locus of history, whose further development then proceeds through the opposition of town and country; modern (history) is the urbanization of the countryside, not, as among the ancients, the ruralization of the city (ibid., pp.77-78).

Furthermore, Marx also conceived of the relation between

the formation of the Asiatic cities and the external trade (comprised of long-distance trade routes). The economic-strategic locations and favorable geographic landscape (such as access to water supplies) were the main factors for the survival of the cities;

Cities in the proper sense arise by the side of villages only where the location is particularly favorable to external trade, or where the head of the state and his satraps exchange their revenue (the surplus product) against labor, where they expend it as labor-funds (ibid., p.71).

There exists numerous historical evidence to prove the fact that many cities had rural functions and vice versa. Some cities emerged out of the spatial junction of several villages. Qazvin and Kazerun are prime examples in which one could not distinguish the separation between town and countryside, since each village unit was transformed into a neighborhood in the newly formed "urban" conglomerate. In addition, the walled city suburbs were utilized for gardening and other forms of agriculture and in some cases agricultural production took place within the city boundaries (Lapidus, 1969:64; Ashraf, 1974:42). In fact, the Iranian cities have always been surrounded by crop fields and fruit gardens. Mosto'fi (1957:53, 65) describes Isfahan as "comprised of four villages with plenty of vegetable and fruit produce," or Qazvin as "the city of fruit gardens and vegetable plots."

Economic trade and commodity production was not the only prevalent activity among the city dwellers either. Many



artisans and traders were part-time peasants who produced agricultural products for each city's market (bazaar). For example, in the early 19th century, the majority of the 50,000 inhabitants of Tabriz (Iran's largest and the most important commercial center) were involved in agricultural production (Ashraf, 1974:44). Conversely, many settlements considered as villages (presumably because of their relatively small size) were centers of industrial activities, periodic markets, and external trade (Lapidus, 1969:65-66).

In studying Ferdaus, an "urban region" in north-eastern Iran, Ashraf (1974:46-47) also finds the existence of this unified rural-urban entity with regard to agricultural, industrial, and trade activities. English (1966) in his study of the Kerman Basin and Lapidus (1969) in his analysis of Muslim Cities have come to similar conclusions: the existence of composite "urban regions" comprised of several villages and towns; and the lack of a clear distinction between town and countryside.

##### **5.5. Socio-economic and Spatial Characteristics of Pre-capitalist Villages in 19th Century Iran:**

Because of the arid climate over much of the Iranian territory, most of the cultivation depends on obtaining water from the high areas, either in rivers or through underground conduits (qanats). In the absence of large rivers, and a shortage of water, agricultural irrigation

networks have been of great importance for the Iranian peasants.<sup>4)</sup> Qanats require a great deal of maintenance and organized collective activity is required to secure an adequate water supply to a village community. Thus the scarcity of water and its availability has determined the site of settlements. Putting aside the exceptions, very many Iranian villages are small and a large number are comprised of fewer than a hundred inhabitants. Most villages are small clusters of dwellings with a few facilities such as a mosque, few shops and a community bathhouse. The villages located in the Zagros and Alburz regions tend to have a scattered settlement pattern (Behnam and Rasekh, 1969: 193).

The social organization in the villages was similar to that of the tribes: one agricultural and judicial headman (kadkhoda) in charge of the village affairs. The Kadkhoda was usually helped by the "mirab" (person in charge of the distribution of water supply for irrigation) and "mullah" (the religious-judicial-educational authority). However, these were not the dominant strata in the village communities. The real power and authority was in the hands of official representatives of the provincial and/or central governments. their function was mostly economic: they collected taxes and helped to build and maintain rural infra-structure such as irrigation systems, community buildings, etc. (Mehrain, 1979:67).

In the second half of the 19th century, the fiscal crisis of the central government and its need for extra

income led to the sale of local governorships to the highest bidder. Since the governors were most concerned with increasing their income in order to keep up their bids, they recruited village officers on the basis of their promised monetary return. Since officials at each level retained profit from collected taxes, the peasants had to support a hierarchy of government officials (Keddie, 1960:4-5). Despite the recognition of private landownership by the Islamic laws, the agricultural land belonged to the entire Muslim community, but in fact control and the utilization rights belonged to the king. Thus the peasants in most cases enjoyed only rights of usufruct, and were obliged to pay taxes.

The peasants during this period consisted of four distinct groups: 1) rich peasants who employed the landless peasants and had agricultural surplus; 2) middle peasants who worked on their own land as well as on the landholders'; 3) poor landless peasants (the majority) who enjoyed the right to use the landlord's land; and 4) landless agricultural workers who lived through the sale of their labor power in return for money or in kind (Vali, 1980: 26-29).

In general, the peculiar geographical conditions in Iran were a decisive factor in creation of small, isolated and economically self-contained village communities. In a pre-capitalist economy, this self-sufficiency is defined as subsistence economic production for the purpose of consumption in each village and within the greater urban regions.

### 5.6. Urban Classes in the 19th Century Iranian Cities

The social organization and class relations in Iranian cities were rather complex. This was due to the socio-economic interaction between different classes belonging to different modes of production (feudal and pastoral-nomadic) and forms of consumption and distribution (mercantalism and commercial activities). In general, the "urban" population during the 19th century can be classified into three classes. First, the feudal landowners, tuyulholders (including the king, the princes and influential courtiers of the Qajar Dynasty), the political governors, tribal chiefs (khans), state-appointed religious officials (imam jum'as), and top-ranking administrators, as belonging to the ruling classes of either feudal or pastoral-nomadic modes of production (Abrahamian, 1980:33).<sup>5)</sup> This concentration of landowning and landholding classes in towns (absentee landlordism) puts Iranian cities in sharp contrast with the European feudal cities (Lambton, 1963:113). This also approves Marx's definition of Asian cities as "princely camps" (Marx, 1980). Next are the urban wage-earners such as hired artisans, apprentices, construction workers, journeymen and low-ranking clerics as the subordinate urban class. Finally, there were the propertied urban merchants (tujjar), shopkeepers, small workshop owners-craftsmen who belonged to the bazaar community (Abrahamian, 1980:33-34). The urban merchants were involved in trade of commodities both with internal and European and Asian markets.

They also carried out banking and brokerage but "did not pay a penny in taxes" to the state, but only had to pay rent on their shops to the bazaar owners (de Gobineau, 1971:36). This has led many observers to regard the merchants as an independent capitalists of the 19th century Iran.

#### **5.7. The Spatial Distribution of Population and Urbanization in 19th Century Iran**

It is difficult to study demographic changes and spatial distribution of population in different localities in 19th century Iran. This is due to the fact that no general census has been taken in the past century. As de Planhol (1968:463) puts it, "rarely, if ever, can statistics be obtained from official documents before the 20th century." The central government's interest in having an accurate number of inhabitants for taxation led to an attempt for a general census in 1860. However, it ended in complete failure because people for various religious, economic and cultural reasons were reluctant to reveal the number of family members (especially women) (Issawi, 1971:33). Thus all population figures and estimates remain sketchy and highly unreliable. Most figures are merely "guess estimates" of travellers, foreign advisors, and army officers of foreign missionaries who lived in Iran in different dates, and whose estimates were often contradictory. This makes any viable analysis of demographic changes almost impossible. However, based on the estimates given by Schindler, Zolotoliv, Curzon, and Medvedev in Sobotsinskii (cf. Issawi, 1971:33-

35) and Shiel (ibid, p.28), it is possible to sketch the population distribution and changes in the second half of the 19th century Iran (see Table 5.1).

**Table 5.1: Spatial Distribution and Estimation of Population in Pre-capitalist Iran, 1867-1913 (in thousands)**

Year	Estimated By:	Tribes		Villages		Towns		Total
		Pop.	%	Pop.	%	Pop.	%	Pop.
1867 <sup>1</sup>	Shiel	1,700	39	1,700	39	1,000	22	4,400
1884 <sup>2</sup>	Houtum-Schindler	1,910	25	3,780	49	1,964	26	7,654
1888 <sup>3</sup>	Zolotoliv	1,500	25	3,000	50	1,500	25	6,000
1891 <sup>4</sup>	Curzon	2,250	25	4,500	50	2,250	25	9,000
1913 <sup>5</sup>	Medvedev	2,500	25	5,000	50	2,500	25	10,000

Sources: (1) from J. Shiel's "Notes on Persian Eelyats" Issawi, 1971:28).  
 (2), (3), (4), and (5) from A. Sobotsinskii (cf. Issawi, 1971:33).

Shiel's estimation for 1867 (especially related to tribal population has to be accepted with caution, as a liberal computation and underestimation (ibid, p.28). Taking Issawi's own estimation for the early 19th century that puts the nomadic population as about half the total population (ibid, p.20); there seems to be an steady decline in tribal population and an increase in that of rural settlements throughout the century. However, based on the percentages, no spatial displacement and redistribution of

population among tribal, rural and urban units seems to have hapened during the 1884-1913 period.

Related to the changes in the "urban" population, in view of the unreliability of all the estimates, no firm conclusion can be drawn. But there seems to be a slight rise in the population of major Iranian cities. Table 5.2 illustrates the changes in the population of principal cities during the 1867-1900 period. While total population had a growth rate of 118 percent (from 4,400,000 in 1867 to 9,600,000 in 1900), in addition to Tehran several cities such as Shiraz, Barfroosh, Rasht, Kashan and Khoi exceeded this mark. The main reason for the growth of Rasht, Babol and Barfroosh was the increasing volume of trade with Russia via the Caspian Sea. Likewise, Shiraz and Kashan owed their importance to the regional trade via the Persian Gulf. In brief, urbanization in the 19th century Iran has to be considered as the growth of cities located on the trade routes.

On the other hand, most cities which served as the centers of "urban regions" in the provinces (e.g., Tabriz, Mashhad, Isfahan, Yazd, Kerman, Kermanshah, and Hamadan) had a lower growth rate as compared to that of general population in the 1867-1900 period. The importance of Tabriz and its growth was exacerbated by its being the capital city of various pastoral-nomadic rulers such as the Mongols, the Qara Qoyunlu, the Aq Qoyunlu, and finally the Safavids.

**Table 5.2: Population of Principal Iranian Cities of 10,000 or more Inhabitants in the 19th Century (in thousands)**

	(1) 1867	(2) 1900	% Change (1867-1900)
City			
-----			
Tabriz	110	200	82
Tehran	85	200	135
Mashhad	70	75	7
Isfahan	60	100	67
Yazd	40	75	87.5
Kerman	30	60	100
Hamadan	30	50	67
Kermanshah	30	60	100
Rezaieh	30	35	17
Shooshtar	25	20	-20
Khoi	25	60	140
Shiraz	25	60	140
Qazvin	25	40	60
Zanjan	25	20	-20
Bushehr	18	15	-17
Astarabad	18	6	-67
Rasht	18	40	122
Dezful	15	16	6
Maragha	15	15	0
Saree	15	8	-47
Sabzevar	12	15	25
Qom	12	20	67
Kashan	10	30	200
Torsheez	10	6	-60
Qoochan	10	10	0
Barfroosh	10	40	300
Ardebil	10	10	0
Boroojerd	10	17	70
-----			
Total	4,400	9,000	118
Population			

Sources: (1) Based on Thompson's estimate quoted in Issawi (1971:28).  
 (2) Based on Bharier (1977:333-34).



Thus, anxious both to be near their tribes and to escape the excessive heat of the southern regions, the princes of these nomadic tribes settled in Tabriz. Until the beginning of this century, Tabriz was the center of foreign trade with Europe (via Turkey) and Russia (de Planhol, 1968:432-340). However, designating Tehran as the capital city by the Qajars and the diversion of trade from the Tabriz-Trebizond route to the Persian Gulf route (after the opening of the Suez Canal) reduced the prosperity and importance of the town and caused its stagnation and relative decline (Issawi, 1971:26-27).

Other principal cities (as centers of Urban regions) either declined or stagnated. For example, while Isfahan's population doubled from 100,000 to 200,000 between 1800-1815, its population dropped to 60,000 in 1867 and rose only to 100,000 in 1900, with almost no change within a century (Issawi, 1971:26). Similarly, Yazd's population which may have reached as high as 100,000 in 1800, declined to a low 40,000 and recovered somewhat in 1900. The Other principal cities of Mashhad, Kerman, Kermanshah, and Hamadan seems to have stagnated with an average growth rate similar to that of the total population. The most remarkable growth was that of Tehran, beginning with the Qajar Dynasty's founder Aqa Mohammad Khan, who decided to make it the capital city in 1786. Having about 50,000 inhabitants in the early 19th century, Tehran's population reached 90,000 in the 1850's and 156,000 in 1884 (Amani, 1970:89). Throughout the century,

Tehran lagged behind Tabriz in both population and commercial importance but gained momentum from the early 1900's onward (see Chapter 13).

A striking feature of Iran's urban history in the 19th century is the underdevelopment and stagnation of port cities. This is attributable to the non-existence of an export-oriented economy in Iran. For instance, Bushehr, the main port city on the Persian Gulf did not pass the 20,000 mark by 1900, and it was only with the oil discovery and development of the oil industry that Iran got a large port city, Abadan.

#### **5.8. The Effects of Foreign Trade on the Growth of Cities**

In general, the volume of Iran's foreign trade during the 19th century grew steadily as a result of the increasing interest and influence of colonial powers in the Iranian economy. Issawi (1971:70) puts this increase during the 1800-1914 period as twelvefold. However, there were periodical crises and setbacks. For example, the failure of the silk crops in Gilan Province (1865); reduction in imports due to overstocking of local markets (1852); and the American Civil War and its consequences for the textile industry (shortage of American cotton) all affected the Iranian economy (ibid.).

The terms of trade such as removing prohibitions, provision of five percent ad valorem duty on both exports and imports for foreign capitalist firms; and freedom of

action/movement for foreign merchants were set by Russia through the provisions in the Treaties of Gulestan (1813) and Turkomanchay (1828).<sup>6)</sup> This put the Iranian merchants in a disadvantageous position to that of their foreign counterparts since they had to pay various road taxes and imposts.

The consequences of trade with the world capitalist economy were significant for the Iranian economy. On the one hand, there was a sharp rise in cash crops such as opium (for the Chinese and European markets). In addition, the carpet industry flourished due to the increasing demands for the Persian carpets in the European and American markets. On the other hand, Iran increasingly became a net importer of commodities from the capitalist markets. For instance, the import of European and Russian textiles dominated the Iranian markets and gradually destroyed domestic textile industry (once an important export item to Russia and Central Asia). Iran also became a net importer of cereals and other colonial commodities (such as sugar and tea from India). Since in the absence of capitalist production there was no significant industrial activity in the 19th century Iran, the imports of machinery for both capital and producers goods industries remained negligible (ibid, pp.71-72).

Interestingly, most of the trade with foreign countries remained in Iranian hands. This points to the importance of the Iranian merchants as an influential group on the rise. The headquarters for handling Iran's foreign trade were

mainly Tabriz and Tehran, where foreign firms were also located. According to Issawi (1971:101), in the 1840s there were three Greek firms, one Austrian firm, and four Russian firms with headquarters in Tabriz (all under Russia protection). In addition, at least three Armenian and four Iranian firms were operating in that city (total of fifteen). Tehran was less significant and only three Russian-Armenian and one Austrian firms (also under Russian protection) had their headquarters in the capital city. This clearly corresponds with a striking feature of 19th century Iran (as compared with Egypt, for example) which is the small number of foreign residents/merchants. Issawi (1971: 230) puts the number of foreigners in the 1860s as twenty five British, fifty French people (mostly missionaries), and eighty-six Indians (under British protection). Even the establishment of telegraph and Anglo-Persian Oil Companies, foreign consulates, hospitals and more trading firms in the early 20th century did not bring the number of foreign residents to more than a few hundreds.

The direction of foreign trade in the 19th century Iranian economy can be attributed as follows. First, around 1800 Iran's main trade partners were Afghanistan, Turkey, and India. These were also the countries which handled the British trade. The 1800-50 period witnessed a sharp rise in trade with Britain via Turkey (Constantinople and Trebizond) and India (through the Persian Gulf). Thus in the 1850s, Britain alone accounted for fifty percent of Iran's

total trade. The second half of the century witnessed a rise in Russia's share of trade and a sharp decline in that of Britain. According to Issawi (*ibid.* p.71), while the total trade with Russia multiplied twelvefold during the 1860s-1910s period, that of the British fell to twenty percent of total trade.

The growth, development and/or decline of the 19th century Iranian cities was to a great extent related to the trade routes that connected Iran to the world capitalist markets. Four important trade routes through which most of Iran's foreign trade were carried can be identified. 1) The Constantinople-Trebizond-Erzurum-Khoy-Tabriz-Tehran route. This was the most important land route for the European (and especially British) markets in the 1800-1860 period. It also explains the enormous growth of Khoy, Tabriz, and Tehran during the 19th century (see Table 12.2). 2) Two routes connected Russian markets via the Caspian Sea to the centers of Iranian trade. The first was the Nizhni Novgorod (via Volga River)-Anzali-Rasht-Tehran route, and the second was Mashhad Sar (later renamed as Bandar Shah)-Barfroosh-Asterabad (Gorgan)-Mashhad.. The first route, through Tehran (as the exporting center) connected Russian markets to Central Iran, and the second, to the North-Eastern provinces. 3) the Baghdad-Kermanshah-Isfahan route which brought the British goods into Iran via the Persian Gulf. 4) Finally, the Bombay-Bushehr-Shiraz-Yazd route which connected the British markets in India (as well as the

European markets) to that of Iran via the Persian Gulf (Polak, 1971:278). In addition, there were two other routes, although of lesser importance, that connected the British-controlled Indian market to Iran: the Herat-Mashhad route in the North and the Bombay-Bandar Abbas-Yazd-Kerman route in the south (see Figure 5.2).

Among the Iranian cities, Tabriz was the leading trading center and the "depot" of the European trade with Northern Iran because of its geographical location situated at the junction of the routes from Tiflis (in Russia) on the north and Trebizond (in Turkey) on the West, both leading to Tehran. The increased importance of Tabriz was due to an increase in the output and export of silk, and the channeling of European trade through Trebizond during the first half of the 19th century. As a result, Tabriz handled between a quarter and a third of Iran's total trade in the late 1830s and early 1840s (Issawi, 1971:108). Hence, most European merchants also resided in Tabriz, with few others in Rasht and Tehran. The importance and growth of Tabriz was later undermined, however, due to three factors: 1), the failure of the silk crops in 1867 and hence a decline in its trade; 2) the Russian conquests in Turkestan (Northern Iranian territories) which closed that market to foreign commodities and reduced Tabriz's share of that trade; and 3) the opening of the Suez Canal in 1869 that provided a new channel through which European commodities and Iranian Products were transported more cheaply than the overland



Figure 5.2: Inland Trade Routes in 19th Century Iran

Trebizond-Tabriz route. This in turn increased the importance of the Baghdad-Kermanshah and Bushehr-Shiraz routes. Hence, Shiraz became the "entrepot" of trade in the second half of the 19th century (ibid., p.110).

#### **5.9. Development of Iranian Cities Related to Industrial Activities**

Historically, Iranian crafts and small-scale manufacturing reached a technological level during the Safavid era (1502-1736) comparable to that of the most advanced capitalist countries of the time. But a period of civil wars and devastating tribal invasions virtually crippled the handicrafts industries in many cities such as Shiraz, Isfahan, and Kerman. The relative strengthening of the central government under the Qajars, coupled with a reduction in European exports due to the Napoleonic wars, created a peaceful environment in which most crafts and domestic industries recovered. However, this period of rehabilitation was brief and the Western penetration which was achieved through colonial concessions and superior technology gradually destroyed the Iranian manufactures and their capability to compete with the machine-made goods.

Local tax immunities and low custom duties enabled the foreign capitalists to practice dumping and hence to force the Iranian products out of market. For example, in the 1840s Kashan's large local factories were repeatedly destroyed because of this practice (Flandin, 1957:107). Isfahan, once the leading city in local industries became a



"consumer of manufactured goods, almost wholly from Manchester and Glasgow" (Curzon, 1966, II:41). In other places such as Yazd, local industries were replaced by cultivation of poppies and production of opium for the world market (ibid, pp.211-212).

In general, the centers of manufacture and commodity production in pre-capitalist Iran during the first decades of the 19th century were chiefly the cities of Isfahan, Yazd, Kashan, Shiraz, Hamadan, and Rasht. Although of trade importance, the cities of Tehran, Qazvin and Kermanshah did not have any significant industries. In Table 12.3 the types of pre-capitalist commodities in different cities are identified. One point has to be made in this juncture. The increasing demand for some Iranian products in the world capitalist market to certain degrees transformed the pre-capitalist organization of commodity production and introduced new provisions for a more rational division of labor. For example, at the end of the 19th century Persian carpets were in high demand in the world markets. This necessitated the transformation of small workshops into large workshops employing up to one hundred workers. Abdulayev (1971:297-98) clearly describes the extent of division of labor in the reorganized carpet industry:

.... In some large carpet workshops there were specialists who dyed the yarn, which apprentices gathered in skins. Often large merchants who owned carpet manufacturies bought up raw wool and put it out for spinning into yarn at home; ... the merchant owning a large carpet workshop also put out raw wool to carpet weavers who worked at home.

**Table 5.3: Centers of Manufacture and Commodity Production in Pre-capitalist Iran (Circa 1800)**

City	Type of Manufacture	Remarks
Isfahan	gold brocades, lambskin, cotton, clothes, saddles, sawords and utensils	the most important city in Iran
Yazd	silks, carpets, namads (rugs), wollen shawls, cotton cloth	
Shiraz	guns, pistols, swords and other military arms, glassware, sheepskin and lamb-skin, enamelled work, coarse cloths	trade of Shiraz has decreased since it ceased to be the seat of government
Kashan	silk and carpet	
Hamadan	leather, namads, saddles and coarse cloths	
Rasht	silks, saddle cloths	
Kerman	shawl manufacture	

Source: Malcolm (1971:262-63)

Aside from pre-capitalist commodity production, few efforts were made in the early 19th century to introduce industrial production based on modern capitalist technology. For example, in the 1830s a factory in Tabriz produced cannon and ammunition. Later, in 1849, textile, paper, and glass works were established under Amir-i Kabir's efforts (the prime minister in the Nasser od-Din shah's Court), but most of them ended in failure. Attempts by foreign capitalist enterprises were also made in the 1880s also with little or no success (Issawi, 1971:260-61).

The reasons for the failure of modern industries may be attributed to several factors: 1) the persistence of subsistence economy and underdevelopment of a national market economy; 2) lack of skilled industrial labor force; and 3) non-existence of banking and credit institutions. In addition, the difficulties involved with the importation of machinery and spare parts (such as lack of adequate and safe inland roads) made any industrial operation expensive and unprofitable for the capitalists (Polak, 1971:268).

## Endnotes:

1. For a detailed analysis of Iran's early involvement in the world capitalist trade see Mahdi (1983: Chapter 4).
2. Originally, the concept of "semi-colonialism" was used by Lenin (1964:151) and Mao-tse Tung (1965:196-99) to distinguish societies which maintained their formal political independence under colonialism, from those which were completely colonized (e.g., Egypt during the 1882-1922 period) and lost their independence.
3. Simple commodity production can be defined as an economic system in which:  

"producers sell the products of their labor on the market, but remain proprietors of, or have direct access to, their own means of production and livelihood (essentially small farmers and independent artisans). The general purpose of such commodity-owners is to sell their own products in order to buy goods necessary for their livelihood which they do not produce themselves" (Mandel, 1978:597).
4. According to Lambton (1953) the term "iqta" or land assignment was gradually replaced during the Ilkhan period (1256-1336 A.D.) by "tuyul" and was carried on to the Qajar period. For a detailed explanation of various types of tuyul during the Qajar period see Ibid. (139-140).
5. For a detailed explanation of qanats and their importance for agricultural production in Iran see the works of English (1966:30-38) and Mahdi (1983:212-220).
6. See the texts in Hurewitz (1968, Vol.I:68, 84, 96).

## Chapter 6

### Capitalist-Commercial and Industrial Domination and Urbanization in Iran During the Second Period (1880s-1953)

#### 6.1. The Crisis in the Iranian Pre-capitalist Social Formation

By the end of the 19th century the growth of foreign trade was instrumental in the development of a group of big Iranian merchants who controlled the Iranian markets with an increasing potential political power. On the other hand, the foreign powers' involvement with the Qajar kings and government administrators in proposing and concluding treaties, or obtaining concessions weakened the relative autonomy of the Iranian state apparatus (Katouzian, 1981:55).

The last two decades of the past century witnessed the increasing discontent of the propertied class of merchants, craftsmen and guildmembers because of the role of Russia and Britain in handling Iran's foreign trade activities. In particular, the active role played by the Russian government in promoting the commercial activities of its subjects in Iran was alarming. Beginning in the 1880s, the Russian government introduced easy loans and provided bonuses for merchants trading with Iran. This enabled Russian merchants to sell their products below the market prices. As a result,

not only were the Iranian commodities unable to compete with the Russian goods, but this drove the latter's main rival, Britain, out of the Iranian market as well (Nashat, 1981:76-7).

The dissatisfaction of the "bazaar" community burst into the open by Naser od-Din Shah's sale of another concession to the British Major Talbot in 1841. The concession granted a fifty-year monopoly over the production, distribution, and exportation of tobacco. This was in return for "a personal gift of 25,000 Pounds to the Shah, an annual rent of 15,000 Pounds to the state, and 25 percent of the yearly profit" (Abrahamian, 1979:399). The Tobacco Crisis of 1891-92 started with the arrival of the company agents in Shiraz (the main tobacco region) and subsequent local strike of the merchants and craftsmen in the bazaar. The strike was soon spread through all bazaars in major cities such as Tehran, Tabriz, Isfahan, Mashhad, Yazd, Kermanshah and Qazvin. Eventually, by having the support of the leading clergy the strike turned into a nation-wide consumers' boycott and mass demonstration, and forced the Shah to annul the concession. The tobacco crisis was in fact the early signs of disintegration of Iran's pre-capitalist economy and its vulnerable position within the world capitalist economy. The final blow to Iran's economy came from a chain of events in the early 1905:

A bad harvest and a sudden disruption in the northern trade caused by a cholera epidemic, by heavy snows, by the Russo-Japanese wars, and by the subsequent

revolution in Russia, led to spiraling inflation throughout Iran. During the first three months of 1905, the price of sugar rose 33% and that of wheat by 90% in such cities as Tehran, Tabriz, Rasht and Mashhad (Abrahamian, 1979:404).

Unable to cope with external forces, the government held the Iranian merchants responsible for price inflation and raised tariffs on imported goods. The increasing discontent among the bazaaris, supported by both intellectuals and the clergy, triggered three public protests which culminated in the Constitutional Revolution of August 1906.<sup>1)</sup> For the purpose of this study, it is important to emphasize the role that merchants and guild members played in challenging the Shah and the state. This of course was done within the context of the Court's relationship to colonial powers. While the Russians stood behind the Shah and the Court opposing the demands of the protestors; the British tried to maintain their neutrality by giving a subtle but very effective support to the bazaaris, that is, providing sanctuary (bast) for the merchants and craftsmen. The subsequent British support ended in the sanctuary of 14,000 people, mostly from the bazaar community, in the summer residence of the British Legation near Tehran. the sanctuary forced Muzaffar od-Din Shah to sign a proclamation for the convening of a Constituent National Assembly. Despite the effects of newly arrived bourgeois political ideas and values from the West and calls for "liberte', egalite', fraternite'", the Revolution was not a bourgeois revolution. The court and the Shah as the sole agents for protecting the

foreign capitalist interests, were not the representatives<sup>2)</sup> of the comprador bourgeoisie. To be more clear, the Court's existence rested more on its relation with various factions within the pre-capitalist social formation and not the foreign powers. Thus, in the absence of capitalist and industrial working classes, the disenchanted petty commodity producers, local merchants, intellectuals and the clergy attached to the bazaar community provided the socio-economic and political basis for the Constitutional Revolution (Mehrain, 1979:123). A discussion of the 1906 Revolution is in order.

## **6.2. Ascendancy of Feudalism, and the Share of Petty Commodity Producers and Merchants in the State Power**

The Constitutional Revolution caused an immediate shift in control over state power from the Qajar Shahs (the Court) to the new National Parliament dominated initially by the urban merchants and guildmembers. This was reflected in the social composition of the First National Assembly's deputies. According to Shaji'i (1965:176), 26 percent of the deputies were guildmembers, 15 percent merchants and 20 percent clergymen (mostly associated with bazaar). Despite this shift of power and empowerment of the National Assembly (Majles) by the Constitution to control over financial legislation, the Majles never directly attacked the interests of the imperialists. In fact, the imperialist powers and the court remained in control of the financial institutions, trade regulations, and above all, the military



and coercive apparatus (Mehrain, 1979:185). This has to be associated with the fact that petty commodity production and mercantalism have always remained as a "form" of production and exchange within a social formation; and unable to reproduce their own social relations and productive forces independent of other modes of production. the control of the state power as the most important superstructural apparatus for reproduction of different modes of production thus has to be in the hands of a class or classes who serve the interests of the dominant mode.

On the other hand, the provisions of the Constitutional Revolution for a National Assembly was an ideal opportunity for provincial feudals and Khans to share state power and strengthen their position within their own imediate rural regions of influence. The consequent political crisis during the 1906-1908 period was: 1) the concentration of "Constitutional" power (legislative) in the hands of petty commodity producers, merchants, and their affiliates among the clergy and intelligentsia supported by the British; 2) control of "real" state power (military and finance) in the hands of the Asiatic government with ties to Russia; and 3) exclusions of feudal lords and provincial tribal Khans from both previous power structures. Within this context, the coup d'etat of 1908 by the Asiatic faction (the Shah, supported by the Russians) was aimed to eliminate the Parliament in order to gain total control over the state (judicial, executive, and military). It was at this historical moment

that the feudal and tribal factions directly entered the scene to support the Majles and the bazaar community. The final defeat of the Cossack Brigade (Imperial Guards trained by Russians) and consequent expulsion of Mohammad Ali Shah to Russia in 1909 came through military intervention of three provincial armies: 1) the Tabriz Revolutionary Army led and supported by petty commodity producers; 2) the Gilan army led by a landed elite (Sepahdar-i A'zam); and 3) the military forces of the Bakhtiari tribe mobilized by Sardar As'ad, a tribal leader.

A closer look at the social composition of the Revolutionary Committee and the first cabinet appointed by it indicates the increasing influence and political power<sup>3)</sup> gained by the landed and provincial khans. According to Mehraïn (1979:191-92), the Revolutionary Committee was composed of prominent merchants, affiliated clergy and intellectuals (12 percent); and the landed feudals (both from provinves and Qajar bureaucracy) and tribal khans (87 percent). Furthermore, three of the six-member cabinet were also the top landed bureaucrats of the Qajar Court, two were landed feudals from the Gilan province, and one was a Bakhtiari tribal khan (Shamim, 1963:321-24). The failure of the Constitutional Revolution in fulfilling the demands and interests of the bazaar community, and the consequent state takeover by the feudal faction was clearly reflected in the composition of the second Parliament when the merchants and guild members' representation dropped to only 7 percent

as compared to 37 percent in the first Parliament (Shaji'i, 1965:176). Ascendancy of feudal relations in fact started with the abolition of "tuyul" in 1907 by the National assembly's reform measures which acknowledged the private ownership of land (Lambton, 1953:178-79).

One of the major developments in the Iranian social formation throughout the 19th and early 20th centuries, was the legal recognition of private property and especially that of land. Historically, since the Arab conquest of Persia (Iran) in the 7th century and based on Islamic laws, the existence of private property was both recognized and approved of; and was held to be inviolable except "when it was necessary to resort to expropriation" either legally or illegally (Lambton, 1953: 16-17). The institution of private landownership thus has existed hand in hand with other forms of landholdings such as crown lands, state lands, communal lands administered by the imam (prayer leader), and land assignments or "toyul" for the military /administrative and financial services (ibid, p.20; Ashraf, 1971:151; Mehrain, 1979:78-80).

The legal recognition of private ownership of land in the form of land registration is documented since the Mongol's period (1255-1501 A.D.). Prior to that, the landholders had "some sort of title-deed in their possession" but this did not prevent whatsoever the transfer and/or cancellation of titles "when the property was transmitted from one holder to another". (Lambton, 1953:69). Land regis-

tration and legalization of land ownership, however, entered into a new stage of development during the 19th century. The increasing political and economic pressures by the colonial powers and the weakening of the central government (amidst its survival) during this period paved the way for the growth and reinforcement of landownership in Iran. On the one hand, the "toyul" system of land assignment inherently tends to alienate large areas of the country from direct administration by the central government. This resulted in usurpation of large portions of arable lands and their conversion into de facto private property by toyul-holders, whenever the central government was unable to maintain its control and power in the provinces (Lambton, 1953:139).

On the other hand, in the second half of the 19th century the interests of the foreign powers in commercial activities and trade with Iran necessitated the establishment of monetary relations (based on exchange value) and recognition of private ownership rights. In one occasion, the British put pressure on Nasser od-Din Shah (1848-1896) "to issue the decree on the security of life and property" of all subjects (Ashraf, 1971:1522-53). Thus, foreign pressure coupled with the fiscal crisis of the state and the challenging of the shah's authority by regional rulers, resulted in a weak central government. This compelled the Qajar shahs to "sell a portion of the available crown and public domains, and then to confiscate and incorporate a

portion of toyuls and private lands into state lands for further sale" (ibid.). The institutionalization of private landownership reached its peak in 1907, when the first Iranian Congress (Majles) abolished toyul and recognized all toyulholders as the private landowners. Thus 19th century Iran has to be regarded as a transition period in which the feudal relations gained momentum while the Asiatic relations based on pastoral-nomadic relations of production (based on toyul) became increasingly weak. The recognition of private property at the same time facilitated the penetration of foreign capital and international trade.

The ascendance of feudalism in the Iranian social formation inevitably resulted in the shrinking political, economic, and military power of the central Asiatic state and disintegration of the social formation itself. During the First World War (1914-18), the Iranian social formation was parcelled out by various tribes, feudal lords in the provinces and government officials who, caught up between the Russo-British imperialist rivalry, affiliated themselves to one or the other colonial powers. The October Revolution of 1917 in Russia and the elimination of the Czarist imperialist interests in Iran created a power vacuum. This was an opportunity for the British to force Iran to enter protectorate status in 1919 in the form of a bilateral treaty of technical assistance and economic cooperation. Provision of a loan by Britain to Iran and employment of British military and civil advisors were the main points of

this agreement. This caused both internal opposition (e.g., the anti-imperialist nationalism) and external reaction (the Soviet invasion and threat to establish a Soviet republic in the Northern province of Gilan) against the treaty. The British, faced with the Soviet reaction and anxious to safeguard their interests in the Iranian economy, responded through their subtle but active support of the military coup d'etat which brought Reza Khan (later Reza Shah as the<sup>4)</sup> founder of the Pahlavi Dynasty) to power.

### **6.3. Imperialism and the Imposition of Capitalist Relations of Production on the Iranian Social Formation Through the Internationalization of Finance Capital**

During the 19th and early 20th century the economic relations between the Iranian social formation and the world capitalist economy was based on internationalization of commodity exchange, i.e., production for export and consumption of imports via domestic and foreign markets. World capitalism reached the imperialist stage (as characterized by Lenin) with the increasing importance of finance capital. The main characteristic of the imperialist stage was the merging of banking and industrial capital and the formation of finance capital (Lenin, 1968). The ascendance of feudal relations in Iran and the weakening of the central state apparatus was conducive for imperialist penetration and introduction of capitalist relations. But the premature nature of pre-capitalist commodity production in Iran and inability of the bazaar community (merchants

and guildmembers) to make the transition from pre-capitalist to capitalist relations of production led to the defeat of the Constitutional Revolution. Followed by a decaying pre-capitalist commodity production and the almost non-existence of a domestic bourgeoisie, the only alternative for the introduction of capitalist relations of production was to take control of the state apparatus and to introduce state capitalism. Thus supported by international finance capital, during the 1921-53 period and especially the 1930s a pro-capitalist state laid the grounds for capitalist development in the Iranian social formation.

As stated earlier in Chapter Three, in order to introduce capitalist relations of production in a pre-capitalist social formation, two preconditions must be met: 1) Accumulation of money capital in the hands of non-productive labor which has also control over the means of production; and 2) separation of direct producers from their means of production in order to create wage-laborers for capitalist production (Taylor, 1979:143). The former prerequisite was met by the increasing oil revenues in the hands of the state, in addition to the foreign-controlled money capital in the forms of foreign aid, foreign bank loans and foreign direct investments. The latter had to be met through state intervention and a variety of strategies such as taxation, land redistribution, infrastructural projects (roads, railway, health care, etc.) and the elimination of the subordinate modes of production. These measures along with the policy of

import-substitution-industrialization paved the way for capitalist production in Iran.

Although the oil discovery dates back to the 19th century (1892) based on the investigation of a French government scientific mission, however, it was not until 1908 that the extraordinary amount of Iranian oil was discovered in Masjed-i Soleiman by the Britisher William Knox D'arcy. In fact, Iranian oil production began before that in any other Gulf country.<sup>5)</sup> In 1909 the Anglo-Persian Oil Company (APOC) was established to take over the Iranian oil operations. It was at this time that the British government became interested in Iran's oil revenue and consequently financed APOC (later became AIOC or Anglo-Iranian Oil Company) and virtually controlled its operation based on D'arcy's original concession. The concession clearly specified that the Iranian government was to obtain 16 percent of the profits but in reality this was never fulfilled. In order to preserve her vital interests in Iranian oil, the British colonial power was determined to utilize any possible means to fulfill her main objectives. During the World War Two and post-war period, however, the menace of communist and nationalist movements led Britain to revitalize the old colonial policies within the Iranian community. That is, the British utilized the Majles deputies, tribal khans, the press and the army generals in order to safeguard their interests (Ashraf, 1971:101-102). AIOC initially paid a low revenue to Iran .Between 1915 and



1950 the company had a profit of \$613 millions, and paid only \$316 millions to the government (Halliday, 1979:141). During the 1950s, the British government's total revenues from oil was almost doubled compared to the total revenues of the previous four decades. As Halliday puts it, Iran suffered in two ways:

It received a low inflow of revenue, and its income was determined not by its own policies and needs but by the quite separate needs of the AIOC (ibid).

Furthermore, Iran's involvement in foreign trade necessitated the introduction and institutionalization of modern banking. The first bank in Iran was the branch of the British New Oriental Corporation which opened in 1888 with offices in Tehran and other major cities. This was followed by the establishment of the Imperial Bank of Persia in 1889 (British firm) and the Banque d'Escopmte de Perse in 1899, a branch of the Russian State Bank (Issawi, 1971:346-47). However, it was not until 1927 when banking came under national control with the provision for a National Bank (Bank Melli). Later in 1930, the right to issue bank notes was transferred from the British Imperial Bank to Bank Melli. The government gradually expanded its domination over financial matters by forming the Agricultural and Industrial Bank in 1933, and the Loan Bank in 1939. The initial capital was provided through taxing the population and specifically the poverty stricken peasants, urban petty commodity producers and workers (Keddie, 1981:102). Despite Reza Shah's attempts for concentration of money capital in the

state-controlled banks, the Iranian merchants for a long time afterwards remained dependent on the pre-capitalist money lenders (sarrafan), the Iranian counterparts to the European goldsmiths (Katouzian, 1981:112).

#### **6.4. Spatial Manifestation of the Introduction of Capitalist Relations of Production into the Iranian Social Formation, 1900-1952**

As was the case for the 19th century Iran, there is no systematic and comprehensive information about population changes, movements and socio-economic conditions in towns and villages for the 1900-52 period. The first national census was not conducted until 1956, and therefore most of the available data should be considered as "guesstimates" and dealt with caution. The only viable study of the population changes and growth of towns and villages for this period is a quantitative analysis by Bharier (1977). Based on independent estimates of urban and rural population for the years 1900, 1934, 1940, 1956 and 1966, Bharier attempts to analyze the patterns of inter-urban and rural-urban migration. His definition of an urban place follows that of the official categorization, which considers all places of 5,000 or more inhabitants as "urban". This by all means is a vague definition. Based on previous discussion, it is my contention that up until the 1930s and introduction of capitalist relations of production, there were no clear distinction between the town and country in Iran. This was mainly due to lack of a distinct division of labor between

town and country, and involvement of the "urban" population in agricultural production. It may be argued that in the absence of capitalist relations of production, the Iranian social formation maintained its pre-capitalist characteristics and towns and villages remained undifferentiated. This hypothesis is supported by Bharier's estimates of the growth rates for rural, urban, and total population in Table 6.1:

**Table 6.1: Annual (Compound) Rates of Population Growth for Iran for Selected Periods**

Period	Urban	Rural	Total Population
1900-26	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: Bharier (1977:335).

As can be seen, during the 1900-1935 period the rural and urban areas had growth rates similar to those of total population. In the absence of reliable data, one cannot make an assessment of rural/urban migration and deurbanization (towns which lost their status as "urban"), but at the risk of generalization I may argue that population movements were mostly of inter-urban and inter-rural nature. Reza Shah's ascendance to power and the state-supported and initiated strategies to introduce capitalist relations of production from early 1930s affected the spacial composition within the Iranian social formation. As was argued earlier, besides

concentration of money capital in the hands of the state, direct producers had to be separated from their means of production in order to pave the way for capitalist production. The following discussion is meant to explore the spatial consequences of the above-mentioned measures.

**6.4.1.1. Sedentarization and Subordination of Pastoral-Nomadic Mode of Production Within the Iranian Social Formation:** The Constitutional Revolution of 1906 laid the grounds for subordination of the pastoral-nomadic mode of production through the abolition of "tuyul" and gradual exclusion of tribal leaders from political power. However, the final blow came with Reza Shah's policy of forced sedentarization of tribes in order to establish a strong centralized state free from tribal and regional threats. In addition, communal land ownership, a distinct characteristic of the tribal mode was a major obstacle for the expansion of capitalist relations and private landownership. To this end, many tribal leaders were executed, imprisoned, tortured, or were brought to Tehran and kept as hostages in order to force the tribes to cooperate with the central state (Mahdi, 1983:127). The tribal life which was based on orderly migration throughout the year was deliberately disrupted. Through the use of force, the central state attempted to settle nomads in newly built villages, mostly on unsuitable lands (Sunderland, 1968:641-42). Reza Shah's conscious policy of sedentarization led to a considerable loss of

livestock and undermined pastoral-nomadic relations of production. Separated from their means of production (lost livestock and communal grazing lands), the tribal population were gradually and forcibly converted into seasonal wage-laborers for the rural economy. Smith (1978:60) clearly describes the destruction and misery of the nomads:

Sedentarized nomads in modern Iran are among the most miserable of all the peasantry partly because they have consumed their animal capital while trying to avoid settling, but in large part because the available agricultural land and jobs are already taken by members of the long-established sedentary society, which relegates the former nomad to casual labor.

Thus, in the absence of new cultivable land and an stagnating rural economy, the sedentarized population were forced to seek employment in the seasonal and casual agricultural sector, petty commodity production, and in construction activities in major cities where capital was concentrated (Mahdi, 1983:127).

Information about the changes in the nomadic population during the 1900-52 period is sketchy. But the available data indicate a sharp decrease in the nomadic population during the 1910-56 period, as is shown in Table 6.2 The destruction of pastoral-nomadic mode of production and decline in Iran's nomadic population is demonstrated in the ratio of nomadic population to total rural population. the only exception is the 1940s' period during which the abdication of Rza Shah in 1941 and weakening of the central state enabled many settled nomads to return to pastoralism.

**Table 6.2: Pastoral-Nomadic and Rural Population in Iran: 1910-1956 (in Millions)**

Year	1910	1932	1945	1956
Total Rural	8.36	10.24	11.70 <sup>a</sup>	14.6
Pastoral-Nomadic	2.65	1.0	2.0	0.24
Settled Rural	5.71	9.24	9.70	14.36
% Pastoral-Nomadic to Total Rural	31.6	9.8	17.0	1.6

a: The nomadic population is a rough estimate for the 1940s.

Source: Table constructed based on information given in Bharier (1977: Table 3, p.335, and p.338).

Furthermore, during the 1900-52 period there was a considerable increase in the number of small villages (having 50-1000 inhabitants) throughout Iran, as compared to the larger villages and regional centers. This increase might be attributed to the process of forced sedentarization and a decline in tribal population (see Table 6.3).

Based on Bharier's estimation, there were about 15,000 villages in 1900 as compared to 39,099 in 1956 (ibid). Within this context, small-size villages (50-1000 inhabitants) had an 8 percent proportional increase in their numbers as compared to 8 percent decline for larger villages (1000-5000 inhabitants). Again, in the absence of reliable data and information about the spatial movement of tribal population, it is my contention that destruction of pastoral-nomadic relations forced the nomadic people to settle in small villages in the first place, as is supported

by figures in Table 6.3. Thus I will argue that sedentarization was not a decisive factor in the increase of the compound rate of urban growth, particularly during the 1930s.

**Table 6.3: Size Distribution of Villages in Iran, 1900 and 1956**

Village Population Size	1900 %	1956 %
50-999	87	95
1000-4999	13	5

Source: Table constructed based on information given in Bharier (1977:339).

**6.4.2. Taxation and Its Effects on Rural-Urban Migration:** Another strategy for paving the way for capitalist production is imposition of a wide variety of taxes on peasants, their lands, and agricultural produce. The main objective of taxation is to undermine peasants-producers' ability to exchange their products in the market for an adequate return, and hence forcing them to sell their labor power (Taylor, 1979:209-10). To this end, the financial mission under Dr. Millspaugh in 1922 was aimed at devising a more efficient method of collecting taxes on land, animals and agricultural products. Shopkeepers and craftsmen were also subjected to taxation although through their guild organizations. Furthermore, indirect taxes on items of public consumption such as tobacco, opium, sugar and tea

were being derived more efficiently (Avery, 1961:262-63).

Related to agricultural production, based on the land tax law of 1926 the irrigated and unirrigated lands were to pay "3 percent on the gross produce before the division of the crop between the landlord and the peasant" (Lambton, 1953:184). Later on, this law was replaced by a new one in 1934 which increased the burden of taxation on the peasants: all agricultural and animal products were to pay a 3 percent tax in kind upon entry to a town or a market place (ibid.). Taxation along capitalist lines was further reinforced with the abolition of payments in kind in the late 1930s and the introduction of income tax in 1942.

The destructive effects of taxation have to be looked at within the Iranian agricultural system of production during this period. The widespread practice of agricultural production in Iran was share-cropping. That is, sharing the crop yield according to landlord's or peasant's control over land, seed, oxen, water, and labor. This perpetuated the poverty of the majority of rural population who only had control over their labor power (Sunderland, 1968:624). On the other hand, about 75 percent of all lands were owned by large land owners, the state, the Shah, and religious institutions (see Table 6.4).

According to McLachlan (ibid.), about 56 percent of cultivated land was owned by 1 percent of the population. At the same time, 95 to 98 percent of the rural population was reportedly landless (Lambton, 1953:262-63). In many rural



areas, the poor peasants were perpetually indebted to the landlords by receiving an allocation of grain in advance (Sunderland, 1968:624). Thus, in a situation where the majority of the rural population were tied to the land through indebtedness, the effect of state-imposed taxation on them should have been devastating. There are no viable data available for the 1900-52 period related to rural-urban migration, but it is my contention that the desperate conditions in rural areas after the implementation of new measures for taxation contributed to an increasing rate of urban population from 1935 onwards (see Table 6.1).

**Table 6.4: Estimates of the Distribution of Landownership in the Period Prior to the 1961 Land Reform in Iran**

Type of Ownership	% of All Land owned	% of All Villages
Large Landowners	56	34.43
Small Landowners	10-12	41.93
Royal Holdings	10-13	2.06
Religious Endowment	1-2	1.81
Tribal Holdings	13.0	----
State-owned Lands	3-4	3.67
Other (mixed and unknown ownership)	----	16.10

Source: McLachlan (1968:686).

**6.4.3. Wage-Labor, Import-Substitution-Industrialization, and New Patterns of Urban Concentration:** Despite Iran's involvement in the world capitalist economy and earliest attempts for industrial production, its extents

were limited prior to the 1930s. Estimates prior to the 1914-18 period indicate that only 1,700 workers were employed in "modern" factories, of whom 400 worked in cotton ginneries and 300 in sugar products. Some 7,000 to 8,000 workers were employed by the Anglo-Iranian Oil Company; in addition to 5,000 Russian subjects who worked in Russian enterprises such as fisheries and road construction. During the same period, small-scale industries and petty commodity production sector employed about 100,000 workers; of whom 65,000 were engaged in carpet making and 20,000 in weaving industries (Abdullayev, cf. Issawi, 1971:261).

In line with many other countries in the periphery, industrial development in Iran began during the 1930s when the great depression drastically reduced the prices of producing goods industries (Department I). Thus started the state-initiated and supported program of import-substitution-industrialization by raising tariff walls to protect nascent domestic industries; state capital investment and provision of low-interest loans for would-be investors; and imposing government monopolies (Abrahamian, 1980:146). By 1941, the large "modern" factories (with more than 50 workers) employed about 50,000 workers, a sharp increase compared to that of 1914-18 period. The industrial activities included light consumer goods industries such as soap, glass, paper, etc. , and processing industries for various agricultural products. Abrahamian (ibid., p.147) estimates a total of 170,000 wage-earners for the year 1941.

This new working class comprised only less than 4 percent of the total labor force. Furthermore, The uneven nature of capitalist development was manifested in concentration of much of industrial activities (over 75 percent) in a few major cities such as Tehran, Tabriz, and Isfahan. For example, Tehran alone employed 64,000 wage-laborers in its 62 large-scale plants and numerous small-scale industries (ibid.).

While the state controlled the industrial-commercial activities and foreign trade, agricultural production remained in private hands. At the same time, the sale of state lands, institutionalization of private landownership, along with the state monopoly over trade, forced the owners of capital (landowners and merchants) to look for profit in land speculation and investment in real estate activities. The state-initiated industrialization however was the first step taken to make Iran dependent on Western capitalist industries, that is, for parts and capital good industries (Department I).

**6.4.4. Railway Construction and Other Infrastructural Projects:** Although construction of railways in many colonies started as early as 1890s, because of Iran's semi-colonial situation, construction of the railway system became the object of imperial rivalry and of fear of its becoming a tool for the rival power's expansion in the region. This also prevented foreign capital investment in the Trans-Iranian Railway network later in the 1920s. Reza Shah's

policies of state-capitalist development included an ambitious scheme for connecting north and the south by rail. In the absence of available foreign capital, Reza Shah had to finance the project through monopolization of imports of tea and sugar and capital accumulation through their taxation (Banani, 1961:132-34).

In order to thwart any advantages imperial powers might have expected to get from it, Reza Shah constructed the Trans-Iranian Railway (1927-1938) based on a quite irrational scheme which served neither the internal needs nor colonial interests. First, it was standard gauge as opposed to the Soviet's broad gauge system and Iraq's British-built narrow gauge system. Second, eight of the fifteen principal cities (Isfahan, Yazd, Kerman, Shiraz, Mashhad, Tabriz, Hamadan, and Kermanshah) were not served by the initial network (Avery, 1968:301-304).<sup>6)</sup> Apart from Reza Shah's relatively independent political stand in regard to the railway project, the irrationality of this project has to be understood in the light of its importance for the creation and training of wage-laborers in a pre-dominantly pre-capitalist social formation. As Taylor (1979:212) puts it,

The construction of railways, apart from providing a secure productive investment for finance capital-- since the state generally had ultimate control over the project and opening up of markets and new sources of raw materials, provided the basis for a general system of recruitment, in which the state supervised a forced migration of labor into isolated pockets of infrastructural development which depended on the very form of wage-labor that imperialist penetration had to create.

Thus in a situation where there was neither a capitalist economic infrastructure, nor a plausible justification for such a large scheme in terms of transporting, exporting and importing of goods; railway construction along with other infrastructural project (such as ports and roads) served as a "bridgehead" to introduce capitalist relations of production (Taylor, 1979:212).

While the new railway network by-passed many provincial centers, it contributed to the growth and development of several others. For example, on its way to Tehran from Bandar Shahpur (an inlet of the Persian Gulf in Khuzestan Province), the railroad by-passed Hamadan and Isfahan but connected the oil city of Ahvaz to the network and hence made it a sizeable town. The major beneficiary of the railway system was Tehran, which became the center of concentration for trading, manufacturing and service-related activities. Almost all imports were transported from southern ports to Tehran for final redistribution. As a result, Tehran in the 1940s handled nearly half the retail trade turnover of imported merchandise (Melamid, 1968:558-59).

**6.4.5. Capitalist Production, Uneven Development and Urban Concentration:** As was discussed in the preceding part, introduction of capitalist relations of production required certain strategies for the separation of direct producers from their means of production. On the other hand, capital accumulation and perpetuation of capitalist relations in a

social formation where feudal relations were dominant required a certain degree of concentration as well. In the absence of a strong bourgeoisie in Iran, the imposition of capitalist relations became the state's prime objective with the oil income at its disposal. To this end, the state, the bureaucratic machine, foreign consulates, the army, industrial activities and most of the trade were concentrated in the capital city, Tehran, for the obvious reason of efficiency and practicality. Despite import-substitution-industrialization schemes, Iranian merchants favored investment in commercial activities. In 1940, for each industrial enterprise there were two corporations involved in commerce, mostly concentrated in Tehran. By the same year, 58.5 percent of all domestic capital was invested in the capital (Bank Melli Iran, 1941-42:312).

The Second World War and Iran's occupation by the Allies provided new opportunities for the urban merchants and the bazaar communities. The demands of the Allied troops for consumer goods contributed to an increase in urban economic activities. Specifically, those cities which were located along the Trans-Iranian Railway and major roads benefited from the war traffic between the Persian Gulf and the Soviet borders (Keddie, 1981: 113-116). In addition to Tehran, the growth of Arak, Khorramshahr, Ghom, Dezful, Khorramabad and Mianeh was to a great deal related to the war economy. This should not be taken for a conscious attempt to develop a decentralized economy, since the first economic development



plan did not materialize up until 1955.

Apart from the rapid growth of towns which served as railway stations and marketplaces for the occupying army, the main feature of the Iranian cities during the 1921-41 period was the state-sponsored plans for urban beautification and modernization. Plans for "urbanization" were initiated from Tehran, where "spacious circles and squares with fountains, landscaping and statues of Reza Shah in every conceivable pose, added to the European aspect of the Capital" (Banani, 1961:143). In fact, as Banani puts it, much of the urbanization schemes were implemented to "impress foreign observers, who usually visited only Tehran" (ibid.). On the other hand, the spatial manifestation of uneven capitalist development (although in its embryonic form) was visible in Iran: while Tehran's modernization took the form of a rapid northward growth outside the gates of the old pre-capitalist city quarters, "modernization" in provincial cities meant the superimposition of two wide streets intersecting at right angles over the old pattern.

As I argued earlier, the town and country during this period remained undifferentiated because of the dominance of feudal relations of production in the Iranian social formation. In the absence of a decentralized industrial activity based on capitalist relations, except Tehran most of the provincial cities maintained their rural character for the most part of this period. While Iranian cities remained as "cities of peasants", to use Roberts' (1978) phrase, Reza



Shah's attempts for urbanization and physical transformation proved futile and served as "window dressing". Banani (1961:145) gives a clear picture of Reza Shah's urbanization:

To the Westerner who visited Iran for the first time in 1941, it was a land somewhere between the East and a shabby West. To many Iranians who had studied or traveled in the West, the chasm between the national progress of the West and their own country was a source of frustration and defeatism.

The uneven nature of capitalist development not only manifested in spatial disparities among cities, but it was visible within urban structure as well. For example, in May 1951, in a report on the housing conditions in Tehran, The New York Times described the living conditions for 200,000 squatters as "living in underground caves and overcrowded mud huts that were like rabbit-hutches" (cf. Niroumand, 1969:44). What is more, in the major oil city, Abadan, most of the oil workers lived in the overpopulated sections of the city next to the urban poor who lived in slums (ILO, 1950:65).

In regard to spatial composition and population movements, in addition to an increase in the number of small-size villages, many large villages (2500-5000) got the status of an "urban place" by official definition (85 new towns). Compared to the first period (1800-1880s), there was a shift toward an increase in urban population though with a continuing concentration in the capital city. Of the total of 100 places defined as urban in 1900 (5,000 or more

inhabitants), only 25 cities had a growth rate higher than that of total population in 1956. that is, only 25 towns had immigrants from other places. The rest had lower growth rates compared to that of the total population. That is, either they stagnated or lost their population , all of which indicating a process of emigration and de-urbanization (see Bharier, 1977:333-34).

While the declining cities had a population loss of 1,074,000, the growing cities gained 1,759,000 population in excess of total population growth during the 1900-56 period. Thus the net rural-urban migration can be estimated at about 685,000 people. This indicates that 61 percent of population movement was inter-urban while 39 percent was the result of rural-urban migration (ibid.:339). According to Bharier, four cities accounted for 31 percent of net emigration: Tabriz (10%), Khoi (8%), Yazd (8%), and Kerman (5%). The first two declined because of a decline of trade in the Tabriz-Trebizond route, and the latter two lost their prominence related to the decreasing importance of the Basra-Kermanshah-Isfahan-Yazd trade route. On the other hand, 60 percent of migration was targeted at Tehran , the capital, while the oil towns of Abadan and Ahwaz accounted for another 22 percent. Furthermore, according to the 1956 Census the main centers of attraction for life-time migration were Tehran (48%), Abadan (52%0), and Ahwaz (45%). This clearly indicates the degree of concentration for capitalist development in Iran: Tehran as the center of industrial,

commercial, bureaucratic and service activities, and Abadan and Ahwaz as centers for oil production. Finally, the main impetus for the "urban" growth was the Trans-Iranian railway. Since twelve out of 27 cities which experienced urban growth were along the new railroad network. This certainly affected the decline of urban centers such as Hamadan, Isfahan, and Kermanshah which did not benefit from the network.

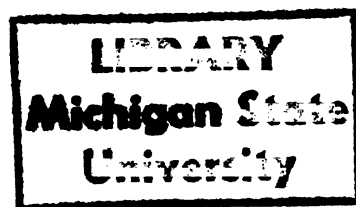
## Endnotes:

1. For a detailed account of the events leading to the Constitutional Revolution see Abrahamian (1979) and Kasravi (1961).
2. Comprador bourgeoisie is defined as a fraction of the ruling class in colonial and semi-colonial countries which owns and accumulates capital and is closely tied to foreign imperialist interests. Normally, the comprador bourgeoisie does not engage in industrial investment and is involved in import-export businesses.
3. After Mohammad Ali Shah's escape to Russia (1909), the Revolutionary Committee was created to function as a regent since the heir to the Shah was a minor. The RC was also responsible for selection of the new cabinet.
4. For a historical account of the events leading to the 1921 coup see among others, Makki (1945, Vol.1), Katouzian (1980; 75-100), and Abrahamian (1980:102-118).
5. It has to be noted that D'arcy's quest to obtain concessions from the Iranian government at the time was fulfilled in 1901 for a 60-year period of exclusive privilege to search for, obtain, exploit, develop, render suitable for trade, carry away, and sell natural gas and petroleum throughout the Iranian territory with the exception of five northern provinces (Azerbaijan, Gilan, Mazandaran, Khorasan, and Astarabad) under the Russian influence. For further details see F. Fesharaki (1976:5-9).
6. By 1941, however, lines had reached as far as Zanjan on the way to Tabriz, as far as Kashan on the way to Yazd, and as far as Semnan on the way to Mashhad (ibid., p.304).





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## Chapter Seven

### Pre-capitalism, Colonial Penetration and its Spatial Manifestation Within the Egyptian Social Formation During the First Period (1798-1882)

#### 7.1. Introduction

At the time of the French expedition in 1798, Egypt was a poor, neglected agrarian society within the Ottoman dominion. The European's diversion of long-distance trade routes from the Mediterranean to the Atlantic and the establishment of direct naval links with southern and eastern Asia by-passed the Arab world, leaving many trading centers behind. Egypt, in particular, lost its hold on long-distance trade. By the turn of the 19th century, the dominant mode in the Egyptian social formation was the tributary mode of production that dominated other forms such as slavery and mercantilism (see Chapter 4). The main characteristics of the tributary mode were the division of the population into working peasants and landholding masters; the division of the social product into peasant means of subsistence and tribute in kind drawn by the ruling class; and a great centralization of state power in the hands of the appropriating class (Amin, 1978:18, 97).<sup>1)</sup> Furthermore, slavery in Egypt was not a mode of production.



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That is, it did not constitute the combination of its forces and relations of production together with the mechanisms of reproduction of the above relations. Rather, it only constituted a framework of relations of domination and exploitation in association with the tributary mode of production. Like slavery, mercantilism was also not a mode of production, but was the way in which the merchant "go-betweens" exploited their monopoly position in trade activities by bringing other social formations into contact with Egypt.

## **7.2. Disintegration of the Pre-capitalist Social Formation (1798-1882)**

Since the establishment of the Mamluk regime, the country was parcelled out by regional rulers, each controlling a group of village communities with most of the land consisting of communal land subject to tax. According to Issawi (1963: 20), peasants had no property rights and were tied to the land, but were mostly left undisturbed as long as they met their taxes and worked on the tax farmer's estate and irrigation works.

Napoleon Bonaparte's Egyptian expedition in 1798 and the defeat of the Mameluke army at the Battle of the Pyramids forced the Mameluke to flee to the Upper Egypt. However, the Anglo-Turkish armies with the help of the dispersed Mameluke forces compelled France to withdraw from Egypt in 1801. After the departure of the French, Egypt relapsed into anarchy as the Mameluke rulers from within the social forma-

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tion tried to gain control, and the Ottoman Government from without, looked for a centralized governing apparatus in Egypt.

It was during these years of anarchy that Mohammad Ali, a commander of the Albanian troops stationed in Cairo came into prominence by taking side with the Mamelukes and opposing the Turkish governor to whom he was serving. The popular support of Mohammad Ali by the citizens of Cairo in 1805 brought him into power, but his power did not extend beyond Cairo province. Under pressure from the notables of Cairo (especially the religious leaders), the Ottoman Court confirmed him in the governorship of Egypt. despite his non-Egyptian origin, Mohammad Ali's attempts for centralization of the state apparatus have to be considered as an Egyptian-oriented endeavor which conflicted in times with the interests of the Ottoman Court. It is during his reign (1805-48), however, that the European interests and influence gained momentum in the political economy of Egypt.

Following the withdrawal of the French in 1801 and re-entry of the Ottomans to Egypt, the Mamluks' right to seize land for themselves was challenged by the new laws and the creation of a civil government in Cairo. But it was left to Mohammad Ali (1805-1849) to carry out a real revolution in the land tenure system. The prevailing land tenure system at that time was the "iltizam" by which the land, "theoretically owned by the state, was made over to tax farmers for the collection of its revenue" (Baer, 1969:

62). During the 1809-1818 period, Mohammad Ali abolished the system of "iltizam", brought about the creation of the first Egyptian land register, and distributed in life tenancy, two million feddans (1 feddan= 1.038 acres) among military leaders, members of the ruling family, bedouin, and some of the former tax farmers (Abdel\_Malek, 1968: 6). This was the beginning of the disintegration of the tributary mode of production in the Egyptian social formation and the establishment of feudal relations which facilitated capitalist penetration and introduction of capitalist relations of production (see my theoretical discussion in Chapter Four).

Apart from reforms in the land tenure system, another change which occurred in rural Egypt during the reign of Mohammad Ali, was his campaign to crush and settle the bedouin who were both a threat to the security of urban and rural communities and also an obstacle for the development of agricultural production. This was done not only by violent means, but as Baer (1969: 214) points out, " he (Mohammad Ali) and his successors granted the shaykhs large tracts of land as their private property in order to induce them to settle on the land." There is no historical evidence to indicate that the measures taken by Mohammad Ali were dictated by foreign interests. However, legalization of private property (especially of land) and forced sedentarization of the bedouin no doubt served the interests of the colonial powers (particularly the British) in paving the way

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for the introduction of capitalist relations of production.

Mohammad Ali's attempts to build up modern industry in the first half of the 19th century is one of the most debated and controversial issues among scholars. By importing machinery and technicians, and training and recruiting indigenous skilled workers, and hiring unskilled workers at low wages, Mohammad Ali tried to carry out a program of "forced industrialization" in Egypt. This forced industrialization is praised by some scholars such as Amin (1978) who acknowledge the imported nature of technology but at the same time argue that this technology was quickly assimilated by young Egyptians. On the other hand, Issawi (1963: 23-24) gives credit to Mohammad Ali's attempts for laying the foundations for a diversified economy, but at the same time argues that his prime interest was to build up a modern army and navy to safeguard his position and influence.

Those who succeeded Mohammad Ali from 1848 to 1882, abandoned his autonomous direction and looked for European capital, knowledge and expertise in order to "modernize" Egypt. But what they really did was to facilitate Egypt's integration into the world market, and increasing cotton production by calling on European banks for financing. Internally, this process was facilitated by the recognition of a limited form of private land (1846); the right to lease land for three years; to mortgage it; to sell the use rights to a third party; and finally to bequeath land (1858). Externally, the American Civil War deprived English

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factories of raw materials and in turn, by rapid intensification of the cultivation of cotton under Ismail Pasha (1863-79), Egypt became one of the main suppliers to the British textile industry (Abdel\_Malek, 1968: 7).

### 7.3. Spatial and Geographical Characteristics of the Egyptian Social formation

Geographically, Egypt is comprised of four regions, each with its own unique characteristics. First, the Western and Southern Deserts which in most parts are inhospitable and repellent, even to the bedouin. A population of 100,000 persons live in several oases such as Kharijah, Bahriyah, Dakhilah, Farafirah, and Siwah. The oasis communities were relatively self-sufficient, but still dependent on the "outside world" for manufactured goods.

Second, the Eastern Desert which is dissected by narrow and deep wadies with sparse vegetation. cultivation is practically impossible and the estimated 15,000 population (in the 1960s) are living in the villages along the Red Sea coast.

Third, the Sinai Peninsula which is now separated from Egypt by the Suez Canal, has a low amount of rainfall, and is in most parts inhabitable. The sparse population is to be found in the northern part with pockets of cultivation around wells at Al Arish, An Nakhle and Al Awja.

Finally, the Nile Valley and the Delta which comprise only 3.5 percent of Egyptian land, but contain most of Egypt's population. The 550 mile narrow trench of the Nile

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river from Aswan to Cairo is also called the "Upper Egypt" and is one of the most densely populated agricultural lands in the world. Villages huddle together every one or two miles, surrounded by a mosaic of small plots. The delta, also known as "Lower Egypt" fans out from Cairo to the Mediterranean and resembles the back of a leaf, with the Nile and canals "obtruding like veins above the lowlands". All the major towns, the bulk of Egypt's industrial activities, and two-thirds of population live in this area (Mountjoy, 1971: Vol.8, 30-31). In fact, the Nile river has to be considered as an important unifying factor that has shaped the spatial configuratoin of the Egyptian social formation.

#### **7.4. Spatial Consequences of Colonial Penetration and the Disintegration of the Pre-capitalist Social Formation (1798-1882):**

Historically, Egypt has been frequently cited as an example "par excellence" of an over-urbanized society (Davis and Golden, 1954). Some believe that Egypt's concentrated water supply is partially responsible for the location of its cities since, away from water resources there is little or no settlement of any kind. Thus population centers are located in the Delta or along the Nile above Cairo. It has been estimated that around 1800 about 10% of Egypt's population (nearly 300,000 people) lived in towns with 10,000 or more inhabitants (Issawi, 1965: 102). This is rather a high ratio for an urban population, but

Egypt's "over-urbanization" is not as extreme as others have claimed. In fact, the limited cultivable land and access to water supplies requires concentration of population in all settlements. Abu-Lughod (1965:313-14) argues that a "cultural preference" for concentrated rural settlements makes them look like urban centers. But as is the case for Iran, in the absence of a clear-cut division of labor, town and country in pre-capitalist Egypt also were indistinguishable from each other. This seems to be a valid statement especially in the Egyptian social formation of the early 19th century where the tributary mode of production was dominant and industrialization had not yet taken place.

One of the major difficulties in the study of the urbanization process in Egypt, is the lack of reliable data. Probably the works of Baer (1969) and McCarthy (1976) are the most reliable source of information for the beginning<sup>2)</sup> of the 19th century to the early 20th century.

Baer gathered all figures for the population of Egyptian towns between the years 1821 and 1907 (see Table 7.1). However, he argues that the figures for the total population<sup>3)</sup> in this table cannot possibly be correct. The first reliable census in Egypt was taken in 1897 which itself has also to be accepted with caution.

During the first half of the 19th century Egypt witnessed a great increase in the urban population (68.7 percent for 23 important towns as compared to 25 percent for the total population). This excess in urban population

TABLE 7.1: POPULATION OF TOWNS OF OVER 20,000 INHABITANTS AND SELECTED OTHER IMPORTANT TOWNS, 1821-1907

	1821-26	1846	Average Annual Growth Rate (%) 1821-46	1882 (Census)	Average Annual Growth Rate (%) 1846-82	1897 (Census)	Average Annual Growth Rate (%) 1882-97	1907 (Census)	Average Annual Growth Rate (%) 1897-1907
<b>Lower Egypt-Inland</b>									
Cairo	218,560	256,679	+ .65	374,838	+ 1.0	570,062	+ 12.5	654,476	+ 1.3
Tanta	10,000	19,500	+ 2.6	33,750	+ 1.5	57,289	+ 3.5	54,437	- .5
al-Mahalla									
al-Kubra	17,000	20,000	+ .65	27,823	+ .9	31,100	+ .7	33,547	+ .7
Mansura	8,500	9,886	+ .60	26,942	+ 2.8	36,131	+ 2.0	40,279	+ 1.0
Damanhur		8,000		19,624	+ 2.5	32,122	+ 3.3	38,752	+ 1.9
Zaqaziq				19,815		35,715	+ 3.9	34,999	- .2
Bilqas						19,469		25,473	+ 2.7
Minuf				16,293		19,726	+ 1.3	22,316	+ 1.2
Shibin al-Kawm		4,500		16,250	+ 3.6	20,512	+ 1.5	21,567	+ .5
<b>Lower Egypt-maritime</b>									
Alexandria	12,528	164,359	+ 10.3	231,396	+ .95	319,766	+ 2.1	332,247	+ .3
Damietta	13,600	37,089	+ 4.0	34,044	- .20	31,515	- .5	29,354	- .7
Rosetta	13,400	18,300	+ 1.2	16,666	- .26	14,286	- 1.0	16,810	+ 1.6
Suez	2,900	4,160	+ 1.4	10,559	+ 2.6	17,173	+ 3.2	18,374	+ .7
Port Said				16,560		42,095	+ 6.2	49,884	+ 1.7
<b>Middle Egypt</b>									
Madinat al-Fayyum				25,799		31,262	+ 1.2	37,320	+ 1.8
Minya				15,900		20,404	+ 1.7	27,221	+ 2.9
Bina Sawayf				10,085		15,297	+ 2.8	23,357	+ 4.2
Mallawi				10,777		15,471	+ 2.4	20,249	+ 2.8
<b>Upper Egypt</b>									
Asyut	17,000	20,000	+ .4	31,389	+ 1.25	42,012	+ 1.9	39,442	- .6
Akhmim				18,792		27,953	+ 2.6	23,795	- 1.6
Qena				15,402		24,364	+ 3.0	20,069	- 1.9
Girga		7,500		14,819	+ 1.9	17,271	+ 1.0	19,893	+ 1.4
Aswan						13,005		12,618	- .3
<b>TOTAL</b>									
POPULATION (1826)	4,423,396	4,476,439	+ 0.04	7,840,271	+ 1.6	9,734,405	+ 1.4	11,287,359	+ 1.5

Source: Table Constructed based on Beer (1969: 34-35) and McCarthy (1976: 33-34).

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was only the result of growth of several towns. While between 1821 and 1846 the total population had a negligible growth (0.04 percent), Alexandria, Damietta, Tanta, Rosetta, and Suez had average annual growth rates of 10.3, 4.0, 2.6, 1.2, and 1.4 percent, respectively. As can be seen, almost all of these cities were port cities and perhaps the simplest way to put it, "is that the economy began to be oriented outwards, toward the export of its primary products, that transport was developed accordingly, with railway lines or steamboat services pointing to the coasts, and that the alignment of towns shifted in consequence" (Issawi, 1969:108).

The enormous growth of the seaports and relative stagnation of "inland" cities can be attributed to two factors: First, despite Mohammad Ali's reforms in the land tenure system and the abolition of "iltizam", the peasants remained attached to the land. Thus, the main structural change was a shift from a more or less decentralized mode of appropriation of taxes/tributes during the Mamluk's reign to Mohammad Ali's centralized government (still under the Ottoman domain) that sought to improve agricultural production (especially cotton) for export to the ready European markets from 1821 onward. This meant that employment opportunities in the primary sector were sufficient enough in order to absorb the rural work force which was still tied to the land by traditional bonds. On the other hand, production of cash crops for export enhanced the growth of port

cities such as Alexandria which served as the main port for foreign trade. In fact, Alexandria's growth was one of the main reasons for Egypt's increase in urban population.

The diversion and considerable elimination of foreign trade at the regional level and concentration of trade activities in Alexandria marked the beginning of a new era of dependent economic relations between Egypt and the European markets. For instance, Rosetta, once the main port of foreign trade in the Western Delta, suffered the transfer of most of its commercial activities to Alexandria. Furthermore, Damietta's growth (the only port in the Eastern Delta) was impeded by a substantial decrease in the regional trade between Egypt, Greece and Syria (Baer, 1969: 137-138).

Second, Mohammad Ali's industrialization schemes partially contributed to an increase in the urban population. The nature and scale of his "forced industrialization" cannot be quantitatively described in details, beside the fact that factories were dispersed all over the country and in conjunction with rural communities. However, there were a few towns with a greater concentration of industries among which Alexandria (glass, ropes, military factories and arsenal), Rosetta (rice milling and leather), Cairo (military factories, iron, paper, cotton textiles, and edible oils), and Boulaq in the Lower Egypt (cotton textiles, woolen fabrics, printing and armaments), seemed to have the highest share in industrial production and employment (Mabro and Radwan, 1976:13-16).<sup>4)</sup> There is no reliable



data about the industrial employment in each town, but Baer (1969:136) attributes Alexandria's considerable growth during the 1921-1946 period to Mohammad Ali's industrial and maritime enterprises in this port city. With regard to the number of industrial workers in Egypt, there are several estimates. Barbour (1972:39) estimated that it may have involved "well over 30% of the active population," and Fahmy (1954: 84-5) puts the total number at 260,000. But as Mabro and Radwan (1976: 16) argue, "the labor force in factories including arsenals and other military establishments has probably never exceeded 60-70 thousand workers, i.e., some 6 to 7 percent of total employment." This by all accounts, however, is a high ratio for Egypt in the first half of the 19th century.

Internally, the period between 1800 and 1880 has to be considered as a transitional one which led to the disintegration of the tributary mode of production in the Egyptian social formation. In particular, the 1850-1880 period witnessed a structural transformation of Egyptian socio-economic relations that prepared the country for her complete integration into the world capitalist system by introducing a market economy based on commodity production. Some of the factors and reasons for this change can be summarized as follows:

- 1) Following Mohammad Ali's efforts for reforms in the structure of land ownership, the 1850-1880 period witnessed the removal of the restrictions on private ownership of

land such as affirmation of the right of inheritance; the right to sell and mortgage land; and authorization of foreigners to acquire land in Egypt. This coincided with a rapid intensification of the cultivation of cotton (under Ismail Pasha, 1863-79) in order to supply the English textile factories deprived of raw materials by the American Civil War. Thus the cotton output rose from 501,000 kantars in 1860 to 3,124,000 kantars in 1879, which is an indication of Egypt's increasing involvement in a "one-crop" economy. Consequently, the cultivated area increased from 4,160,000 feddan in 1862 to 4,743,000 in 1877.<sup>5)</sup> This was followed by an enormous increase in Egypt's foreign trade value between 1805 and 1880 (LE 1.5 million in 1805 and LE 21.8 million in 1880), with cotton becoming the major export commodity (about 71% of the total value of exports in 1880).

2) Transportation and communication networks were impressively improved and expanded in the 1850-1880 period. By 1877, there were 1,519 kilometers of standard gauge railways and 13,500 kilometers of irrigation canals, many of them navigable throughout the year. The construction and consequent opening of the Suez canal in 1869 increased Egypt's link to the outside world and channelled a vast flow of international traffic through the country (Issawi, 1963: 18-31; Abdel-Malek, 1968: 6-9). During the thirty years between Mohammad Ali's death and the beginning of British rule in Egypt, substantial investment was devoted to public

works. During Ismail Pasha's reign alone (1863-78) about LE 40 million were spent in improvement of the infrastructure (see Table 7.2).

A high proportion of this expenditure came from foreign investment, often on highly unfavorable terms. Barbour (1972: 45) puts the borrowed money for the 1862-1873 period at about LE 68,500,000. This was followed by the strengthening of the financial link that bound Egypt to the world capitalist system. according to Crouchley (1936: 29-37), a spectacular growth of banking activity started in the 1850's; by 1877 eight banks provided telegraph exchange in Paris and London and two foreign mortgage banks were opened in 1880.

**Table 7.2: Capital Investment in the Egyptian Infrastructure, 1863-78**

Purpose	Investment (LE million)
railways	13,361
Nile canals	12,600
Suez canal	6,700
Alexandria harbors	2,742
bridges	2,150
Suez dockyard	1,400
telegraphs	.853
lighthouses	.188

Source: Crouchley, 1936:16; 1938:117)

Despite the fact that during the 1850-1880 period there was an unusual increase in the rate of Egypt's total population (accepting Baer's estimates of 1.6 as compared to

0.04 percent for 1821-1846 period), there was a decline in the overall rate of urban population growth (see table 7.1<sup>6</sup>). Interestingly, Cairo and Alexandria seem to have grown in line with the average rate of population growth and there is an indication of decline in immigration rates to these cities from other areas. The only "urban" centers that had higher growth rates than that of the overall population fall into two categories: a) the agricultural market towns and provincial centers of Mansura, Damanhour, Shibn Al-Kawn, and Girga (with an 1846-1882 average annual growth rates of 2.8, 2.5, 3.6, and 1.9 percent, respectively); and b) the port city of Suez (with an 1846-82 average annual growth rate of 2.6 percent). These changes are attributable to the following factors:

First, The digging of the Suez canal and its opening in 1869 affected the port city of Suez by the gulf of Suez. The establishment of foreign commercial agencies and the influx of foreigners into Suez accompanied by construction activities (either for building the Suez dockyard or other urban developments) more than doubled that town's population between 1846 and 1882 (from 4,160 to 10,559). The newly established city of Port Said too, benefited from the trade activity because of the Canal and by 1882, had over 16,000 inhabitants (a 200% increase in thirteen years). Alexandria, however, enjoyed its supremacy, remaining the center for foreign trade (imports and exports) even if its growth rate was at slower pace than during the 1821-46 period.

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Alexandria's relative decline can be related to two factors: the opening up of the Canal and decline in industrial activities in the 1846-82 period that kept its population in check.

Second, it is important to take into account the immigration trend (from Europe to Egypt) that greatly affected the growth of port cities (Suez, Port Said and Alexandria) and some of the growing towns such as Mansura. According to Heyworth-Dunne (1938: 343), the total number of foreigners in Egypt rose from 3,000 in 1836 to well over 68,000 in 1878, and were mostly concentrated in Cairo, Alexandria, and Port Said.

Third, the digging of the Suez Canal and utilization of about 20,000 forced laborers (curvee's) by the Suez Canal Company might have contributed to population increase in regional towns. Although the evidence is sketchy, there are indications that the terror caused by recruitment efforts among the peasants resulted in abandonment of many villages; the breaking up of family relations; and eventual population movements and migration to nearby cities (Lacouture, 1958:64).

Finally, as stated earlier, there was a great improvement in transport which in turn helped some of the regional market towns to flourish. For example, the connection of Mansura in 1855 and Tanta in 1856 to the railway network was primarily because of the importance of cotton production for export to the European markets. Thus, Mansura became one

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of the important market towns for the sales of cotton, wool, rice and oil seed in the Lower Egypt, and Tanta was known as the principal market for a vast area of cotton plantations.<sup>7)</sup> This was the beginning of a trend in which small market towns gained some prominence as the export-oriented economy expanded its network of transport and communications for siphoning off the cotton production. But, during the 1846-82 period the growth of market towns had little impact upon the overall rate of urbanization in Egypt ,and as Baer (1969: 140) argues:

However, it should be pointed out that, though all these mercantile centers of agricultural areas experienced a great relative expansion, the absolute number of their population remained quite low: none of them exceeded thirty five thousand, and most of them kept in the neighborhood of twenty thousand.

To conclude, the relative decline in Egypt's rate of urbanization during the 1846-82 period to a great extent, is related to the intensification of agricultural production that provided more employment opportunities in rural areas. Despite the structural changes that took place in the land tenure system (such as the recognition of a limited form of private ownership), the peasants remained tied to the land with communal bonds. This was the time when the Egyptian social formation was in its final stage of integration into the world capitalist system.



## Endnotes:

1) For a detailed discussion of characteristics of the tributary mode of production see Amin (1980: ch. 3).

2) Among others who have done extensive research on Egyptian urbanization in this period, the works of Abu-Lughod (1961, 1964, 1965), and Issawi (1969) are important. It must be stated that the purpose of this paper is an historical investigation of the urbanization process in the Egyptian social formation with regard to socio-economic and political changes, and not a "demographic" study. Thus, available data have been utilized by assuming their (relative) accuracy.

3) Baer (1969: 134-36) argues that:

According to these figures, the average annual rate of increase of Egypt's population was 3.0 % between 1821 and 1846 and 2.8% between 1882 and 1897. Because of the high mortality rate in 19th century Egypt, population increase was certainly much lower."

4) For the range of industries under Mohammad Ali's rule see an interesting table in Mabro and Radwan (1976: 14-15).

5) One cantar is equal to 99 lb., and one feddan equals 1.038 acres.

6) It has to be emphasized that calling a center of population concentration of 10,000 people or more "urban" is an ambiguous definition any way. But in the absence of reliable information for the 19th century Egypt, I accept it for the sake of our overall historical analysis of socio-economic changes and hence, "urbanization" in that century. Later in Chapter Ten, I will discuss the matter in more detail as it relates to 20th century development.

7) My conclusions on urban growth are in the most part based on Gabriel Baer's analysis of urbanization in Egypt. See Baer (1969, especially pp 133-148).

## Chapter Eight

### Colonialism and Spatial Formation Within the Egyptian Social Formation During the Second period (1882-1952)

#### 8.1. Consolidation of the British Colonial power (1882-1900)

In the 1870s Egypt had acquired an infrastructure comparable to European countries. but this was achieved through foreign loans with high interest rates. At the same time, the financial collapse of the Ottoman Empire was imminent. Following the collapse of the Egyptian stock in 1875, Egypt's Kediye (Ismail, 1863-78) asked the British for help in remedying the financial problems. This in fact was an open invitation for European intervention in Egypt's internal affairs. In response, the British sent a high level mission to Egypt and this forced France, the rival colonial power, to make a counter-offer of aid by sending a French financial advisor as well. Despite opposition from some Egyptian politicians, the following events in 1876 led to the formation of an Anglo-French dual control body under which the British representative was placed in charge of the Ministry of Finance, and the French counterpart of the Ministry of Public Works. The dual control was in fact much to the advantage of the British government and bondholders who were anxious to retrieve their delayed dividends.

Although the dual control was successful in increasing government revenues, this was done mostly at the expense of increasing pressure on the peasants by taxing them beyond their ability to pay. Increasing control by the colonial powers of Egypt's financial affairs also necessitated further elimination of Ismail's authority. Following the inquiries of an Anglo-French commission into his revenues and expenditures, the commission decided that Ismail must delegate his power to the ministers; distinguish between the state public revenues and his private income; and cede all his personal estates which comprised about 20 percent of Egypt's cultivable land.

This was the final blow to the centralized state and again, a necessary step to be taken for paving the way for introducing capitalist relations of production. The undermining of Khedive Ismail's authority did not lead to a decentralized state control by the Egyptians, but it was followed by an influx of foreigners into Egypt to serve in senior administrative posts. While between 1871 and 1875 there were 201 European civil servants in Egypt, their number increased to 534 between 1876 and 1879. In addition, there were over 100,000 foreign residents in Egypt who, under capitulation laws were paying no taxes (Mansfield, 1971:7-16).

Internally, At the time of the British invasion and consequent occupation of Egypt in 1882, the articulation of different modes of production, the composition of different

classes and their relations to state power can be pictured as follow.

First, The dominant mode in the Egyptian social formation was still tributary despite the fact that mercantile relations were articulated in a particular way (Amin, 1978: 93). The structural changes in the land tenure system had laid the grounds for reinforcement of feudal relations in the countryside, but had not given way to capitalist mode of production. That is, the peasants were still tied to the land and there was no viable industrial development and/or significant industrial labor force. Under the increasing pressure of the European advisors, the centralized pre-capitalist state was in its final stages of disintegration. Introduction of private ownership rights also paved the way for concentration of land in the hands of a class of Turko-Egyptians as large landowners during this period. They were also joined by the village Shaykhs (former heads of tribes) as landowners and prominent "political intermediaries" between the government and the peasants (Richards, 1982: 31-37). Second, on the other end of the spectrum, there was a class of oppressed peasants (fellahin) who were confronted with a steady rise in the land tax rates and their consequent loss of land. The land loss was basically due to " a) outright seizure (such as the land grants of Mohammad Ali) ; b) flight from the land to escape curvee' (forced public work for the government), conscription, or taxes; c) failure to pay taxes; and d) fore-closures for

nonpayment of private debts" (Richards, 1982:37-38).

Externally, despite the persisting rivalry between the European colonial powers, Egypt was not considered as an immediate target for colonial administration. Even in the late 1870s neither the British nor the French government was yet willing to contemplate for direct intervention. In particular, the British public was not oversympathetic to the wishes of bondholders. The British still hoped to manage Egyptian affairs through reforms in the government structure. But the events leading to the national/patriotic and anti-colonial movement led by Colonel Arabi in 1881-82 left no alternative for the British except to invade Egypt.

The movement consisted of three disparate and incompatible groups which were temporarily united against foreign intervention. The first group was represented by a religious reformer, Jamal ed-Din al Afghani, and his followers who were supported by the petty commodity producers, merchants, peasants and intellectuals. They believed that a national "Islamic unity" must be maintained as a defense against European colonialism. The second element was the "Constitutional Party" which represented the interests of big landowners who were opposed to both Khedive's absolute power and British control. The third element was a group of Egyptian officers with peasant origins who were discontented with the current recruitment procedures in the army, and were led by Colonel Arabi. By 1880, virtually all the military posts were held by Turco-Circassians and Egyptians of peasant

origin were not allowed to enter the Military Academy. Arabi's appeal to the masses and also support from within the army made him the leader of the anti-colonial movement.

Efforts by the Ottoman Court and Khedive to arrest and subdue Arabi failed and in 1881 the government bowed to the newly established National Party's demands (supporting Arabi) for a written constitution and drastic reforms. Thus a new nationalist government was established although the Khedive maintained his power. Despite all these events, even in 1881 foreign intervention was not being considered as a viable alternative and a reading of the documents indicates that the French and British were optimistic about the new developments in Egypt. But a change in the French government's leadership in late 1881 led to a new political stand taken by France which favored military action in support of the Khedive and against the (non-existent) threat for his deposition. The British, afraid of France's unilateral military invasion, and following a riot in Alexandria in which about 50 Europeans were killed, made the final decision in order to invade and occupy Egypt. Subsequently, after a brief confrontation between Arabi's army and British forces the former surrendered and the national movement was defeated (Mansfield, 1971:17-50).

The British occupation of and presence in Egypt led to the formation of a "veiled protectorate to reconcile the continuance of British "permanency" in Egypt with the need to avoid provoking a war with the other powers, especially

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France" (ibid.:59). The British established a set of economic objectives, as was defined by Lord Cromer, the British Consul General and the true power-holder in Egypt (1883-1907):

- 1) Export of cotton to Europe subject to 1% export duty;
- 2) imports of textile products manufactured abroad subject to 8% import duty; nothing else enters into the government's intentions, nor will it protect the Egyptian cotton industry, because of the danger and evils that arise from such measures, since Egypt is by her nature an agricultural country, it follows logically that industrial training could lead only to the neglect of agriculture while diverting the Egyptians from the land, both these things would be disastrous for the nation" (cf. Abdel-Malek, 1968: 7).

This clearly shows the colonial interests which favored the "core" industries, opposed to industrial development in the "periphery", and protected the commodities produced in the core by favorable tariffs and tax measures. By legalizing the private ownership of tax-exempt land (1883) and of land under cultivation (1891), the last barriers for the recognition of full private property were also removed. However, because of peasant unrest and dissatisfaction, the British reduced tax rates by bringing them more into line with the cultivators' ability to pay. This reduced the power of the village Shaykhs and big landholders (Richards, 1982: 56-57; Abdel-Malek, 1968: 7). Accompanied by large public outlays for rehabilitation and expansion of irrigation canals, this led to the spread of "perennial" irrigation and hence, agricultural intensification.

In this context, an Egyptian land owning class closely tied to the British cotton markets and British predominance



and interests emerged in Egypt. Gradually, the proportion of "mulk" (land held as private property) increased from one-seventh of the total area in the 1850's to one-third in the 1890's. At the same time, up until 1896 the "Kharajiya" (land subject to tax/tribute) was fully assimilated to "mulk" (Baer, 1969: 85). During this period, Egypt witnessed further polarization of two classes of land holders with unequal access to the means of production: a class of large landholders (more than 50 feddans) with increasing power and wealth, and a class of small landowners (less than 5 feddans) with decreasing power and wealth (see Table 8.1).

**Table 8.1: Polarization of Landowning Classes and Concentration of Landownership in Egypt, 1897-1913**

	1897		1913	
	a	b		
	Large	Small	Large	Small
% of Total Proprietors	1.5	80.4	0.8	90.7
% of Total Agricultural Land Held by Each Group	44	20.2	44.2	25.9

a: Landowners holding more than 50 feddans.

b: landowners holding less than 5 feddans.

Source: Based on information given in Mabro and Radwan (1976: 24-25).

As is shown in Table 8.1, in 1913 the large landowners declined in size and represented only 0.8 percent of total proprietors but held 44.2 percent of the land, while small landholders increased in numbers (from 80.4 to 90.7 percent

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between 1897 and 1913) but held only 25.9 percent of agricultural land.

With regard to industries, the British colonial administration blocked any serious attempt at industrial development especially in textiles and imported products manufactured in British factories. In addition, the large land-owning class did not have any interest in investing in industrial activities. Investments by large landowners were centered almost exclusively around land: while between 1895 and 1909 agricultural output had a 16 percent increase, land values increased by 50 percent during the same period. In this context, capital accumulation was mostly the result of land speculation and not investment in industrial activities (Mabro and Radwan, 1976:24-26). However, through investment in trade with foreigners, there were isolated attempts by some Egyptians to invest in industries. An important aspect of industrial activities during the 1882-1900 period was that the majority of factories were established either in Alexandria or Cairo (see Table 8.2). As can be seen in the table, out of 17 major industrial enterprises nine were established in Alexandria alone and five in Cairo.

## **8.2. Spatial Manifestations of British Colonialism and the beginning of Peripheral Urbanization in Egypt (1882-1900):**

One common feature of colonial domination is the concentration of commercial, administrative, and political institutions in a few localities for the purpose of reducing the costs of running the colony. Again, Egypt was no exception

Table

Year

1884

1885

1890

1892

1894

1895

1896

1897

1899

Source

**Table 8.2: Principal Egyptian Factories Founded Between 1882 and 1900.**

Year	Locality	Product or Activity
1884	Alexandria	Alcoholic drinks
1885	Alexandria Alexandria Cairo	Printing Tanning Weaving, Knitting
1890	Cairo Cairo	Sweets Publishing/Printing
1892	Cairo	Publishing/printing
1894	Alexandria Kefr al Zeyat	Cotton Cotton
1895	Cairo	Millers
1896	Sinai	Petroleum
1897	Alexandria	Brewers
1899	Alexandria Alexandria Kefr al Zeyat	Tobacco Mining and Refinery (3) Mining and refining

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Source: Barbour (1972:59)

and Cairo became the center of the British colonial administration. According to Baer (1969: 143):

The growing administrative machinery was in need of numerous services, which attracted rural immigrants into Cairo from nearby villages as well as from distant Upper Egypt. Thus the number of officials, servants, building and transport workers, petty traders, and members of similar occupations rose considerably.

For this reason, Cairo had an average annual growth rate of 12.5 percent that far exceeded that of the total population and all other major cities (see Table 7.1). Furthermore, the efficient handling of the exporting of raw materials requires an adequate system of internal transport that channels the product to an exportation center. The expansion of the railway system during the second half of the century fulfilled the former objective and the concentration of export and import activities in a few port cities, particularly Alexandria fulfilled the latter. With its efficient infrastructure, Alexandria continued to grow but at a much lower pace of growth as compared to the first half of the century ( 2.1 percent vs. 10.3 percent), while remaining the most important port. At the same time, Port Said and Suez had a considerable growth during the 1882-1907 period (3.2 and 6.2 percent, respectively). They owed their growth mainly to the Canal that made them the principal fuelling station on the Europe-Asia route. This excess in the rate of growth for Port Said and Suez is related to the fact that one of the main reasons for the British occupation was to use Egypt as the stepping stone on the road to India

and thus secure the Canal way.

Another distinct pattern of urbanization was the growth of local market towns with an average rate twice that of total population (see Table 7.1 ). Thus, the provincial market towns of Tanta, Damanhur, Zaqqaziq, Mallawi, and Quena had growth rates of 3.5, 3.3, 3.9, 2.4, and 3.0 percent, respectively.

In line with the socio-economic and political consequences of the British occupation, there are several reasons for the increase in urban population. First, legalization of private ownership of land and abolition of slavery led to the emergence of a new class of laborers who were detached<sup>1)</sup> from the land and ready to be exploited as wage-laborers. Second, during the 1882-1890 period the production of cotton did not increase significantly and thus the volume of Egyptian cotton exports remained almost the same (see Table 8.3). This might have contributed to an increase in the rate of rural-urban migration and hence, an increase in urban population. Finally, British colonialism brought with it a new wave of immigrants, mostly of European origin, who came to Egypt either as functionaries of colonial administration or as speculators, taking advantage of the new social relations. Of course, most of the foreign population were concentrated in Cairo, Alexandria, Port Said and Suez.

This increase in the rate of urban population, however, was short-lived and by the end of 19th century, Egypt

witnessed a sharp decline in urban growth. While between 1897 and 1907 Egypt's population grew by 1.5 percent, most of the major urban centers had a lower rate of population growth (see Table 7.1). Baer (1969:144) attributes this lack of urbanization (or de-urbanization) to a tremendous development of agriculture and particularly the cultivation of cotton. This was due to improvements in agricultural technology and a shift from three-year to two-year crop rotation.<sup>2)</sup> Thus, the volume of Egyptian cotton exports rose from 3,203,000 cantars in 1890 to 6,997,000 in 1907 and 7,369,000 in 1914 (see Table 8.3).

**Table 8.3: Volume of Egyptian Cotton Exports,  
1880-1914**

Year	Volume ( '000 qantars)
------	---------------------------

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1880	3,000
1885	3,540
1890	3,203
1895	4,840
1900	6,512
1905	6,376
1910	5,046
1914	7,369

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Source: Crouchley (1939: 263-65).

Furthermore, in the absence of industrial development, many branches of local crafts which had previously flourished succumbed to European competition and the influx of European goods which were subject to minimum import duties. Therefore, as a result of the British colonial



policies, the guild system, under which the artisans and merchants functioned in the Egyptian social formation, was eliminated by the turn of this century. In his 1905 report, Cromer (British Consul General, 1883-1907) pictured the balance sheet of this policy:

The difference is apparent to any man whose recollection goes back some ten or fifteen years. Some quarters of Cairo that formerly used to be veritable centers of varied industries- spinning, weaving, ribbon making, dyeing, tent making, embroidery, shoe making, jewelry making, spice grinding, copper work, the manufacture of bottles out of animal skins, saddlery, locksmithing in wood and metal, etc., have shrunk considerably or completely vanished. Now there are coffee houses and European novelty shops where once there were prosperous workshops (cf. Abdel-Malek, 1968: 8).

By the turn of the century, foreign residents comprised a sizeable proportion of the population in the main urban centers. According to Issawi (1963: 83), in 1907 the number of foreign citizens totalled 221,000 (2% of population) and represented about 16 percent of the urban population in Cairo, 25 percent in Alexandria, and 28 percent in Port Said. In Cairo alone, the number of foreign residents (Syrians, Armenians, Greeks, and Italians) almost doubled between 1897 and 1907 (from 31,543 to 62,000) (Baer, 1969: 144). This considerable influx of foreigners actually divided the city into two parts in a peculiar way: the decline of pre-capitalist Cairo (along with the dissolution of the guilds) was compensated for by the relative growth of the colonial Cairo.

### **8.3. Ascendancy of the Capitalist Mode of Production and its Articulation with the Feudal Mode within the Egyptian Social Formation**

By the turn of this century the Egyptian social formation was about to witness another fundamental change in its socio-economic and political structure. This marked the end of a long transitional period under the influence and power of the world capitalist economy. Although Egypt's agricultural production was directed toward the capitalist market, the land tenure system was not capitalist, tout court. In fact, the developments during the 19th century led to the subordination of the tribute paying mode and reinforcement of feudal relations in the countryside. The cotton economy created a supply of "potential" wage-laborers due to increased demand by the exploiting class (landlords) on the direct producers (peasants). That forced the peasants into debt, leading to the loss of control over the means of production. Consequently share-cropping became a dominant pattern of agricultural production, a sign of transition from tribute paying to feudal relations of production (Clawson, 1977:19).

In his discussion on primitive accumulation, Marx (1977: 713-14) identifies two major preconditions for capitalist production: a mass of money capital and a group of people who are forced to sell their ability to labor in order to survive. Based on some estimates, by the end of 19th century 37% of Egypt's agricultural work force were wage-laborers (see Table 8.4).

**Table 8.4: Distribution of Occupations of the Agricultural Work-Force, 1907 (An Estimation)**

Occupation	% of Categories
Small Peasant Proprietors	23
Renters (Cash Share Leasers)	18
Laborers on Family Land	22
Paid Laborers	37
Total	100

Source: Richards (1982: 61, Table 3.3).

At the same time, the ownership of the cultivated land was concentrated in the hands of few landowners. Furthermore, not only feudal relations were predominant in the countryside, an underdeveloped rural market system which was not conducive for the development of independent producers forced the freed peasants to either work for the landlords as wage-earners, or move to the cities. Richards (1982:65) clearly describes the situation in rural Egypt:

The market structure of the state is clear. They produced for the market, and that market did not include their own labor force. Because of the low level of cash payments, the low levels of income, and the existence of subsistence plots, there was no local demand for the Ezbah's produce. Indeed, there was a sharply limited local market demand for either food crops or simple industrial goods. (see footnote 3)

What was missing for a capitalist transformation was concentration of surplus value in the form of money capital. As a first step toward concentration, in 1898 the National

Bank of Egypt (NBE) was founded in order to function as a central bank to hold the state's receipts and the large landowners' deposits. At the same time, foreign capital investment in Egypt rose from LE 21,280,000 in 1902 to LE 100,152,000 in 1914 (exclusive of the Suez Canal Company) (Abdel-Malek, 1968:8-9), with a high concentration on land speculation and mortgage.

By WWI, trade in commodities was replaced by the export of capital in the world capitalist system. After a century of capital accumulation, concentration and centralization, finance capital which was beginning to dominate industrial capital in core countries sought new potential sites for investment and accumulation. As a repercussion of the international situation, there were two major developments in Egypt. First, The creation of a committee for commerce and industry in 1917; and the foundation of Bank Misr in 1920, by the new bourgeoisie of the cities-- merchants, businessmen, and members of the professions representing the "modernist" wing of the rich landowners. This group under the guidance of the Wafd Party, requested a boycott of English products.<sup>4)</sup> Second, in response to this "nationalist" wing, in 1924 the Egyptian Federation of Industries was created by a group of industrialists and financiers who were either European or pro-European Egyptians (Abdel-<sup>5)</sup> Malek, 1968: 10).

Thus the Egyptian revolution of 1919-23 that concluded in a formal declaration of independence has to be understood

in light of the demands of the world capitalist economy (and outbreak of WWI as a consequence), and Egypt's internal problems which were a response to her critical structural position within the world system.<sup>6)</sup> The Egyptian revolution of 1919-23 was in fact a process in which the newly emerging bourgeoisie in both rural and urban areas managed to share the state power with the feudals. The post-1923 period then has to be considered as a transitional period during which feudal and capitalist modes are articulated within the social formation. From 1924 onward one can speak of two wings of the Egyptian bourgeoisie : what is known as the "national bourgeoisie," and the industrial bourgeoisie. While the former represented the rural and urban middle classes, the professionals and intellectuals, government employees and merchants; the latter was in fact a portion of the large land-owning class which began to create industrialization from above with the help of foreign capital. The striking fact is that the modern industrial/technocratic wing of the bourgeoisie was formed out of the womb of the invasion of Egypt by foreign capital and not as a result of an autonomous development of indigenous industries (Abdel-Malek, 1968: 11).

The inter-war period marked the beginning of import-substitution industrialization in Egypt and its rapid and substantial progress. Of course, this industrialization was made possible by the support of foreign capital, technology and expertise, and the importation of manufacturing capital

and consumption goods. Industrialization in Egypt was a historical consequence of the successive agricultural crises of 1920, 1921 and 1926 which culminated in the Great Depression of 1929-32; the rise of capital accumulation in Egypt in the 1920's and early 1930's; and the increasing demand for imports with no corresponding growth in the export of raw materials that inevitably led to efforts for industrial development (Mabro and Radwan, 1976: 27; Clawson, 1977: 20; Issawi, 1963: 44). It is based on this analysis that I now discuss the urbanization process.

#### **8.4. Articulation of Modes of Production and Peripheral Urbanization in Egypt (1900-1952)**

As I discussed earlier in this chapter, there was a decline in the growth rate of urban centers between 1897 and 1907 due to the intensification of agricultural production and the absence of industrialization. This was also the period in which a new ruling class emerged consisting of high officials/landowners and the old landholders who were consolidating their power by producing agricultural goods for capitalist markets. As a result, no "urban bourgeoisie" in the European sense (that is, a bourgeoisie dependent on industrial production) emerged in Egypt; and there was no social class whose principal interest was concentrated in the towns and in the promotion of urban centers (Baer, 1969: 224- 25). During the next 20 years, however, Egypt underwent a period of transformation that also affected the urbanization process.

During the First World War, the merchants and urban traders made fortunes by supplying British forces. Factories with fifty or more workers were established as a result of increasing demand by the war economy. In addition, while the Egyptian population rose from 9,714,000 in 1897 to 12,292,000 in 1914, the cultivated acreage increased negligibly from 5,327,000 to 5,652,000<sup>7)</sup>. This was at a time when approximately 80% of Egypt's population was rural. Thus, the tightening population-land squeeze created by demographic pressures and declining agricultural productivity (especially cotton) from 1907-1916 created a pattern of rural-urban migration that was mainly toward few major urban centers (see Clawson, 1977:19). As is indicated in Table 8.5, while Egypt's population grew by 1.2 percent during 1907-1927 period, almost all major cities had a growth rate above 2 percent. Again, what is striking is the considerable growth of port cities such as Alexandria, Port Said, and Suez (2.7, 3.7, and 4.1 percent, respectively), and that of Cairo and almost all major provincial agricultural market towns.

Although the growth rate of urban centers declined somewhat during the 1927-1937 years, the pattern of rural-urban migration targeting Cairo, the three Canal zone cities, and Alexandria remained constant until 1952. Furthermore, the very high rates of growth in the late 1930's, and above all during the Second World War, can be attributed to hundreds of thousands of Egyptians who had

**Table 8.5: Average Annual Growth Rates for Selected Egyptian Communities classified as Urban in 1947**

CITY	% INCREASE BETWEEN			
	1907-27	1927-37	1937-47	1947-60
Cairo	2.4	2.1	4.7	3.6
Alexandria	2.7	1.8	2.9	3.8
Port Said	3.7	1.8	3.5	2.4
Suez	4.1	2.0	7.6	4.9
Tanta	2.5	.5	3.9	2.1
Mehalla al-Kubra	1.7	3.1	6.1	3.0
al Mansura	2.3	.7	3.9	3.1
Damanhur	1.4	1.8	3.0	3.1
Zaqaziq	2.1	1.2	3.1	3.1
Asyut	1.9	.5	4.0	2.3
Fayoum	1.8	1.9	1.4	2.5
al Minya	2.4	1.5	3.2	2.3
Beni-Suef	2.8	1.7	2.4	2.5
Damietta	.9	1.3	3.0	2.2
Quena	11.7	1.9	2.3	2.3
Shebin al Kom	1.2	2.0	2.4	2.1
Mallawi	1.7	.0	2.4	2.9
Akhmim	.9	.6	1.2	1.4
Belqas	--	--	3.0	.6
Rosetta	1.5	1.2	1.4	.4
Guerga	.9	1.9	1.6	1.6
Menuf	--	.3	1.4	2.3
Aswan	1.3	2.6	1.7	4.7
Total				
Population	1.2	1.2	.9	2.4

Source: Table Constructed based on information given in Abu-Lughod (1965: 334-336); Baer (1969: 134-35).



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been mobilized by the war effort, and decided not to return to their villages (Waterbury, 1932: 310). As a result, the population of five governorates (Cairo, Alexandria, the Canal zone, Damietta, and Suez) rose from 2,249,000 in 1937 to 3,416,000 in 1947: an average growth rate of 4.3 percent as compared to 0.9 percent for Egypt (Issawi, 1954: 59; and Table 8.5).

It is important to mention the magnitude of rural to urban migration and its consequences for urban centers. As Abu-Lughod (1971:174) has shown, since 1917 only 3 percent of those who migrated to Cairo have come from other cities, while rural areas and especially the Nile Delta governorates have supplied most of its migrants. With regard to Cairo's share of migration, between 1937 and 1947 its population increased by 779,000, of which almost 600,000 were migrants. Thus, while the city had a natural increase rate of 1.3 percent/annum, the net migration rate was 2.5 percent/annum (Waterbury, 1982: 310).

As for understanding the unusual growth rates for the port cities, one has to look at their importance for Egypt's foreign trade. First, Alexandria is the most important port for the export of rice and cotton. It also accounted for 66 percent of the volume and 81 percent of the value of imports in the 1952-56 period (see Table 8.6).

Second, both Port Said and Suez owe their importance mainly to the Canal and their strategic position on the Europe-Asia sea route. With regard to imports, between 1952

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and 1956 Port Said accounted for 4 percent of the volume and 8 percent of the value of imports. In the same years, the share of the Suez was 29 percent and 8 percent, respectively (Issawi, 1963: 210). Thus as is shown in Table 8.6, almost 100% of Egypt's imports passed through these three ports.

**Table 8.6: Percentage of the share of Imports for the Three Main Egyptian Port Cities, 1952-56**

1952-56	% of Volume of Imports	% of Value of Imports
Alexandria	66	81
Port Said	4	8
Suez	29	8
TOTAL	99	97

Source: Based on information given in Issawi (1963: 210).

Finally, despite the fact that import-substitution industrialization after 1937 offered employment to substantial numbers (577,000 in 1945),<sup>8)</sup> it was not sufficient enough to absorb the surplus agricultural labor force which declined from 69% of the total work force in 1907 to 58.4% in 1947 (Nassef, 1970:103). Instead, the service sector and petty commodity production absorbed most of the rural migrants (Tignor, 1982: 35-36). What is more, almost 56 percent of total investment in principal Egyptian factories founded between 1920 and 1952 were located in two cities or their peripheries: Alexandria and Cairo (see Table 8.7).

This clearly manifests the centralized nature of the Egyptian capitalist economy as I will discuss in Chapters Ten and twelve.

**Table 8.7: Prinicipal Egyptian Factories founded During the 1920-1951 Period**

Location	Paid-up Capital (L)
Cairo	19,607,295
Alexandria	9,268,000
Kafr al Dowar	7,000,000
Mehalla al Kubra	4,000,000
Shubra al Kheima	1,860,000
Other Localities	20,222,000
<b>TOTAL</b>	<b>61,957,335</b>
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% of Investment in Alexandria and Cairo to Total Investment	46%
% of Investment in Alexandria, Cairo and its Peripheries (Shubra al Kheima & Mehalla al Kubra)	56%

Source: Table constructed based on information given in Barbour 1972: 66-67).

## Endnotes:

- 1) For a detailed discussion of slavery in Egypt see Baer (1969: 161-189).
- 2) On this issue, see the detailed analysis of Richards (1982: 69-77).
- 3) "Ezbahs" were hamlets, established by the landlord at some distance from the local village. According to Richards (1982: 34), the essence of the system was the granting of parcels of land to peasants to grow their subsistence crops and fodder for the animals in exchange for labor services in the landlord's cotton fields.
- 4) I will discuss the class origins of the wafd Party in Chapter Ten.
- 5) For a detailed discussion of various factions of the bourgeoisie and the question of a "nationalist bourgeoisie" in Egypt, see Abdel-Malek (1968: 17-20) and Clawson (1977: 20-22).
- 6) According to Abdel-Malek (1968: 18), Egypt's quasi-independence was heavily mortgaged by the four special clauses in order to protect the British capitalist interests: 1) the security of communication of the British Empire; 2) the defense of Egypt against foreign aggression; 3) the protection of foreign interests; and 4) control of the Sudan. For an account of the events leading to Egypt's independence see Mansfield (1971: 203-63).
- 7) See Abdel-Malek (1968: 9-10).
- 8) See Anis (1950: 786).

## Chapter Nine

### A Comparative Analysis of Socio-Economic and Spatial Developments Within the Iranian and Egyptian Social Formations During the First and Second Periods (1800-1950s)

#### 9.1. Introduction

This chapter is an assessment and comparison of the historical events in Iran and Egypt during the 1800-1880s and 1880s-1950s periods, and their effects upon spatial developments and changes within the two social formations. Throughout the chapter, by deriving from Chapters 4-8, I will attempt to compare and contrast urbanization process in Iran and Egypt. As I have made it clear in Chapter Three, Neither do I intend to make a point-by-point comparison, nor does the particularity of each social formation allows me to do so. Thus the chapter is meant to have a closer look at the **processes** of economic, political, and spatial development in Iran and Egypt within the context of the development of a maturing world capitalist economy.

In comparing Iran and Egypt, one has to appreciate the differences in physical settings and climatic conditions, and their indirect and subtle effects upon socio-political and economic structures, state formations, and the way different modes of production were articulated in each social formation. A closer look at Egypt's geography, for

example, reveals the fact that the Nile Valley and the Delta function as a unifying element in providing the people with their livelihood (i.e., fertile land for cultivation) to the extent that non-agricultural life becomes almost insignificant. As I discussed in Chapter seven, more than two-thirds of the inhabitants lived in the Valley and the Delta. In a sharp contrast to Iran, neither pastoral-nomadism nor nomadism have been a viable and important mode of production. Nomads (bedouin) in pre-capitalist Egypt have never comprised more than five percent of population, while in Iran even up until the 1930s the pastoral-nomadic population comprised between one-fourth and one-thirds of the total population. Furthermore, while Iran has been ruled for over a century (since 1796) by pastoral-nomadic rulers, the Egyptian bedouin remained as marginal elements in the Egyptian politics. In contrast to Egypt, Iran's varied geographical regions and climatic conditions necessitated the existence and articulation of two "extended" modes of production: pastoral-nomadic and feudal.

Aside from the extended modes, there were restricted modes such as petty commodity production and other forms of production such as mercantilism which were articulated with other modes in the two social formations. However, both Iran and Egypt suffered from diversion of regional and international trade routes from land to sea, from 16th century onwards. This greatly undermined the importance of the merchants and resulted in the decline and stagnation of



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## **9.2. Characteristics of Pre-capitalist Social Formations in Iran and Egypt During the First Period (1800-1880s)**

As I have argued in previous chapters, it is difficult to provide a clear-cut and distinct spatial-territorial definition for pre-capitalist social formations. The precarious and unstable nature of all centralized pre-capitalist states being challenged by local ruling strata and external invading forces, made any attempt for creating a unified socio-economic and political entity extremely difficult, if not impossible. In this context, the reader has to be aware of the changing spatial-territorial boundaries of a pre-capitalist social formation in any given historical period.

Another important factor in understanding the nature of the state in pre-capitalist social formations is that their means of controlling the regional and local rulers, and of exploiting the masses was political. That is, not only social surplus was being extracted through political means, but it was also distributed proportionate to each ruler's position within the political hierarchy. This, as I shall discuss later, puts the pre-capitalist state in a sharp contrast with its capitalist counterpart which, through establishing a centralized monetary system exploits and controls the population through economic means (e.g., taxes).

The Iranian pre-capitalist social formation was characterized by a centralized state controlled by rulers of

pastoral-nomadic origins, with a conflicting and contradictory relations with local feudals. The central state was only able to subordinate the feudals through reinforcement of pastoral-nomadic laws for landholding and surplus extraction. This, as I discussed in Chapters Four and Five was possible through the practice of "iqta" under which the lands were exclusively the state's property and local landlords had only usufruct rights, and exploited the peasants as a "collective". Thus, not only was pastoral-nomadism a viable mode of production being articulated with the feudal mode, the pastoral-nomadic rulers exerted their political control via the state apparatus within the social formation as well.

Although under different historical conditions and socio-economic relations, political control and extraction of social surplus in pre-capitalist Egypt has striking similarities with that of Iran. Being a periphery within the Ottoman Empire, the Egyptian masses were being exploited under the system of tribute-paying or tax collection called "iltizam". The Egyptian "iltizam" and Iranain "iqta" were in fact two identical systems of landholding whenever there was a need for a centralized control of the means of production. The major disparity between Egypt and Iran was that at the turn of the 19th century Egypt was internally ruled by local feudals who were in turn governed by the Ottoman Court as an external power. This was changed however, when Mohammad Ali established his centralized state apparatus in

1805. But the change was a shift from external to internal control of the Egyptian affairs via a centralized state.

Externally, the two social formations had quantitatively different relationship and economic ties with other social formations. On the one hand, Iran by the 1830s lost considerable territories to the Russian Empire, but because of a relatively strong centralized pre-capitalist state she never lost her sovereignty and maintained her independence. On the other hand, Egypt was formally a province within the Ottoman dominion for centuries and establishment of a semi-independent centralized state by Mohammad Ali was quite a new experience for the Egyptians. Related to the needs of the world capitalist economy, none of the European colonial powers had an immediate interest in colonizing Iran. The British were only interested in Iran in order to have access to India by land. The Russo-British rivalry in Iran thus served the latter's interests to keep Iran as a neutral zone.

Egypt of the 19th century provides a different picture as compared to that of Iran. The rival colonial powers (particularly the French and British) were interested in getting trade concessions, but the cotton economy had become so vital for the British textile industry that losing Egypt could have been a disaster especially for the latter. At the same time, the internal developments during Mohammad Ali's reign were oriented toward the establishment of capitalist relations in the periphery. For instance, his unsuc-

cessful attempts for industrialization, forced sedentarization of the bedouin, abolition of iltizam, and the consequent introduction of private ownership of land were all conducive to the development of capitalism in Egypt. This was happening at a time when Iran was a neglected pre-capitalist social formation.

Although Mohammad Ali's industrialization was carried on with the help of European technology and expertise, there is no historical evidence to support that any of the colonial powers were supporting his plans. The 1848 Anglo-Turkish Treaty that limited his army and put an end to his ambitious schemes is supportive of this hypothesis. Furthermore, I may also argue that what the British in particular did not like about Mohammad Ali's plans, was his independent and autonomous course of action which was a threat to their vested interests in the colonies. otherwise, all he did was to set the stage for Egypt's integration into the world capitalist economy.

Egypt's importance for the world capitalist economy began with Mohammad Ali's introduction of long-staple cotton to be produced for the world markets (especially the British textiles industries). This however did not prompt a desire for direct intervention by the British to supervise and control the production. Rather, the British preferred to have the Egyptians run Egyptian affairs. However, the American Civil War deprived the British textiles industry from American cotton. This, followed by the economic crisis

of the Ottoman Empire and its consequent effects on the Egyptian economy; led to the gradual intervention of the British (and French) which culminated in the British invasion and occupation of Egypt in 1882 (see Chapter 7). Thus, some scholars claim that Egypt was historically forced to abandon an independent path of development. For example, Amin (1978:30) does not rule out the possibility of an emerging independent capitalist Egypt during Mohammad Ali's reign:

No one can say what Egypt might have become without this European intervention. The analogy with Japan springs immediately to mind, and not without reason. The material progress achieved during the first forty years of the century was prodigious... the state workshops and manufacturies employed hundreds of thousands of workers.... all this was achieved by indigenous national managers in national industries.

### 9.3. Urbanization During the First Period (1800-1880s)

As I have discussed in Chapters Five and Seven, the main difficulty in studying urban development during the first period is the lack of reliable data for both social formations. Of course, no numerical comparison of the growth and/or stagnation of urban places is intended in this study. But the need for reliable statistics stems from the fact that having fairly accurate statistics could have helped us to see how the historical processes of spatial development both in town and countryside correspond to numerical changes.

By analyzing the scanty data on Iran's population, one might conclude that there existed little or no spatial

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displacement and migration between tribal, rural, and urban areas. This assumption seems to be plausible since there were no radical structural changes within the Iranian socio-economic and political structure. Thus the spatial displacement of population was mostly resulted from intra-unit movements, i.e., within rural, and urban areas. But, inspite of differences in social relations of production between pastoral-nomadism and agricultural production, population movement between tribal and rural communities during the times of crisis seems also imminent. There are no available statistics or studies on this subject for Egypt, which makes any comparison impossible. But at the risk of simplification, I will argue that a careful reading of the historical events and data make the Egyptian case somewhat different. First, although the Egyptian bedouin population never exceeded 5 percent of total (as compared to 25-30 percent for Iran), Mohammad Ali's sedentarization schemes forced many of the tribal people to settle in rural areas. Second, during the first period (1800-1880s) there were structural changes in social relations of production (e.g., ownership rights) as well as in agricultural production that caused spatial displacements between rural and urban areas.

In the absence of a clear-cut division of labor between town and country in the 19th century Iran, and assuming places with more than 10,000 inhabitants as "urban"; then I will conclude that urbanization in Iran during the first period has to be considered as the growth of cities located



on the regional and international trade routes. As I discussed in Chapter Five, the cities of Shiraz, Barfroosh, Rasht, Kashan and Khoi which served as trading centers had the highest growth rates. Most of the regional and provincial urban centers such as Tabriz, Mashhad, Isfahan, Yazd, Kerman, Kermanshah and Hamadan either stagnated or had a lower rate of growth than that of the population. On the other hand, Egypt's urban growth was mostly due to the growth of port cities, particularly that of Alexandria. The only explanation for this phenomenon is Egypt's status in the world capitalist system as an emerging export-oriented social formation that required efficient port facilities as well as transportation networks. Alexandria's growth was both due to its being the main center for Mohammad Ali's industries, as well as the main depot for import of European goods and export of cotton. This is in sharp contrast with Iran where no port cities ever gained prominence beyond their significance as local trade facilities. The port cities of Bushehr by the Persian Gulf and Anzali by the Caspian Sea are prime examples. The growth, stagnation and/or decline of Egyptian inland cities which served as provincial centers and regional market towns was dependent on the extent of agricultural production as well as other structural changes in the political economy. For example, like Iran, most of the inland cities during the 1821-46 period stagnated apparently because cultivation of cotton provided enough employment in rural areas. However, despite an

increase in cotton cultivation during the 1846-82 period, removal of financial restrictions on private ownership of land which even allowed foreigners to purchase land, paved the way for further concentration of land in few hands and gradual detachment of peasants previously tied to the land through pre-capitalist bondage system. Although there are no available data on this issue, it is likely that this might have caused an increase in the number of landless peasants who fled to the cities in search of employment.

Although in different ways, it is my contention that urbanization during the first period in Egypt and Iran was greatly affected by foreign trade. For instance, the most important Iranian city was Tabriz which served as the head-quarter for handling regional and foreign trade (see Chapter Five). Likewise, urbanization in Egypt was in fact the phenomenal growth of Alexandria as the main port also for handling foreign trade. The only difference lies in the degree of significance of foreign migrants as related to urban growth. That is, while the number of foreign residents in Egypt rose from 3,000 in 1836 to over 68,000 in 1878, there were only 161 foreign residents in Iran as late as the 1860s. Finally, an interesting and common pattern in the urban growth of Iran and Egypt during the first period is the relatively insignificant growth of political capitals as compared to economic and commercial centers. For example, although Cairo remained as the most populated urban center in Egypt, its growth lagged far behind that of Alexandria in

the first half of the 19th century (see Table 9.1).

**Table 9.1: Growth of Cairo and Alexandria During the First Period**

City	Average Annual Growth Rate (%)	
	1821-46	1846-82
Cairo	.65	1.0
Alexandria	10.3	.95
Total Pop.	.04	1.6

Likewise, despite Tehran's remarkable growth since 1786 for its designation as the capital city, it lagged behind Tabriz in both population and commercial importance throughout the past century.

**9.4: Disintegration of Pre-capitalist Social Formation and Ascendancy of Capitalism in Iran and Egypt During the Second Period (1880s-1950s)**

Looking at the historical events during the first and second periods reveals the fact that Iran and Egypt's involvement in the world capitalist economy and consequent introduction of capitalist relations of production in the social formations have taken different paths. In general, Egypt entered the world market, underwent drastic structural changes in its socio-economic and political structure, and experienced rural-urban migration much earlier than Iran did. Although the effect of external factors such as foreign trade and the colonial powers' interests in these social formations played an important role in all this; internal social forces and class alliances were definitely decisive in changing or delaying the course of events. For example,

the events leading to the defeat of Colonel Arabi and his supporters and eventual British invasion and occupation of Egypt in 1882, was in fact the defeat of petty commodity producers, merchants and intellectuals who wanted to share the state power through parliamentary participation. In a pre-capitalist social formation, introduction of parliamentary democracy is also a sign of a weakened centralized state and the increasing power of local feudals through their possible participation in the national politics. The nationalist, uncompromising and anti-colonial nature of the Arabi revolt threatened the British investments in Egypt, which necessitated direct intervention for colonial administration. Thus instead of supporting a more pro-capitalist faction as a logical step to be taken, the British supported the Khedive who represented the pre-capitalist faction. Twenty five years later, under a more or less similar situation the British took a quite different stance in Iran. Similar to Egypt, the disenchanted petty commodity producers and merchants affected by the unfair foreign concessions and trade monopolies, and supported by the clergy and the intellectuals, revolted against the pre-capitalist state in order to establish parliamentary democracy. In the case of the Iranian Constitutional Revolution, unlike the Egyptian case, the British took the side of the Constitutionalists against the state which was supported by Russians. This clearly shows that the British colonial interests were not supported by a rigid and well-defined foreign policy.

Rather, they acted and altered their position in line with the class alignments and specific social conditions within each social formation in order to secure their long-term colonial interests.

The British colonial administration in fact disarmed the weakened Egyptian central state and its system of tribute collection through direct taxation of the peasants. The measures previously taken for private ownership of land also paved the way for local feudals to take charge of agricultural production. The old landlord class in Egypt was gradually transforming into an "agrarian bourgeoisie" as a result of the integration of agricultural production into the world capitalist market. according to Amin (1978:27-28), this newly emerging class had complex and combined pre-capitalist and capitalist characteristics:

On the one hand, it produced for the capitalist market; employed wage-laborers; and took part in investments. On the other hand, it resorted to , and reinforced pre-capitalist methods of exploitation based on pre-capitalist social relations. Thus the new "agrarian bourgeoisie" was neither a feudal nor a capitalist, a clear manifestation of class formation in pre-capitalist Egypt during the transitional period of the 19th century.

It is important to mention that the British colonial administration did not represent the capitalist mode of production, but it was an administrative/legislative body to make the smooth transition to peripheral capitalism in Egypt. The fact that the British prevented industrialization and promoted agricultural development is supportive of this statement. As a result of the British colonial policies,

while feudalism remained intact, capital accumulation in the form of land speculation and concentration of money capital in the newly established banks took place in Egypt while a new class of wage-laborers was on the rise (37 percent of rural labor force by 1900). This transitional period culminated in the 1919-23 revolution, out of which the emerging Egyptian bourgeoisie replaced the British by sharing the state power with the feudals in the countryside.

Compared to Egypt, the Iranian pre-capitalist social formation was historically less developed and hence less prone to introduction of capitalist relations of production. First, while Egypt had the first land register during the 1809-18 period, it was not until 1907 that the pre-capitalist system of landholding (iqta) in Iran was abolished and private landownership was introduced. Second, banking activities (as a sign of concentration of capital in the hands of non-producers) started as early as 1850s in Egypt and was well developed by the 1870s; while the first bank in Iran was established in 1888. Furthermore, the centralization of banking activities in Egypt and Iran took place with a thirty year lapse (1898 and 1927, respectively). Finally, up until the 1930s, the Iranian peasants were attached to the land and wage-labor was not a significant form of exploitation in the countryside. For example, while Mohammad Ali's sedntarization attempts took place in the 1830s and transformed many bedouin into rural wage-laborers; this process was delayed for about a century in

Iran and was finally accomplished by Reza Shah in the 1930s. The backward nature of the Iranian pre-capitalist social formation in terms of introducing capitalist relations was also perpetuated by the lack of interest of the colonial powers. In fact, Iran's importance as a producer and provider of raw materials started in 1908 by the oil discovery; but it only gained momentum in the post-WWI period as oil became a viable source of energy.

The Constitutional Revolution in Iran (1906) resulted in sharing the state power between petty producers and urban merchants (through the Parliament), and the Court and imperialist powers (through the control of the military apparatus and financial institutions). At the same time, a weakened central state provided an opportunity for feudals in the provinces to strengthen their position especially through the control of the national parliament (the Majlis) in 1908, and politically parcel out the social formation. This was not conducive to the colonial interests (particularly the British) in a time when the oil interests were so crucial. Thus unable to establish their protectorate in Iran due to internal opposition, through a forced state take-over the British installed their indigenous agent (Reza Shah) in 1921.

In comparing Iran and Egypt during the 1920s and afterwards, two conclusions can be drawn. First, through foreign intervention and participation of either the indigenous bourgeoisie (Egypt) or pro-capitalist elements (Iran), both

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social formations were set up for further integration into the world capitalist economy. The attempts for import-substitution industrialization and further steps taken to control the state apparatus are indicative of this process (see Chapters Six and Eight). Second, despite the simultaneous nature of this stage in two social formations, Iran lagged far behind Egypt historically in acquiring the pre-requisites for the introduction of capitalist relations. That is, in terms of the accumulation of money capital in the hands of non-producers; separation of direct producers from their means of production; and provision of an adequate infrastructure; Iran in the 1930s reached a more or less similar level of development of the Egypt of the 1880s.

#### **9.5: Urbanization During the Second Period (1880s-1950s)**

In comparing the processes of urbanization in Iran and Egypt during the second period, two concepts need further clarification. First, as I have stated throughout the study, by "urbanization" I mostly mean the process of spatial displacement of population primarily due to structural changes in the countryside. Therefore, the growth and development of the built environment in "urban" places is secondary in my analysis. Second, "peripheral urbanization" refers to a process of spatial displacement of population in a social formation which its political economy has become an integral part of the world capitalist system. Based on these definitions, one may speak of "peripheral urbanization" in

Egypt from the 1880s onward even if "capitalism" per se is not present in the social formation. But the same does not apply to Iran up until the 1920s-1930s when the process of peripheral urbanization gained momentum as a result of conscious measures taken by the state for capitalist development.

Looking at Egypt under the British colonial administration, the last two decades of the 19th century witnessed unusually high rates of urban population growth as compared to previous decades. The most spectacular growth was that of Cairo which had an average annual growth rate of 12.5 percent for the 1882-1897 period, as compared to only 1.5 percent for total population. This can clearly be called peripheral urbanization as a result of concentration of all colonial administrative and governmental activities. This, along with the considerable growth of all port cities and provincial centers when compared to the period of urban decay and decline during the 1846-82 period, demonstrates the impact of colonial penetration on urbanization (see Chapter Seven).

Again, in the absence of reliable statistics or a historical analysis, the only viable method is to look for socioeconomic reasons for the growth and/or of urban population. Based on the analyses in Chapters Seven and Eight, peripheral urbanization in Egypt was the consequence of three factors: 1) stagnation of agricultural production and hence lack of adequate rural employment; 2) an increasing

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number of landless and wage-laborer peasants who were forced to migrate to urban areas in search of employment; and 3) an increasing number of foreign residents who mostly resided in Cairo, Alexandria and Port Said. This influx of urban population happened at a time when no industrial development was allowed under the British colonial policy in Egypt.

In a period when all the symptoms of peripheral urbanization were discernible in Egypt, the reading of available data for Iran indicate that almost all population movements in the latter were of intra-rural or intra-urban nature. This means that there existed neither internal nor external factors inducing structural changes within Iran's predominantly agricultural pre-capitalist economy that may have led to peripheral urbanization (see Chapter Six for a detailed discussion). In the post-WWI era, the economic depression of the late 1920s had its repercussions on the economic development of peripheral social formations. Both Iran and Egypt (along with many other peripheral social formations) experienced import-substitution industrialization which, despite its provisions for employment opportunities was not capable of absorbing the increasing number of rural immigrants (see Chapters Six and Eight). In the absence of an urban-based industrial bourgeoisie in Egypt, urban expansion was mostly land speculation and construction activities. Where 80 percent of population was rural, an stagnating agricultural economy faced with a growing population was not able to keep the peasants on the land. Thus,

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peripheral urbanization in Egypt was a continuation of a process which started in the 1880s, and had its ups and downs in line with developments in rural Egypt. The Iranian case, however, is based on a quite different historical process. Unlike Egypt which experienced an internal process of socio-economic changes conducive for capitalist development during Mohammad Ali's reign (see Chapter Seven for details); separation of direct producers from their means of production and other measures were taken in Iran based on external pressures after 1921 (see Chapter Six). Hence, one may speak of peripheral urbanization in Iran only after this date. Measures such as sedentarization of pastoral-nomads (although not directly affecting peripheral urbanization), heavy taxation of rural population, construction of roads, railways and other infrastructure, and establishment of private property rights, all took place after WWI. Again, Iran lagged behind Egypt for almost half a century in terms of peripheral urbanization. Like Cairo, concentration of economic, political and administrative activities in Tehran gained momentum with a historical delay in the 1940s. While the old centers of trade (Tabriz, Khoi, Yazd and Kerman) stagnated, Tehran absorbed 60 percent of rural migrants, along with the oil cities of Ahwaz and Abadan (22 percent). Like Egypt in the second half of the 19th century, the post-1940 Iran witnessed the growth of towns located on the railway routes (see Chapter Six).

To conclude, a comparison of the historical events and political economy of Egypt and Iran during the second period indicate that peripheral urbanization took place in the two social formations but with a time-lag of about half a century. This may be attributable to the latter's backward pre-capitalist economy which was not conducive to the introduction of capitalist measures by the external capitalist forces.

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## **Chapter Ten**

### **Imperialist-Industrial and Financial Domination and its Effects on Peripheral Urbanization in Egypt (1952-1970)**

#### **10.1. Historical Background to the 1952 Revolution**

The Second World War weakened all the imperialist powers politically and militarily and resulted in vast revolutionary movements throughout the world. On the other hand, the greatly increased strength and prestige of the socialist camp such as the victory of the Chinese Revolution and the role of the Soviet Union in WWII provided new initiatives for popular movements which were opposed to tyranny and oppression. The post-war period, however, gave rise to a new capitalist power, the United States, which gradually replaced the European imperialist bourgeoisies within the world capitalist system.

At the end of the War, a patriotic upsurge of the Egyptian masses developed which opposed all sorts of foreign domination and also the newly established state of Israel. The increasing national consciousness was also due to the sharp decline of Great Britain as an imperialist power which allowed for more political participation.

The ruling class was unable to contain the democratic mass movement because it was torn between various inter-dependent and yet contradictory political economic

tendencies; which in turn were dependent upon the world capitalist economy. Three tendencies may be distinguished here. The first was the aristocratic tendency with its roots in feudal relations and comprised of big landowners of Turkish origin who had close ties to the Palace, who were strong advocates of British colonialism, and controlled the economy of rural Egypt as well as a portion of urban economy. The second tendency was based in the members of the ruling class with Egyptian origins (Moslem and Coptic) who were at the same time subordinate to the British and the aristocratic tendency. It represented an alliance between the commercial bourgeoisie and a segment of the big landowners (of Turkish origin). This tendency was represented by the Wafd (delegation) leadership which claimed to represent the nation as a whole. The Wafd was a reformist/nationalist organization which emerged under the impact of 1919 Revolution and demanded an independent status for Egypt. However, the dependency of its members to the world capitalist economy limited its capabilities as a viable nationalist force. Finally, the industrial capitalist tendency which was represented by big Egyptian capitalists with heavy investments in the urban industrial centers, and had close ties to the Misr Bank and the foreign controlled Federation of Egyptian Industry. This last tendency was obviously antipatriotic and antidemocratic, but at the same time incapable of challenging the imperialist monopoly due to its dependence upon western capital and technology

(Hussein, 1973:62-69).

Although the Egyptian working class comprised about 10 percent of the urban population, it was not historically capable of establishing a potentially effective and revolutionary leadership. This weakness attached the working class movement to the Wafd reformist leadership. As a result, the post-war Egyptian political and social situation was based on the conflict within the ruling class, that is, between the Wafd and its allies from the working class and petty bourgeoisie; and the palace (the King and big landowners supported by the British). The latter also controlled the administrative and military organs of repression. The petty bourgeoisie was made up of heterogeneous social strata including those who possessed a small amount of capital or a small plot of land, which enabled them to live from their work without having to sell their labor power and/or buying the labor power of others.

Apart from the above-mentioned classes, an ascending capitalism within a disintegrating pre-capitalist social formation created a new class of proletarianized masses both in the countryside and in the cities. This class was comprised of the landless peasants who were deprived of the possibility of working for themselves in the countryside; and rural peasants owning a small but insufficient plot of land for subsistence farming. This, as will be discussed later in this chapter, drove them to the cities where they constituted an urban proletarianized mass who did not have

access to regular work, and performed low key and mostly non-productive jobs as waiters in small coffehouses, odd-jobbers, temporary laborers, itinerant peddlers, servants and caretakers, etc. Based on one estimate, in the early 1950s the proletarianized class comprised about 56 percent of urban and 79 percent of rural population. This indicates their important role as a social force for revolutionary change. However, they are not ideologically and politically a revolutionary force because of the nature of the transition that has uprooted them. Their detachment from pre-capitalist relations is not necessarily a conscious act in order to challenge the system. This transitional social position which is not attached to either capitalist or pre-capitalist social relations of production, makes them a fluctuating political force that could be easily manipulated by dominant classes (Hussein, 1973:45) .

Historically, the post-War patriotic movement was marked by two stages. The first stage (1945-47) was the militant alliance between students and workers who opposed British occupation and internal oppression. At the same time, the Palestinian liberation struggle which was repressed and crushed in 1939, flared up again and took new initiatives against the creation of the state of Israel and Zionist colonization. The Palestinian struggle found its supporters among the militant Egyptians who sent volunteers to Palestine and connected the Palestinian cause with that of the Egyptian people. On the other hand, the British saw the

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new state of Israel as the mainstay of rival American interests, but were also threatened by the increasing militancy of the popular movement. This led to the second stage of struggle, that is, British support for involvement of Egypt in a classic war against Israel. The war potentially would have served two objectives: to undermine the militant worker/student alliance and their revolutionary goals in the Palestinian case; and to strengthen the King's position (as well as that of the British) as the main power in the region.

The defeat of the regular Egyptian army not only undermined the dominant role of the King and his allies among the ruling class, but also marked the end of British colonial power in Egypt. The technical inefficiency of the regular army and its consequent moral degradation led to expansion and rapid organization of a secret nationalist group of Free Officers. This organization had its roots in the lower- and middle-rank army officers, largely of Egyptian descent. The Free Officers were connected by origin to the rural land-owning class, and by their class position within the state apparatus to the petty bourgeoisie and middle class bureaucrats. They were sensitive about the British occupation, resenting the influence of foreign capitalists, feudals, and comprador bourgeoisie. The leaders of the Free officers viewed the aspirations of the petty bourgeoisie and the middle-rank military elites as paralleling those of the entire nation.

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The Free Officers prepared to oust the appointed military chiefs, seize all the command posts and then present their program for national renovation to the entire army. They also wanted to make sure that , should they be successful, the United States would not side with the British and give them a chance to consolidate the state apparatus and hence restore the "national dignity". The Free Officers had the advantage of occupying positions within the state apparatus. This made their presence in the political arena less threatening to the propertied class who were frightened by the consequences of a popular movement from outside the establishment. It was under these circumstances that the coup d'etat of July 1952 brought the Free Officers and Nasser into power (Hussein, 1973:72-86).

#### **10.2. The Egyptian Revolution: Removal of the Pre-capitalist Obstacles to the Development of Peripheral Capitalism.**

As was discussed in Chapter 8, a transition from dominant pre-capitalist relations of production to those of an emerging capitalist mode of production was in the making in Egypt after WWI. However, development of capitalist relations of production was paralyzed in the countryside and confined in the urban centers to the marginal areas of a dependent Egyptian economy. Thus there was a need to reinforce capitalist relations and eliminate pre-capitalist obstacles to the development of a peripheral capitalism. The 1952 revolution was in fact a vehicle by which this objective was eventually achieved. It is possible to identify



three distinct stages of economic and political development during the reign of the Free Officers (and later on 1) Nasser):

The first stage of the military regime (1952-56) was aimed at modifying the structure of power in order to create a modern national, independent, industrialized society. The most important aspect of this period was the agrarian reform which sought to weaken the landed bourgeoisie, increase the number of small landowners, and redirect capital investment to industry. It is important to mention the influence of the United States on this matter. In 1950 the State Department stated American policy in the Middle East as follows:

It is clear that the urgent economic problem in the Middle East is the agrarian problem... it is essential to extend and improve irrigation, to reclaim the idle land, to modernize agricultural technology and to take reasonable steps to reform the land ownership and insurance systems in the countryside (cf. Abdel-Malek, 1968: 67).

A year later, a U.S. Presidential advisory committee recommended that in certain countries the only way to combat "hunger" and "socialism" is through land reform. In fact, the Egyptian land reform was conceived and carried out from above in order to block any revolutionary effort by peasants and progressive elements. Thus, in response to internal class conflicts and international pressure, in 1952 the Revolutionary Command Council (RCC) initiated land reform in Egypt. The Egyptian Land Reform was aimed at the compulsion of the landed bourgeoisie owning the accumulated capital, to redirect its investment into the industrial-capitalist

sector. This was not possible, however, unless the rural social bases of the landed bourgeoisie were also undermined.

The Land Reform was hailed by big Egyptian industrial and finance capital as one of the most fruitful policies for the future of industry. But the landed bourgeoisie was obviously greatly disappointed by and apprehensive of the consequences of the reform. But gradually the big landholders understood the nature of the reform especially its intentions to avoid peasant upheavals and a socialist revolution. Later on, they also found out about the state's intention to protect them under the law and offer them attractive compensations (Abdel-Malek, 1968:80-81).

In brief, the main objectives of the agrarian reform in the countryside were: a) fixing the land ownership ceiling at 200 feddans; b) distribution of the expropriated land by the state to the peasants within five years; c) appointment of a committee for fixing wages for farm workers; and d) establishment of agricultural co-operatives for small holders (up to 5 feddans) in order to arrange for farm loans, supplies or fertilizers, seed, machinery, etc. As a result of the Land Reform, the number of small landholders (of 3 feddans) increased drastically but there was a slight drop in the living standard of poor peasants.

In order to reduce the inefficiency of small holdings in agricultural production, the state gave considerable impetus to co-operatives. Based on some estimates, in 1953 there were 400 co-operative societies with 200,000 peasant

members. According to the Egyptian authorities, the average income per grower rose from LE 9.8 per year in 1952 to LE 32.7 in 1954 (after joining the co-operatives) (Abdel-Malek, 1968:78). However, being a member of a co-op was a contradictory situation in which the state focused on the collective, social aspects of agriculture while still preserving the private character of landownership. Another consequence of land reform was the state's control over the acreage not yet distributed to the peasants (agrarian-reform land) and the appropriation of a net profit of LE 2,754,800 in 1955. In 1962 the state claimed to have redistributed some 645,642 feddans out of 5,964,000 feddans of cultivable land. Thus, at its best, the Land Reform affected only 10 percent of the agricultural land which means its practical effect was negligible.

The second stage (1956-61) started with the Suez crisis (1954) which was followed by the nationalization of the Suez Canal Company, foreign aggression against Egypt, and the unexpected nationalization/Egyptianization of 55 French and British-owned firms. The second stage of the military regime thus appears as a coalition between the military state apparatus and the financial/industrial faction of the Egyptian bourgeoisie (Abdel-Malek, 1968: XIII-XVI). Since the 1952 coup, the main objective of the RCC was the compulsion of the landed bourgeoisie to redirect its capital investment into the industrial sector. This strategy did not work, however, and banks accumulated a massive amount of

capital while the country experienced a decline in industrial investments.

Furthermore, of LE 45 million taken out of the land, only LE 6 million was invested in industry. This was followed by the reluctance of foreign capital to invest in industries after the Suez incident.

The third stage (1961-67) started with the laws of nationalization based on the principles set by "Arab Socialism" in Egypt. By early 1962, all banks, heavy industries and medium-sized economic units had to accept 51% state participation in their capital ownership/administration.<sup>2)</sup> At this juncture, it must be noted that even nationalization of the greater portion of private property is not synonymous with the suppression of the right to private property in the constitution of a given country. As has been the case in many peripheral social formations, nationalization is often a means for reorganization of the capitalist economy and reinforcement of capitalist relations of production. The state thus acts temporarily on behalf of the comprador class to revive the economy. For instance, by comparing the nationalization process in Egypt with that of the Soviet Union, Mandel (1979: 109) argues that:

In the former, much property was nationalized but the capitalist class was not expropriated and therefore, it was relatively easy to de-nationalize what had previously been nationalized. On the contrary, the right to private property is forbidden de facto in the Soviet Union and that means in turn forbidden by the law and the secular arm of the law: the state and all its institutions.

In fact, the post-Nasser era that was marked by Sadat's initiation of open door policies (representing pro-Western and pro-free enterprise faction within the state) in order to attract Western capital investments is proof of the inadequacy of nationalization without abolition of the right to private property. Thus, despite measures taken to provide basic needs and to reduce inequality in Egypt, Nasser's "socialism" was nothing more than state capitalism, and as such was an attempt to concentrate and direct investments<sup>3)</sup> toward non-agricultural capitalist production.

### **10.3 The Contradictory Nature of Egyptian Socialism**

In The post-war period, with the consolidation of multinational corporations and their interest in investing in industries geared to the internal markets of underdeveloped countries, peripheral capitalist social formations entered a new era (Dos Santos, 1970:232). This was what Ewans (1979: 40) called a "triple alliance" between the state, indigenous capital, and foreign MNC investments. But by contrast, Egypt offers an example of a peripheral capitalist social formation in which for almost twenty years (1952-72) the MNC's played no significant role and the course of events took a different path. As Waterbury (1983: 28-29) puts it,

There has been a kind of triple alliance: the state bourgeoisie as strategist and the military as policeman and third factor until 1972, the Soviet Union.

Hence, despite Egypt's import-substitution industrialization, her alliance with the Soviet Union based on the

latter's doctrine of a "non-capitalist path" for development, was not dependent upon capitalist markets (Abdel-Fadil, 1980:107-112). The main reason was that the technological and manufacturing operations set up by the Soviet Union were to be paid for partially by export of Egyptian products to the USSR at "non-market" negotiated prices. But as Waterbury (1983: 29) argues, this resulted in a kind of double dependency:

Reliance upon the USSR for technological support of existing projects and the servicing of the debts; and reliance on Western capital markets to finance the growing trade deficit that emerged in the late 1960's.

By 1965 there was a savings crisis in Egypt with no easy solution at hand: extending nationalization further down into middle and lower-middle class assets, increasing "forced savings", and more manipulation of agriculture prices, required a "sincere effort at socialist indoctrination and mobilization at all levels" which was too dangerous to be a viable solution for the state (Waterbury, 1983:428). This internal crisis was deepened by the 1967 Six-Day War that led Egypt into a power struggle between two major factions of the ruling class coalition. Its consequence was grave: the victory of a faction which "favored major retreat from state capitalism by advocating a much greater reliance on market forces and free enterprise and by asking for more concessions to foreign capital" (Abdel-Fadil, 1980: 112). After twenty or so years of delay, Egypt opened its doors to the MNC's at last!

#### **10.4. Post-Revolution Era: The Effects of Land Reform on Peripheral Urbanization**

In an article on Egyptian urbanization, Abu-Lughod (1965:315-22) argues that the most critical problem of contemporary Egypt is "over-concentration of population in relatively few cities," rather than "over-urbanization per se". She further claims that what appeared to be over-urbanization is nothing but reclassification of many rural settlements which exceeded the 20,000 threshold as urban. Based on this argument, by redefining "urban" as a place with at least 20,000 inhabitants with densities greater than 1,500 persons/sq km., and having no more than one-third of its labor force engaged in agriculture, she concludes that Egypt is "less urbanized" as compared to the official classification. Abu-Lughod's concept of over-concentration of population in urban areas becomes important in analyzing the process of peripheral urbanization. But whether Egypt has less or more urban population, or to consider the mass movement to the cities as "necessary" and "inevitable" (Ibid.:315) is of no help in understanding the process. What is important is to look at the trends and patterns of urban growth and/or decline related to the socio-economic factors and historical events in order to understand the underlying reasons for this massive rural to urban migration.

As I stated earlier, the lower Egypt urban centers and port cities have always had a higher rate of growth as compared to those of middle and upper Egypt. But in

different periods the fluctuations of urban growth rates compared to total population growth have to be related to structural changes in the economy of the Egyptian social formation. A comparison of the growth rates for the 1937-47 and 1947-60 periods reveals the fact that while in the former both market towns and Lower Egypt urban centers had an enormous growth, in the latter there was a general slowdown of urban growth (see Table 8.5). Furthermore, as a comparison of data for 1952 (pre-Reform) and 1961 in Table 10.1 demonstrates, this to a great extent has to be attributed to the consequences of land reform, an increase in the number of small landowners in rural Egypt, and a steady fall in the absolute number of landless families in rural Egypt up to the mid 1960's. At the same time, the number of landless families decreased from 1,217,000 in 1952 to 970,000 in 1961, or from 44% of the total number of rural families to 30 percent (Abdel-Fadil, 1975:44).

However, despite these changes in the structure of rural land ownership, a slowdown in urban growth, and in the absence of an intensified industrialization; one has to ask why major urban centers still had a rate of growth double that of the national population? This has to be answered by looking at the conditions of the new small landholders after  
5)  
land reform.



**Table 10.1: A comparison of Landholding patterns Before and After the Land Reform ,1952 and 1961**

	1952			1961		
	Owners (000's)	% of All Owners	% of Land	Owners (000's)	% of all Owners	% of Land
Small holdings (1 to 5 feddans)	2,642	94.3	35.4	2,919	94.1	52.1
Medium holdings (5 to 50 feddans)	148	5.3	33.5	171	5.5	32.6
Large holdings 50 & more)	11	.4	33.1	11	.4	15.3

Source: Table constructed based on Waterbury (1983:269).

According to Ibrahim Amer (cf. Abdel-Malek, 1968: 58), in 1952 about 70% (2,000,000) of the small holders owned less than half a feddan each, so that they were virtually destitute. On the other hand, almost 8,000,000 peasants owned no land at all and their only means of existence was either to rent a "scrap of land and pay for them in kind or find salaried work on big farms". Furthermore, according to Abdel-Malek, (1968: 73) the smallholder was obliged to pay about LE 50 per year for each feddan received from the state in payment of the loan installments, irrigation facilities, farm supplies, etc. He concludes that the various disbursements incurred by a peasant owning 3 feddans amounted to more than LE 125/year, whereas his income was only LE 115. This resulted in a further emiseration of small land-

holding peasantry and their inevitable inclination toward finding new sources of survival in urban areas.

#### **10.5. The Effects of Rural Poverty on Peripheral Urbanization**

Another important element in the study of the over-concentration of urban areas, is the position of landless peasants. Abdel-Fadil (1975:44-46) identifies two types of landless peasants in Egypt: 1) permanent agricultural wage-laborers who are mostly employed year-round on medium and large-sized farms and includes all groups of specialized agricultural laborers (such as tractor drivers, farm machine operators and the "kallaf" who look after the livestock ). 2) Casual Farm Laborers or those landless peasants who enter into the labor force for short periods of time (as in the peak seasons) for harvesting, sowing and thus supplement the permanent farm labor force. Ayrout (1963: 55) adds a third type: the "Tarahil" casual laborers or the poorest of the rural poor, who comprise a substantial portion of landless peasants. Within a system called "Tarhila", these laborers are recruited for 4 to 6 weeks for the maintenance of canals and other rural public works and are extremely mobile.

Among the landless peasants, those who benefitted the least from agrarian reform were the casual laborers. According to Abdel-Fadil (1975: 125), in redistributing the land, preference was given to cultivators/tenants and permanent laborers while few casual laborers could receive a holding. This, plus the break up of large estates that

caused a reduction in demand for their labor made the casual workers worse off. Saab (1967: ch. VIII) and Abdel-Fadil (1975: 125-26) attribute this reduction in employment opportunities to three factors: a) a tendency for utilizing self-employed family labor by the new medium landholders; b) a general slackening in agricultural investment by big landowners; and c) a "voluntary" break-up of large holdings and their sale to small holders by the large-scale farmers. In short, Egyptian agrarian reform aggravated the land-less peasants' problems of employment, rather than alleviating them.

Within this context, then, it is my contention that the question of urbanization or "over-concentration" of population in urban areas occurred because of the deterioration of employment opportunities and increasing poverty in rural Egypt, and not as Abu-Lughod (1965: 315) argues, because it is "necessary and inevitable." Hence, in the absence of industrialization and capitalist development in the cities, urbanization became an intensification of rural-urban migration, while at the same time land reform made a relatively cheap labor force available in the countryside. Abu-Lughod (1961:23) identifies two types of rural migrants, the "bright youths" who migrate to towns in search of education or wider opportunities and the "village poor" who constitute the majority of the migrants. The fact that the larger portion of rural migrants come from the poorer strata is borne out by the results of an ILO-INP sample

survey (cf. Abdel-Fadil, 1975:113) in which 26% of migrants came from families earning less than LE 50/year; 40% from the LE 51-75 bracket; 22% from the LE 76-100; and only 6% from those with an income higher than LE 100. Furthermore, another ILO-INP rural employment survey (1968: 29-30) illustrated that the strongest "push" factor for migration was the peasants' state of landlessness (86 percent) and the lack of rentable land in their region of origin (53 percent).

To conclude, the socio-economic changes following the Free Officers' coup in 1952 to some extent flew in the face of the arguments made by the advocates of the dependency school of thought. That is, internal forces of change did in fact contribute and affect the course of events in Egypt. Related to this Chapter's concern, although for a brief period, the implementation of the Land Reform policies increased the number of small landholders and slowed down the rural-urban migration. However, lack of structural support further led to the emiseration of the rural population and their migration to the cities. Thus urbanization became an over-concentration of population in urban centers due to increasing poverty in the countryside forcing migration of the poorest peasants, and not because of a general rural-urban migration as an assumed evolutionary process).

## Endnotes:

1. For the discussion of Nasser's era (1952-70), I am particularly indebted to the work of Abdel-Malek (1968:xiii-xvi, and Chapters 1 and 3).

2. For the extent of nationalization see Waterbury (1983, Chapter 4, especially pp. 74-79).

3. The common features of socialist construction that apply to all countries making the transition from capitalism to socialism can be defined as: guidance of the working masses by the working class; establishment of the dictatorship of the proletariat; the alliance of the working class and the peasantry; the abolition of capitalist ownership and the establishment of public ownership of basic means of production; gradual socialist reconstruction of agriculture; planned development of the national economy; and the carrying of the socialist revolution in the sphere of ideology and culture.

However, despite Nasser's nationalization efforts, the Arab Socialism was not based on socialist principles since it repressed the working class and excluded them from political and economic decision making processes. For a detailed analysis of the events leading to the nationalization efforts and Arab Socialism see Hussein (1973: Chapters 4-6, 134-241).

4. Table constructed based on information given in Waterbury (1983:269).

5. According to Abdel-Malek (1968:100), between 1952 and 1957 industrial production rose too slowly in Egypt. If we assume the index of industrial production of 1954 as 100, that of 1952, 1955 and 1957 would be 92.9, 109, and 123.3, respectively.

## **Chapter Eleven**

### **Domination of Capitalism and its Effects on Peripheral Urbanization in Iran (1950s-1970s)**

#### **11.1 Ascendancy of the Capitalist Mode of Production within the Iranian Social Formation**

The Allied invasion of Iran in 1941 was a prologue to a new era in Iran's position within the world capitalist economy. Iran's occupation by the colonial powers (the British and the American forces from the south, and the Soviets from the north) was essential for securing a supply line for the Allied forces. But the war economy and invasion brought also prosperity for Iranian merchants and the petty-bourgeoisie, who profited from hoarding foodstuffs, black market dealings in industrial goods, and accommodating the needs of the occupying armies. Due to the reduction in production of consumer goods in Europe and the U.S., the internal market remained free of foreign competition and domestic industries relatively flourished. But the post-War revival of industrial production in the core countries reversed the trend and a consequent flood of foreign commodities posed a serious threat to domestic industries (Jazani, 1980:19,25).

Although Britain lost the Iranian market during the War years, she controlled the oil industry which was the chief

source of income for Iran and as is stated in Chapter 6, Iran's unequal share of the oil income created a deep resentment among the nationalists. In response to this situation a growing nationalist movement led by Dr. Mossadeq called for oil nationalization. In 1951 oil was nationalized but the British Petroleum company (former AIOC) and the Iranian government failed to agree on the terms of the settlement. Subsequently the BP imposed a world-wide boycott of Iranian oil, and the events to be outlined later in this Chapter led to the overthrow of Dr. Mossadeq (the then prime minister) by a well-known CIA backed coup d'etat. In 1954 an agreement was signed by the new government under which the oil industry finally became nationalized but in practice the effective control over price and output remained with the new international consortium that replaced AIOC.<sup>1)</sup>

The replacement of a single company by an international consortium in 1954 was a major turning point that distinguished the post-1953 position from the 1880-1950s period. Thus, after 1954 Iran entered into the third stage of her dependence, namely, dependence on multinational corporations and their supporting imperial powers. That is, while in the past Iran's oil resources were solely being exploited and revenues expropriated by the single British-owned company, the post-1953 era witnesses a crucial shift to monopoly capital at the corporate level. Table 11.1 illustrates the participants in the Iranian oil consortium with the U.S. companies having 40 percent share, as apparent evidence for

the emergence of a new imperial power.

**Table 11.1: Percentage Share and the Nationality of the Consortium Participants in 1954**

Company	% Share	Nationality
British Petroleum	40	British
Royal Dutch/Shell	14	Anglo-Dutch
CFP	6	French
Standard Oil of N.J.	7	American
Standard Oil of California	7	American
Texaco	7	American
Mobil	7	American
Gulf	7	American
Iriscon Group	5	American

Source: Fesharaki (1976:48)

Two decades later a crucial change took place that to some degree altered Iran's status in the global arena when in the early 1970s Iran joined the Organization of Petroleum Exporting Countries (OPEC). However, despite the significance of OPEC as an apparent success for peripheral countries in gaining the bidding power, one has to be concerned with two crucial factors. First, OPEC members are operating within the framework of the world capitalist system and almost all of them acquire the peripheral position related to the advanced capitalist core countries. Therefore, their production level (if not the prices) is determined by the current demands of the core countries. Final distribution is also controlled by the multinational corporations involved in the oil industry. Second, one should not overlook the moderating role of the ruling



classes and the heads of states in OPEC.

### **11.2. The Class Nature of Mossadeq's Nationalist Movement**

Mossadeq mainly received his support from guild leaders in Tehran as well as from professional associations of lawyers, doctors and professors. He insisted on taking action on behalf of the nation and not any particular class. Mossadeq's political views were in line with those of the main secular nationalist organization called the Iran Party (established in 1941), which advocated state capitalism (or pseudo-socialism). The main tenets of the Iran Party's agenda were: 1) a national revolution to undermine the feudal landlords; 2) a state-initiated program for rapid industrialization; and 3) nationalization of industries. A close look at the composition of the early leadership of the Iran Party and also Mossadeq's own organization, the "National Front" (established in 1944) indicates the predominantly urban middle class base of the movement (see Table 11.2).

Mossadeq's personal stance on social issues; the Iran Party's programs for social change, and the class composition of the Iran Party and the National Front all represent a disenchanted middle class which is caught in the middle of a conflict between the landed aristocracy (represented by the Parliament and the ministers) and British imperialist interests (represented by the Shah), and which looked to secure its own "national interest".

**Table 11.2: Class origins of the Founders of the "Iran Party" and the "National Front"**

Organization	Urban Middle Class		Comprador Class & Aristocracy		Tribal Nobility		Total #
	#	%	#	%	#	%	
Iran Party	10	66	2	14	3	20	15
National Front	14	70	4	20	2	10	20

Source: Abrahamian (1982:190-91, 254-55; Tables 4 and 6).

Under Mossadeq's premiership the structure of the Iranian economy changed drastically due to the decline in the state's revenue from oil. A conscious governmental step was taken to stop the import of luxury goods. Furthermore, in order to produce the vital commodities such as sugar and textiles which used to be imported, the state had to increase the output of exports in order to be able to import machinery and equipment. This led to a positive balance of trade under Mossadeq (see Table 11.3).

### **11.3. The Impact of International Finance-Capital on Capitalist Economic Development Planning in Iran**

Economic planning in Iran after WWII followed the United Nation's Economic and Social Council Resolution 1494 that vowed a unified effort for an all-encompassing national (capitalist) development in the peripheries in order to "bring equality of opportunity and income to the Third World".<sup>2)</sup> The then new World Bank and the American

embassy in Iran played important roles in shaping the planning efforts. This was opposed and criticized by the British who saw any change in the economic structure as a threat to their vested interests in oil and commercial activities (Baldwin, 1966:24). However, when in 1951 the oil nationalization act changed the overall picture, American and British interests converged and the flow of foreign exchange and support to the planning machinery was cut off. The following discussion is a brief account of the highlights of economic development plans in Iran.

**Table 11.3: Balance of Trade Under Mossadeq's Leadership in Iran**

Year	Imports (millions of Rials)	Exports (millions of Rials)	Balance of Trade
<hr/>			
1. Pre-Mossadeq years:			
1949-50	6,243	3,494	-
1950-51	7,011	4,319	-
2. Mossadeq era:			
1952-53	5,031	5,721	+
1953-54	5,324	8,318	+
3. Post-Mossadeq years:			
1954-55	7,425	10,288	+
1955-56	9,125	8,033	+
1956-57	20,081	7,930	-
1958-59	33,578	7,941	-
1960-61	52,657	8,360	-

Source: Nirumand (1969:109-111)

With the help of the U.S. State Department and the International Bank for Reconstruction and Development (IBRD), the Plan and Budget organization was set up in Iran. The First Plan (1949-55) was expected to be financed largely from oil revenues. But Mossadeq's attempts for nationalization of oil industry dried up this source of income through the reaction of the multinational oil companies (Razavi and Vakil, 1984:20-22).

The Second Development Plan (1956-62) was drafted in 1954 after Mossadeq's overthrow and the return of the Shah through direct assistance of the United States and British governments. A new agreement between the Iranian government and multinational oil companies guaranteed the oil revenues. The U.S. and IBRD also promised additional loans to fuel the plan. The main emphasis was put on transport, communications and agriculture, and unlike the First Plan the industrial development was the lowest priority. A close look at the highlights of the plan reveals how the capitalist interests of the core paved the way for the development of a peripheral capitalist economy. For example, the construction of large dams absorbed most of the funds allocated to the agricultural sector, obviously preparing a pre-capitalist agricultural sector for future agri-business operations. (see Table 11.4). Emphasis on expanding the transportation networks is also indicative of upgrading infrastructure in order to penetrate the country and open up new markets for consumer goods (Razavi and Vakil, 1984:22-25).

The Third Development Plan (1963-67) was born out of the need for comprehensive planning. An overexpansion of credits to the private sector and a severe balance-of-payments crisis forced the government to accept austerity measures in 1959 which were imposed upon by the International Monetary Fund (IMF). Again, the emphasis was on infrastructure and agriculture with a slight increase in expenditures for industrial development. While the state undertook the task of improving the infrastructure, the plan called for encouraging private capitalist investments in light industries.

Along with, but outside the Third Plan, the Shah in 1963 launched his "White Revolution" as a six-point program of socio-economic and political reform. the most important measure was the land reform which as will be discussed it later in this chapter, drastically altered pre-capitalist relations of production in rural Iran.

Although the Fourth Development Plan (1968-72) was a continuation of previous ones, it has to be considered as a turning point in planning strategies . That is, unlike its predecessors, its overall objective was to push for rapid industrialization by raising the productivity of labor through capital-intensive industries. As can be seen in Table 11.4, the "industry and mines" sector received the highest priority (20.8 percent) while the "agriculture" sector's share dropped from 21.3 percent in the Third Plan to a low of 8.4 percent. At the same time, infrastructural

development retained its high share of expenditures (42.3 percent) (Razavi and Vakil, 1984:31-35).

**Table 11.4: Planned Public Expenditures for the Development Plans in Iran, 1949-1972**

Sector	% of Total Estimated Expenditures (a)			
	1st plan 1949-55	2nd Plan 1956-62	3rd Plan 1963-67	4th Plan 1968-72
Agriculture and Irrigation	27.8	23.3	21.3	8.4
Industries and mines	20.1	8.3	11.7	20.8
Electricity and Fuel	---	---	18.0	18.7
Transport and Communication	29.3	37.5	24.3	23.6
Social Services	22.8	14.4	15.1	24.6
Regional Development	---	15.0	---	0.5
Urban Development	---	---	3.1	1.6

(a): Revised estimates in 1965

Source: Razavi and Vakil (1984: 21-33, Tables 2.1-2.4)

#### **11.4. Economic Crisis and Implementation of the Land Reform Laws**

The Iranian economic crisis was endemic since 1954 when the government was no longer able to pay for the seven year plan's expenditures from the oil revenues. A bad harvest in 1959-60 worsened the situation and forced the cost-of-living index to climb over 35 percent (Central Bank of Iran,

1970:673-93). Foreign reserves were also depleted through heavy borrowing which forced Iran to ask for emergency aid from the IMF and the U.S. Government. The IMF promised \$35 million if Iran trimmed its budget and shelved some development projects. The U.S. Government (Kennedy Administration) offered \$85 million on the condition that the Shah bring liberals into the cabinet and impose land reform to curb any attempts for socialist revolution (Abrahamian: 1982:422). The fact that the land reform was not even conceived by the planners of the Third Plan is indicative of its urgency (as conceived by the American planners) to prevent any radical change in Iran. What is important for my research is the way the implementation of the land reform affected the class structure of rural Iran which in turn resulted to spatial dislocation of certain portions of the rural population . A brief analysis of the rural class structure prior to the reform and the structural changes in rural economy after the reform is in order.

**11.4.1. Rural Classes Prior to the Land Reform:** Related to the means of production in rural Iran, four distinct classes are discernible. First, there were the **landlords** who resided in most cases in urban areas. The composition of the large landowning class changed significantly after WWII when urban merchants, contractors, bureaucrats, army officers and village officials began to buy up land (Keddie, 1972:378). Before the reform, the most powerful landlords consisted of 400-450 families. The big landowners owned an

estimated 80-85 percent of the cultivated land in Iran (Halliday, 1979:106-7; Bill, 1963:401). The landowning class had an effective representation at the level of the state apparatus. For example, during the 1941-61 period, 57 percent of the Parliament deputies (Majlis) were land owners. At the same time, almost 80 percent of the Senate members during the 1950-60 period were either large land-owners or came from those families (Zonis, 1968:265-67).

The second rural class were **peasants** who comprised 60 percent of rural households. This refers to those who possessed cultivation rights (nasaq), owned some means of production such as seeds and plough animals, and were engaged in either sharecropping or tenancy agriculture.

**Independent peasants/petty producers** formed the third class (comprising about 5 percent of the rural households), and were those who owned a small plot of land by maintaining their productivity at the subsistence level; and independent craftsmen/petty producers who manufactured almost all non-food products in the countryside (GOPF, 1976:22).

Finally, there were the **landless laborers** who neither owned any means of production (land included) nor enjoyed the right to cultivate the land. As wage laborers in kind or in cash, they survived by working for rich peasants or landlords, and as seasonal agricultural laborers performing a variety of petty jobs. According to the official statistics, landless peasants comprised about 2,000,000 households prior the reform (Ministry of Interior, 1962:269).



**11.4.2. Implementation of the Land Reform Laws:** The Land Reform was carried on in three distinct phases. The main elements of the law regarding the land distribution were: 1) limitation of the size of individual holdings to only one village, where landlords were required to sell their excess village holdings and land to the government; 2) allocation of holdings among the peasants without any changes in the field layout; 3) membership of the peasants in rural cooperatives as a necessary means to be eligible to receive land; and 4) redistribution of the land among those peasants who were nasaq-holders (Research Group, 1970; Hooglund, 1982).

The most important aspect of this phase was the development of rural cooperatives. It was assumed that the coops would provide credit and also general supervision to obtain/distribute seeds, fertilizers and other items. The objective was to promote modernized farming and facilitate market relations in rural Iran. The overall impact of this phase was substantial in liquidating the large landholdings, but it only constituted about 20 percent of the villages.

As its objectives, the second phase (1965-68) aimed to 1) eliminate sharecropping practices and thus eliminate the pre-capitalist form of rent; and 2) to pave the grounds for a large landholding system. According to the laws of this phase, all owners whose lands were exempted in the first phase had three major options: 1) to lease their lands to the peasants who had worked on them up to 30 years; 2) to sell

their lands to peasants; and 3) to form joint-stock agricultural units with peasants, having shares proportionate to each party's assets of land, livestock and tools (Lambton, 1969:194-206). Soon it became obvious that the first option was the favorite one and about 80 percent of the transactions created tenancies, which in turn denied peasants the ownership rights.

Finally, in the third phase (1968-71) creation of farm corporations and agri-businesses were encouraged. This in practice introduced capital-intensive and highly mechanized cash-crop agricultural economy to rural Iran. During the process many independent peasants were forced to exchange their land with paper shares in farm corporations. this led to the concentration of land ownership in the hands of large corporations which in turn created a new breed of landless peasants. According to some estimates, in 1972 the absentee farmers including the Royal family, big landholders, multinational corporations, and religious foundations owned nearly 20 percent of Iran's cultivated land (Garzuel and Skolka, 1976).<sup>3)</sup>

#### **11.5. The Socio-economic and Spatial Consequences of the Land Reform**

Although one might claim that the land reform introduced capitalist relations to rural Iran, its political objectives were not completely met. The land reform had at least two political objectives: 1) to destroy the power base of the major landowning families and; 2) to gain the support and

allegiance of the peasants and hence forestall a revolution in the countryside. The first goal was achieved since the landlords lost their economic base and political support in the countryside. But the second objective faced important difficulties. The fact is that only the former sharecroppers benefitted from land redistribution. The rural agricultural laborers and wage-earners were left out of the scheme. This resulted in a rapid deterioration of the economic life of the already dispossessed agricultural proletariat (Kazemi, 1980:35). In fact, the majority of the poor rural migrants who went to the principal cities of Iran came from among the landless peasants.

The landless peasants comprised about 2.4 million households and included farm laborers who were involved in animal husbandry and non-farm activities (Khosrovi, 1973). These landless farmworkers who were earlier employed by the landowners for carrying out work on irrigation, road building, etc. lost that source of employment as well. Intensive working of the land by the farmers increased the participation of their own family members as against employment of the landless peasants. Thus the category of "unpaid family workers" rose from 9.9 to 16.9 percent and "wage and salary earners" dropped from 38.6 to 27.3 percent of the rural labor force between 1966 and 1969 (ILO, 1974).

Another class that was affected by the land reform policies was the rural independent petty producer class. Since the direction of development thrust was towards agri-

culture and not rural manufacturing activities, they not only found they could not benefit from the governmental plans, but also found that the industrial goods produced in urban centers were taking away their clientele. The quality of the consumer goods and the attractive packaging of commodities such as soap, shoes, garments, etc. was attracting the rural population who were willing to pay a high price for these goods. Furthermore, the raw material prices were also increased and the self-employed rural artisans had no alternative except to cut back their earnings in order to compete with urban industrial commodities (Dhamija, 1976:23-26).

**11.5.1. Reasons for Rural-Urban Migration:** Different rural classes had different incentives to give up their rural lifestyle and leave for urban centers. The landless peasants were attracted to urban employment which offered higher pay with lower working hours; beside the fact that they were not attached to the land. The independent peasants did not have enough land to subsist, let alone to prosper. This was because of the government's interference in importing the basic foodstuffs which were mostly subsidized (and hence were cheaper compared to domestic produce). As a result, the well-off independent peasant producers were also confronted with a shortage of farm wage-laborers since most of them had already migrated to cities (Riyahi, 1976:6-7).

**11.5.2. Pattern of Rural-Urban Migration After the Land Reform:** After the land reform, the high rate of migration from rural areas to major urban centers such as Tehran, Tabriz, Isfahan, Kermanshah, Shiraz, Mashhad, Abadan and Ahwaz produced anxiety among planners. The pattern of seasonal migration was 66 percent of peasants having farm land less than one and half hectares and 27 percent of peasants with more than 4 hectares. Furthermore, besides seasonal migration there was also a substantial permanent migration which rose from 39 percent in 1966 to 42 percent in 1971. An interesting pattern of migration is that while in 1966 most peasants migrated because of rural unemployment or lack of better jobs; in 1970 the main reason for migration appeared to be family reunion for the relatives of the working members who were left behind in the villages (see Table 11.5). This meant also a beginning stage for the breakdown of the rural family structure and hence pre-capitalist social relations.

**Table 11.5: Reasons for Migration, 1966 and 1970**

Reasons	1964 (%)	1970 (%)
Seeking work	11.2	4.2
Seeking better jobs	49.2	17.1
Joining the family	8.8	61.0
Marriage	10.9	9.9
Education	1.3	0.9
Transfer	7.7	3.7
Other	10.9	3.2

Source: Dhamija (1976:52)

**11.5.3. Effect of the Land Reform on Sub-regional Village Centers:** Another consequence of the reform policies was the stagnation of the sub-regional village centers (or rural market towns) which provided non-farm services for the rural areas. As I have discussed in Chapter 5, the small villages with a population of 500 or less had been relatively self-sufficient, but at the same time dependent upon "sub-regional village centers" or "regional urban centers" as an outlet for their produce and also supplies of their needs. With the introduction of large-scale farming and consequent increased produce, the sub-regional village centers did not have the means to handle the marketing. That is, the traders in these centers have neither the warehouses for stocking the produce nor available credit to purchase the produce. As a consequence, they are being by-passed in many cases and the produce is being sold directly to merchants in regional urban centers. Hence their prime function of being a local marketing and distribution center of agricultural produce is undermined.

#### **11.6. Socio-economic Effects of Oil Industry**

The significance of the oil industry as the leading sector in the Iranian economy can be examined basically through earning capacity for government spending (indirect effects) and the interrelationship of the sector itself within the rest of the economy (direct effects). I have discussed the former in the first part of this chapter. In

regard to the latter, there are three points to be mentioned.

First, dependence of the Iranian economy on the oil industry has become increasingly and dangerously deepened by the fact that it has prevented the agriculture and industrial sectors from development by providing the government with excessive available foreign exchange in order to import agricultural and industrial products (consumer goods, machinery and military equipment). As can be seen in Table 11.6, in 1977 nearly half of the Gross Domestic Product came from the oil sector compared to 13.8 percent in 1967. The share of agriculture fell substantially from 24.5 percent to 8 percent during the same period, which indicates Iran's nearly complete dependence on importing agricultural products.

**Table 11.6: Sectoral Contribution to the Gross National Product, 1967-1977**

Sector	1967 (%)	1972 (%)	1977 (%)
Oil	13.8	19.5	48.7
Agriculture	24.5	18.1	8.0
Industry and mining	21.3	22.0	16.0

Source: Plan and Budget Organization (1975:37).

Second, the oil industry in the periphery has no backward linkages, i.e., it has small or practically no demand for goods and services provided by the national economy. This demand can be divided into 1) demand for fixed

assets; and 2) demand for current resources to meet the routine requirements of the industry (Fesharaki, 1976:143). Furthermore, oil production is a highly capital-intensive industry and the problem in the peripheral countries becomes more critical than in the core countries since in the former even the machinery, equipment, and in general the "know-how"<sup>4)</sup> is being imported.

The oil industry has another disadvantage in which it employs a tiny labor force and in time, the situation becomes worse due to the installation and introduction of highly automated machinery. Table 11.7 illustrates the decline in the labor force in the 1958-72 period while at the same time the oil production has increased almost six-fold:

**Table 11.7: Employment and Productivity in the Iranian Oil Industry in Selected Years**

Year	Manual Labor	Production (in cubic meters)
1958	48,477	47,767
1961	39,638	68,581
1964	31,564	98,343
1967	29,426	150,681
1970	26,952	222,180
1972	24,931	294,100

Source: Fesharaki (1976:145, Table 6.8)

Finally, the oil industry does not provide considerable forward linkages in the peripheral countries in that the most of its production is exported and the flow of low-cost



fuel from the oil industry to the domestic market is minimal (ibid.:173; Halliday, 1979:139).

#### **11.7. The Effect of the Oil Industry on Peripheral Urbanization**

Although the oil revenues in the hands of the state planning authorities might be utilized for urban development, the industry itself has little or no direct effect on urbanization. In the case of Iran, the industry's only spatial contribution is the establishment of a town whose *"raison d'etre"* is an oil refinery: Abadan. The city lies on an island off the eastern bank of Arvand River from its mouth on the Persian Gulf. In fact, Abadan was developed as an oil city when in 1909 the Anglo-Iranian Oil Company (AIOC) established its pipeline terminus and refinery there (once the largest in the world). The city was well equipped and consisted of a series of well planned, well built, and strictly stratified compounds for the company's staff. Thus the city's economy was dependent on oil the industry which was the main source of employment.

An interesting feature of Abadan's layout was the spatial segregation of foreign staff and Iranian workers based on class relations. For example, spacious and detached houses were provided for the British managers and high ranking officials; attached middle-class townhouses for the British and Indian officials, clerks, technicians and petty bureaucrats; and attached rowhouses for the workers (Iranian as well as Indian). This strict and deliberate stratifica-

tion in housing was meant to minimize class (and ethnic/-racial) contact and emphasize each employee's social class as a means to control and minimize class confrontation. Abadan might be considered as the prototype of a peculiar British colonial town in which the importance of the oil refinery as the dominant economic power (the British) was spelled out clearly for the residents.

After the oil nationalization in 1950 (Mossadeq era), Abadan's foreign population was almost eliminated (from 30,000 to 50) which was only increased to 300 in 1956. However, even if the Iranian staff and high ranking officials replaced their British counterparts, the spatial structure of the city remained intact (Ashraf, 1974:50-56).

## Endnotes:

1. For a detailed account of the historical events that led to the nationalization of the oil industry see Fesharaki (1976, Chapter Two); Elwell-Sutton (1955); and Ashraf (1971:100-116).
2. It is worth mentioning that it coincided with Washington's first economic aid program (Point IV) to Iran. The Point IV Program was then accompanied by a U.S. -Iran defense agreement in which the former agreed to supply Iran with arms in 1950 as a part of "Alliance for Progress" plan which was initiated for suppressing any progressive (socialist) movement in peripheral countries.
3. For Parts 11.4.1. and 11.4.2., I have benefited greatly from Lahsaeizadeh (1984: Chapters 10 and 12).
4. There are some spill-over effects from the import of this machinery from abroad, insofar as the installation of this machinery would require the building of new plants (from domestic resources) and employment of domestic labor force. However, such spill-overs are generally irrelevant to the issue of capital investments.
5. The Abadan refinery was bombed by the Iraqi forces in 1980 (as a result of the Iran-Iraq war) and the city was reduced to rubbles.

## **Chapter Twelve**

### **Uneven Urban Growth, Concentration of Economic Activities, and Petty Commodity Production in Egypt: The Case of Cairo**

#### **12.1. Historical Origins of Cairo's Uneven Urban Growth (1800-1882)**

Some historians regard the French expedition of 1798 as the beginnings of "modernization" for Egypt (Gibb and Bowen, 1950:231). But in fact this process, or to put it more clearly, the penetration of capitalism into the Egyptian social formation did not start until the post-Mohammad Ali era (i.e., after 1848). Following the Ottoman reoccupation of Egypt (under the command of Mohammad Ali and a small corps of Albanians) the country experienced a period of chaos and anarchy. With the Mamluks in control of Upper Egypt and Alexandria being controlled by another Turkish faction, the political consequences of a decentralized and bankrupt economy was the increasing power of the local feudals and nomads in controlling villages, cities, and different regions in Egypt.

Mohammad Ali captured Cairo at the time when three centuries of a deteriorating economy and decentralized political power virtually eliminated the need for a capital city. As a result, Cairo in the 1800's was in ruins when "house after house in the older quarters had crumbled and

been neither cleared nor rebuilt" .(Abu-Lughod, 1971:86). Spatially, Cairo changed little during the first half of the 19th century and statistically, her population increased negligibly during the 1798-1868 period (see Table 7.1). No wonder that Cairo's physical/economic development remained contingent upon the restoration of political and economic stability and the centralization of power during Mohammad Ali's reign.

Except for Mohamad Ali's projects for building palaces and connecting roads, the older Cairo on the coast of the Nile remained almost untouched during the 1800-1830 period. Mohammad Ali's preference for Bulaq, the extreme north-west corner of the city was first demonstrated by building his palace there and later making it the site for his new industrial establishments. These included a wool factory (1808), textile factories, the first iron foundry (1820), the first national press (1822), spinning mills, and a bleaching plant (Government Printing Office, 1956:88-89). Although his efforts for industrialization failed, Bulaq had established itself as the future industrial zone of Cairo (Abu-Lughod, 1971:91).

Cairo's growth actually did not take off until after Mohammad Ali's era (post-1848). It is important to put Cairo's growth within the context of internal developments as well as external pressures. Mohamad Ali's successor inherited a new export-oriented economy with a relatively organized and centralized state apparatus at the time when

foreign competition to control the Egyptian economy was increasing. Thus, while Alexandria continued to grow as the main port for exports and imports, Cairo started to gain momentum as a domestic administrative center as well as the center for political manipulation by the colonialists.

In one instance of the conflict of interests among the colonial powers, Cairo benefited the most. During the 1850's the French pressed for a seaway canal through the Isthmus of Suez. The British, afraid of losing their sea trade monopoly around the Cape of Good Hope advocated instead for the railway network to carry passengers and cargo between Europe and India by connecting Alexandria to Suez via Cairo. Under British pressure, the second scheme was approved and Cairo<sup>1)</sup> was connected to Alexandria by rail in 1854.

The railroad affected Cairo's growth in two ways: 1) its port of entry to Cairo stimulated further spatial development and absorbed many of the later immigrants; and 2) by connecting it to Alexandria, once an isolated city during Mohammad Ali's reign, Cairo was directly linked to the outside world especially the capitalist market (Abu-Lughod, 1965:432-34).

While during the 1863-82 period Cairo's population growth lagged behind that of Egypt, there were some developments that drastically changed the physical character of the city. This was mainly due to the attempts made by Khadive Ismail (1863-79) in order to give a modern look to Cairo. This however should not be regarded as a genuine urban

development but merely an imitation of the European city planning (a la French) of the time sponsored by an Asiatic state.<sup>2)</sup> Thus by hiring a famous French city planner, the "modern Cairo" but not yet the "colonial Cairo" was born west of the old, pre-capitalist Cairo (see Figure 12.1).

## 12.2. Cairo's Growth During the Second Period (1882-1952)

With the defeat of Colonel Arabi and the consequent British invasion in 1882, Cairo entered a new phase of development. Serving as the headquarters of the British colonial administration, the Western Cairo with its European-style subdivisions which had remained mostly as an empty shell, finally found its "raison d'etre" through the influx of a new wave of immigrants. Aside from an intensive rural-urban migration during the 1882-1890 period which was mainly caused by a stagnating agricultural economy; Cairo's population increase resulted from foreign immigrants that can be classified in three groups: 1) Italians who came to staff small-scale industries and machine shops; 2) the Greek, French, Swiss, Swedish, Belgian and English entrepreneurs and adventurers who were attracted by new business opportunities under British protection; and 3) the British military and civil servants who were sent in for protective and administrative reasons (Abu-Lughod, 1965:454-55). Furthermore, the increasing demand for housing for both the foreign residents and high ranking indigenous officials, along with the final steps taken for the legalization of

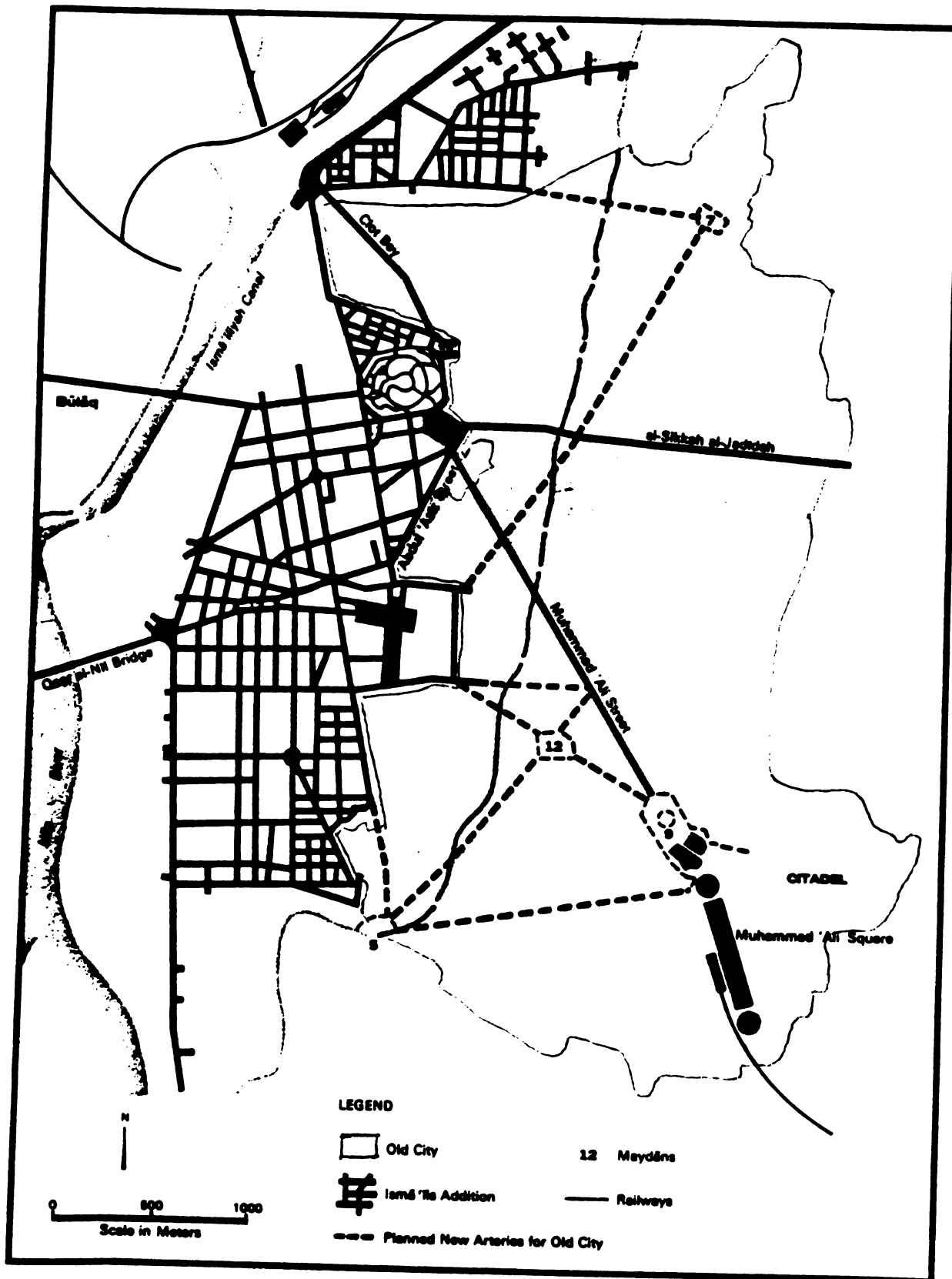


Figure 12.1: Map of Cairo, Circa 1869-70

Source: Abu-Lughod (1971:111)



private land ownership, opened up a new era of land speculation during which Cairo expanded toward the west and further north. Thus, at the turn of this century Cairo developed a dual spatial character: the old, pre-capitalist city with its increasing problems of dealing with the new waves of rural emigrants; and the colonial Cairo as the settlement for about 62,000 foreign residents and local elites (about 9 percent of Cairo's population in 1907).

It is interesting to draw parallels between Cairo's spatial composition and the state of the economy within the Egyptian social formation. As was stated in Chapter Eight, although Egypt's agricultural production was directed toward the capitalist markets, one cannot talk about the existence of capitalist relations and forces of production. British involvement was also aimed at reorganization of production in a pre-capitalist social formation. Thus, their intervention occurred initially at the political level. The British needed the help of the indigenous administrators to extract agricultural surplus from the rural population. As a result, Egypt remained a nominal member of the Ottoman Empire while Khedive Tawfiq (1879-1892) was reinstated as the head of the state. But in reality the decisions were made by the British Consul General, Lord Cromer (1883-1907). Thus, in the absence of industrial-capitalist production, control over the pre-capitalist means of production was shared by the colonialists and the domestic rulers. Cairo became an example of the spatial translation of this transitional

period (see Chapter Two for theoretical discussion and Chapter Seven for historical analysis). Table 12.1 further illustrates the juxtaposition of two socio-economic systems in space.

**Table 12.1: The Dual Nature of Cairo's Spatial Formation at the End of 19th Century**

	Eastern Cairo (pre-capitalist city)	Western Cairo (colonial city)
Technology	Pre-capitalist, Handicraft industries	Steam-powered technology
Street Patterns	Labyrnith, not influenced by the grid iron pattern resulting from land regis- tration; unpaved streets	wide, straight streets, paved with macadam
Water Supply	itinerant water peddlers	conduits connected with the steam pum- ping stations
Lighting	none	gas lights
Transportation	foot or animal-back	railroad, horsedrawn carriages

Source: Abu-Lughod (1965:430).

During the opening decades of this century, the promise of commercial gain attracted a large number of foreign immigrants, not only from other parts of the Ottoman Empire, but from Southern and (to a lesser extent) Northern Europe. Abu-Lughod attributes 70 percent of Cairo's growth during this period to in-migration of which, almost two-thirds was due to the influx of foreigners (1971:122). However, this

pattern was short-lived and the crash of the European stock market (Bourse) in 1907 and consequent foreclosures and mortgage defaults discouraged foreign immigration to Egypt. At the outbreak of WWI, the British unilaterally declared Egypt as a protectorate (1915) and she became an important base for Britain's Middle East operations. The presence of the British army generated a new demand for service and supplies, which drew a portion of rural population to major cities such as Cairo, Alexandria and the Canal cities.<sup>3)</sup>

Meanwhile, new industries were established in cities to meet shortages created by the world capitalist economy's interruption. This, coupled by a deteriorating agricultural economy created a new wave of rural-urban migration. The post-War years also witnessed a booming construction industry in Egypt. This is attributable to the beginnings of capital accumulation in the hands of Egyptian landowners who did not have any outlet for investment. In the case of Cairo, increasing population and serious housing shortages provided a fertile ground for construction activities and hence, the need for construction wage-laborers.

Egypt experienced a severe recession in 1926 due to a drop in cotton prices, which was followed by the world-wide recession of the 1930's. This slowed down Cairo's growth due to an overall decline in employment opportunities in that city. However, worsening conditions in rural areas inevitably forced large number of peasants into the cities, particularly Cairo and Alexandria. Later, in a sharp

contrast to the 1926-1937 period, WWII generated an increasing industrial and military demand (see Chapter 8).

### 12.3. The Effect of Rural-Urban Migration on Cairo' Growth After the 1952 Revolution

In the post-WWII era culminating in the 1952 Revolution, Cairo experienced a new wave of rural-urban migration. As I discussed in Chapter Ten, the Egyptian Land Reform offset the rate of rural-urban migration in general. However, during the 1947-60 period there was an increase in migration from the Upper Egyptian provinces while migration from the Delta provinces remained steady. At the same time, migration from urban governorates to Cairo during the same period comprised only 3 percent of the capital city's population (see Table 12.2.). This has to be considered as a sign of deteriorating conditions in certain regions of rural Egypt (the Upper Egypt) which were becoming "peripheral" regions within the Egyptian social formation.

**Table 12.2: Percentage of Egyptian-born Migrants from Different Localities to Cairo's Total Population, 1947-1960**

Migrants' Place of Origination	1947 (%)	1960 (%)
From Urban Governorates	3	3
From Upper Egyptian Provinces	12	15
From Delta Provinces	19	18

Source: Abu-Lughod (1971: 174, Table 5).

Along with structural developments in the rural areas and the absence of growth in industrial investment, there were considerable investment activities in the construction industry by large landholders. According to Abdel-Malek (1968: 81), investments in construction since 1949 have totalled LE 15-20 million/year, almost all of them concentrated in Cairo and Alexandria. In 1956, investment in construction reached 47.3% of the total number of investments, and 75.8% of all private investments. In addition, the structure of industry also shows a few peculiarities. In 1958 over half of the labor force in establishments employing 10 or more workers were in Alexandria or Cairo (28% and 23%, respectively) while only 5 percent were employed in Upper Egypt (Issawi, 1963:174).

With regard to urbanization, the third stage of Nasser's rule (1961-67); marked by the laws of nationalization, initiation of the First Five Year Plan (1960-65), and the introduction of welfare programs, did not alter the urbanization pattern or the rural-urban migration trend. However, the previous reductions in employment opportunities in rural areas were offset by the new demand for casual labor generated by the construction of the High Dam and the new land reclamation schemes (Abdel-Fadil, 1975: 125). Thus, during this period the work force grew by nearly 22%, or from 6 to 7.3 million. In absolute terms, 40% of the increase occurred in agriculture, 17% in industry, and 43% in the service or tertiary sector. As a consequence, in this

brief period the landless families as a proportion of total rural families further declined from 30% to 28%, and agricultural per capita income (in spite of undeniable poverty) increased slightly, while in the cities the tertiary sector provided the rural migrants with employment opportunities (Waterbury, 1983: 90-92, 208-209). Finally, the sub-period of 1965-70 was a period of no growth, no land distribution and the absolute number of landless families increased from 28% to 33%. This reversal of the trend is attributed to the growing population pressure on land and the freeze on agrarian reforms (Abdel-Fadil, 1975: 43).

#### **12.4. Peripheral Capitalism, Uneven Development and Centralization of Economic Activities:**

The decisions made by the post-1952 regime of the Free Officers in Egypt was aimed at the restructuring and reorganization of industries and redirection of the Egyptian capital toward capitalist-industrial activities. However, the policy makers showed little concern for (or I should say were incapable of) correcting the striking regional imbalance in the location and distribution of industries by attempting to locate the new establishments in a more decentralized fashion.

Prior to 1952, the import-substitution (ISIs) and metal-working industries had been concentrated in or near Cairo and Alexandria. These industries and mining industries became the fastest growing sectors of the economy which also received the most encouragement for new investments after

the revolution; and as the evidence indicates, there are no signs of decentralization and the old pattern still persists in Egypt. The early industrialists looked for a site when they expected to maximize their profits by relying on a range of raw materials, a skilled labor force, and the proximity to the would-be costumers which usually reside in major urban areas. As a result, Alexandria was favored by the existence of a cosmopolitan community, by access to supplies of raw materials and imported machinery, and by its dominating position in cotton export. Cairo, on the other hand, was favored as an industrial center because of the concentration of pre-capitalist crafts and hence access to a "potential" pool of skilled workers; and as the headquarters for the government, bureaucracy, and the ruling class. Moreover, while Alexandria suffers as a marginal site far from Upper Egypt, Cairo is strategically located in a way to receive imports from Alexandria, Port Said and Suez, and to redistribute the produced commodities throughout the country (Barbour, 1972:120-122).

Since the establishment of new industries in post-1952 Egypt began in 1956, a comparison between pre- and post-1956 characteristics of industries with regard to capital investment, labor force, and number of establishments strongly suggests the dominance of Cairo and Alexandria as favored industrial sites (see Table 12.3). As is shown in Table 12.3, while in terms of the number of factories Cairo is the leading center, in terms of workers employed and capital

**Table 12.3: A Comparison of Work force, Capital Investment and Industries Established before and after 1956 in the Egyptian Provinces (percentages only)**

(%)

Province	Factories		Workforce		Capital	
	1865- 1956	1957- 1963	1865- 1956	1957- 1963	1865- 1956	1957- 1963
Cairo	47.5	48.9	28.0	27.9	17.1	15.4
Alexandria	19.6	17.9	27.8	23.6	18.6	18.7
Canal	1.6	2.0	0.5	3.4	0.3	1.8
Damietta	1.5	1.4	0.3	1.7	0.1	1.4
Suez	0.8	0.5	2.1	0.5	3.2	1.2
Sinai	0.2	0.2	0.5	4.0	4.6	9.1
Red Sea	0.2	0.6	0.9	4.6	0.3	10.6
Kafr el Sheikh	0.9	0.9	0.3	0.3	0.3	0.3
Buheira	11.8	1.4	4.7	3.1	12.5	0.2
Gharbia	6.7	6.4	5.0	3.9	7.4	1.9
Daqahlia	2.6	2.3	0.9	2.5	0.9	1.2
Sharqia	1.3	1.2	1.2	0.3	1.1	0.5
Minufia	1.1	0.8	0.4	3.6	0.2	5.9
Qalyubia	5.3	8.9	11.2	10.5	7.4	12.1
Giza	3.3	3.2	10.3	3.2	14.8	1.9
Beni Suef	1.0	0.5	0.4	0.2	0.3	0.2
El Fayyum	0.7	---	0.2	---	---	---
Minia	1.3	0.9	1.1	0.4	1.1	0.5
Sohag	0.9	0.5	0.3	1.4	0.1	0.7
Asyut	1.1	0.8	0.6	0.4	0.3	0.1
qena	0.3	0.2	1.5	1.3	1.4	0.9
Aswan	0.3	0.5	1.9	2.9	8.0	15.3

Source: Barbour (1972:129), based on data from Guide to Industries (Cairo, 1963)



investment, Alexandria gains an almost equal status to that of Cairo.

In the absence of conclusive data on the total value added by manufacturing in each city, the only alternative to measure each urban locality's degree of industrial importance would be the labor force involved and capital investment. A reading of data in Table 12.4 indicates the importance of Cairo and Alexandria as the two leading industrial metropolitan areas in the 1960's.

**Table 12.4: Share of National Labor Force and Capital Investment for Cairo and Alexandria, 1963**

Metropolitan Area	No. of Workers (% National)	Capital Investment (% National)
Greater Cairo	39.6	34.5
Greater Alexandria	28.9	26.4
Total for Cairo and Alexandria	68.5	60.9

Source: Based on data in Tables 7.4 and 7.5 in Barbour (1972:193-94).

Although of lesser importance, we may utilize the location of the headquarters for the major Egyptian companies as another indicator for economic concentration in few urban localities and hence, uneven economic development. Table 12.5 sheds some light on the importance of Cairo and Alexandria for the major companies' headquarters in 1975. There is no available information about the criteria (such as capital investment) for a firm to be considered as a "major company", but with some reservations the data might

indicate a persisting trend in a peripheral capitalist society.

**Table 12.5: Location of the Headquarters for Major Companies in Egypt, 1975**

City	No. of Companies	% National
Cairo	231	75.24
Alexandria	44	14.33
Helwan	13	4.23
Giza	2	0.65
Kafr el Dawar	2	0.65
Tanta	2	0.65
Other Cities		
(Total)	13	4.25
<b>Total</b>	<b>307</b>	<b>100.00</b>

Source: Table constructed based on Data in Bricault (1975:41-85).

It is obvious from Table 12.5 that Cairo is the most preferred locality for companies to have their headquarters. But in terms of investment, the reading of Table 12.4 indicates that both Cairo and Alexandria have been favorite sites for capital investment.

Another strong indicator of the uneven economic development in the Egyptian social formation is the spatial expansion of the communications and transportation networks. With regard to railroad network, as Barbour (1972:89-90) explains it:

Virtually all railway lines have been laid to facilitate transport toward or away from Cairo; that internal navigation takes place along either Nile or the distributory canals which supplement the Damietta and Rosetta branches in the Delta;.... and that almost all roads in the U.A.R. radiate from the head of the Delta into either Upper or Lower Egypt.

The fact that railway network in Egypt was initially conceived as an efficient means of transportation for the export of cotton manifests itself in its having a dual system: a local/regional narrow gauge network to bring the product to provincial centers, and the standard gauge trans-Egyptian railway which in fact connects Cairo to the rest of the country. For instance, even the junction industrial towns of Behna and Tanta in the densely populated Delta have not expanded any commercial/administrative functions beyond the local level (ibid., p.90).

#### **12.5. Class Composition of Urban Egypt**

In Chapter Ten I discussed the class composition of the Egyptian social formation by the time of the 1952 revolution. Within the context of internal developments and consolidation of the newly emerged state capitalism there was a shift in class relations. Articulation of the dominant capitalist mode with the now subordinate pre-capitalist feudal mode of production necessitated new social relations based on which the class position of certain strata became ambiguous or contradictory. Related to developments in urban Egypt, several works have tried to provide an analysis of the new class relations (Cooper, 1983; Waterbury, 1982); but the analyses are mostly descriptive and do not provide a solid theoretical framework. The works of Hussein (1972) and Abdel-Fadil (1980), however, are more analytical and congruent with the arguments made throughout this work.

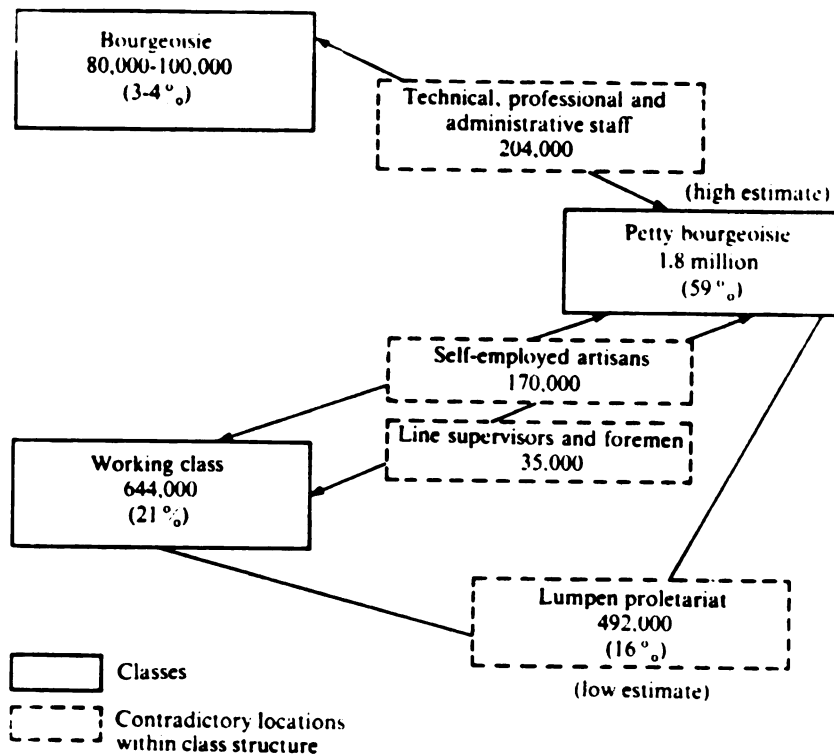
Based on a set of incomplete and "extremely patchy" data, Abdel-Fadil (1980:92-93) gives a picture of the urban class composition during the Nasser era (circa 1970) as follow :

- 1) The Bourgeoisie: composed of three socio-economic groups:
  - a) the upper stratum of the bureaucratic and managerial elites such as high-ranking civil servants and army officers, directors of public sector companies, magistrates, etc.;
  - b) capitalist entrepreneurs, wholesale traders and contractors; and
  - c) top members of the professions such as doctors, lawyers, pharmacists, etc.
- 2) The Petty Bourgeoisie: Made up of heterogeneous socio-economic strata including those who possess a small amount of capital/urban property, or a specialized training:
  - a) self-employed artisans, small traders and shopkeepers, commonly known as the "traditional petty bourgeoisie";
  - b) line supervisors and foremen in the capitalist industries, and non-manual elements such as technocrats, middle ranking civil servants, school teachers, etc. This strata is also commonly identified as the "new petty bourgeoisie".
- 3) Wage-laborers: a class of non-agricultural manual workers engaged in manufacturing industry, construction, railways, ports, and public services who are wage-earners.

4) The Sub-Proletariat: a considerable portion of the Egyptian population who do not enjoy a relatively privileged status of belonging to the wage-earning class. This includes occasional laborers, street vendors and peddlers, domestic servants, porters, and the unemployed.

In his analysis of the class composition of urban Egypt, Abdel-Fadil follows the class analysis of Wright (1976) in which he identifies several contradictory class locations in the advanced capitalist societies based on a distinction between the economic and political/ideological determinants of class position. Although application of Wright's analysis to a peripheral capitalist situation might not be appropriate, there are elements that do concern my research (see Figure 12.2). That is, in a peripheral capitalist social formation due to the lack of a full-fledged corporate economy the class of "technical, professional and administrative staff" can be easily located within the "new petty bourgeoisie" category. What is interesting and of great concern for my analysis, is the location of the "self-employed artisan" and the "sub-proletariat or lumpen-proletariat" categories which indeed occupy a contradictory location within the class structure. This is because of the fact that statistically, it is impossible to distinguish between the self-proclaimed independent artisans who utilize the terminology in the official enumerations to disguise their chronic unemployment, and those who are really self-employed artisans. In addition, many of the

people categorized as "sub-proletariat" are rural immigrants who in fact do belong to the pre-capitalist agricultural sector.



**Figure 12.2: Contradictory Locations Within the Egyptian Urban class Structure (1970-71)**

Source: After Abdel-Fadil (1980:95)

Despite the fact that the data are sketchy, they indicate the decline of independent artisans and shopkeepers who, according to Abdel-Fadil (1980:92-93) have lost their historical importance under Nasser. In their place, white-



collar employers, technicians, line supervisors and civil servants have assumed new significance in line with the ascendancy of capitalism as the dominant mode in the Egyptian social formation. As a result, between 1962 and 1972 there was a small shift from self-employment to wage-labor employment which has to be interpreted as a sign of the growth of the capitalist relations of production (see Table 12.6). The lack of a clear-cut line between the wage-earners and the self-employed since many workers may have other subsidiary occupations must be noted.

**Table 12.6: Shifts in the Working Status of the Urban labor Force, 1962-1972**

Working Status	1962 (000's)	%	1972 (000's)	%
1. Employers/Entrepreneurs	185	8	234	7
2. Self-Employed	454	20	635	18
3. Salaried Employers and Wage-earners	1,443	63	2,300	66
4. Unpaid family Workers	141	6	214	6
5. Unemployed	71	3	112	3

Source: Labor Force Sample Surveys, June round, 1962 and May round, 1972 (Table adopted from Abdel-Fadil, 1980:90).

#### **12.6. Petty Commodity Production and Urban Employment Structure in Urban Egypt and Cairo:**

In studying the employment structure of urban areas in the periphery, one noticable feature that has become the focus of all the analyses concerning the "urban informal economy", is the alleged "structural duality" of the size composition of establishments or number of persons employed. That is, large and medium-sized factories based on capita-



list relations are surrounded by a large fringe of small-sized workshops which are engaged in petty commodity production, handicrafts, services and repairs activities (Abdel-Fadil, 1980, 1983; Mabro and Radwan, 1976; World Bank, 1977). Following my theoretical discussion in Chapter 2, the main concern here is to understand the dynamics of the economy as a whole by concentrating on petty commodity production which encompasses the "small-scale" industries, self-employed artisans/producers, and people who are engaged in service and distribution activities without contributing to the creation of surplus value in a pre-dominantly capitalist economy. The following discussion is meant to provide a detailed analysis of these sectors.

**12.6.1. Small-Scale Industry (SSI):** Although definitions vary from one study to the other, this sector is defined as the group of manufacturing establishments in which one to nine persons are employed.<sup>4)</sup> For a number of technical reasons the number and contribution of the SSI's tend to be underestimated in the official statistics of the peripheral countries. For instance, enumeration of SSI's always tends to be incomplete because a sizeable portion of operations take place within farms or the household (Mabro and Radwan, 1976:115). Thus, the available data should be analyzed with caution. In the case of Egypt, a comparison of data related to SSI for 1947 and 1960 indicate that while the establishments employing one employee are predominant, this size class is on the decline (see Table 12.7).

**Table 12.7: Size Distribution of Establishments and Employees According to the Number of Persons Employed in Egypt, 1960 and 1964.**

Size Class	1960		1964	
	No. of Employees (000's)	%	No. of Employees (000's)	%
One Employee	262	20.0	294	18.5
2-4	400	31.0	387	24.4
5-9	140	11.0	132	8.3
1-9 size class	802	62.0	813	51.2
10-49	158	12.7	200	12.7
50-499	163	12.5	229	14.5
500+	182	14.1	244	21.7
Total	1,305	100.0	1,586	100.0

Source: Table constructed based on data adopted from Table 6.3 in Abdel-Fadil (1980:91)

Furthermore, the 1-9 size class itself has also declined drastically. On the other hand, while the 9-49 size class has remained unchanged (12.7 percent), the 50-499 and 500+ size classes have compensated for the decline in the small firms' employment (12.5 to 14.5 percent, and 14.1 to 21.7 percent, respectively). Lack of data for Cairo during the same period makes any judgement about its employment structure impossible. But a comparison of data for 1957 and 1972 indicates that the ratio of the industrial labor force employed in the 1-4 size class has dropped from 55 percent (Abu-Lughod, 1971:162) to 35 percent (Abdel-Fadil, 1980:91). However, although SSI's employ almost one-third of the manufacturing labor force, they generate less than 16 percent of total value added (See Table 12.8).

**Table 12.8: Shares of the Egyptian Small Scale Industries in Total value Added and Employment by Branch of Activity, 1967**

Industry	Gross Value-Added	Employment	
	% Share in Total Manufacturing	Numbers	% Share in Total Manufacturing
Food	25.7	38385	37.8
Beverages	2.8	257	4.3
Tobacco	1.8	216	1.7
Textiles	3.5	31659	11.3
Wearing Apparel	78.4	90709	90.1
Wood	71.1	16148	81.9
Furniture	72.1	27849	75.8
Paper	4.7	1067	7.3
Printing	13.8	3312	19.6
Leather	56.4	3366	53.4
Rubber	2.6	293	6.6
Chemicals	1.1	921	1.9
Petroleum	0.0	10	0.1
Non-metallic products	17.5	8846	21.3
Basic metals	2.9	1186	4.9
Metallic products	35.4	27706	52.1
Non-electric machinery	13.7	2441	21.4
Electric machinery	8.7	3825	25.4
Transport equipment	33.6	18790	49.6
Miscellaneous	31.3	6914	50.8
<b>Total SSI</b>	<b>15.7</b>	<b>283900</b>	<b>32.7</b>

Source: CAPMAS, Census of Industrial Production, 1967, Parts I and II. Table constructed based on data in Mabro and Radwan, 1976:121, Table 7.3).

Despite its decline, the monopoly of the SSI over certain areas of industrial activities is indicative of its decisive role in the Egyptian economy. For instance, the majority of the garment, wood, and furniture industries are small-scale with a share of 90.1, 81.9, and 75.8 percent of total manufacturing, respectively. Interestingly, as is shown in Table 12.8, only 11 percent of textiles is produced by small-scale establishments; an indication of the monopoly of big capital over this branch of industrial activity. Furthermore, over half of all leather processing, metallic products (such as doors, windows, furniture and other items for construction industry), and transport equipments and parts industries are small-scale.

Furthermore, if we consider industries which supply basic consumer goods such as clothes, shoes and bread, we gain another picture. In order to get a sense of their importance, one has to look at their ranking based on employment and added value (see Table 12.9).

Tailors constitute by far the largest group and their establishments are spread throughout the country. They do not seem to suffer from the competition from capitalist industries. The mass production of suits and gallabyas (the traditional garment) had not been routinized in 1967 (ibid.: 122). Next, although bread-making industry ranked 6th in numbers of employees in the SSI, it ranks third in its share of added value. An interesting point about this activity is its urban based nature since in most of rural areas bread is



produced by households for domestic consumption and not as a commodity.

**Table 12.9: Ranking of Six Branches of SSI Based on Employment, Establishments, and Gross Value-Added in Egypt, 1967.**

Industry	Employment		Establishments		Gross Value Added
	Numbers	Rank	Numbers	Rank	Rank
Clothes and garments	63,623	1	42,926	1	1
Furniture and fixtures	27,849	2	15,447	2	2
Metal products	27,706	3	13,404	3	4
Spinning and weaving	20,835	4	9,685	4	6
Shoes	18,874	5	9,693	5	5
Bakeries	14,258	6	2,955	6	3

Source: table constructed based on information given in Mabro and Radwan (1976:123, Table 7.4).

Aside from basic consumer goods industries, the most important SSI both in terms of the gross value added and employment is the furniture and fixture industry. In 1967 its share of total value added was estimated at 72 percent. Products range from beds and benches for rural houses to the rudimentary wooden tables, chairs and coffer as well as doors and window frames. In fact, wooden furniture are the only possessions of the lower middle class and poor households in Egypt (ibid.:123-24).

The lack of sufficient statistics makes a comparative analysis of the SSI and its historical developments almost impossible. Although a survey of SSI was conducted in 1974

by the Handicraft Industries and Productive Cooperaives Organization (HIPCO), its coverage of activities is much narrower compared to the 1967 survey. That is, it excludes the unskilled workers and is craft-oriented. Therefore, there is no way of determining the growth of the number of SSI establishments and employment between 1967 and 1974 (World Bank, 1977:10-13).

With regard to the spatial distribution of the SSI's , the data for 1967 indicate their concentration in urban areas (63 percent), particularly in Cairo and Alexandria (30 percent). Moreover, the two metropolitan areas also account for 35 percent of the SSI labor force (see Table 12.10).

**Table 12.10: Spatial distribution of small-scale industry in Egypt, 1967**

	Establishments		Employment	
	No.	%	No.	%
Cairo and Alexandria	42,768	29.6	98,132	34.5
All urban areas	91,316	63.3	196,620	69.0
All rural areas	53,027	36.7	88,060	31.0
Total	144,343	100.0	284,680	100.0

Source: CAPMAS, Census of Industrial Production, 1967, Part I, Tables 5 and 12.

**12.6.2. Self-Employed Petty Commodity Producers:** This sector includes artisans who operate outside establishments, are self-employed and perform a variety of tasks within the production sphere (carpenters, masons, tailors, plumbers, shoe repairers, etc). A study of changes in the structure

and composition of this sector is important in a sense that it represents a group of professionals who produce commodities but who work for themselves and do not employ any workers; and thus do not make their living off of the workers' exploitation and hence no surplus value is created. An increase or decline in the number of self-employed artisans may well represent the degree of decline or expansion in the capitalist sector. Unfortunately, lack of detailed data for various years makes any comparison of changes in this sector also impossible. The only itemized data is for 1976 which is presented below in Table 12.11. As the employment figures for all Egypt and Cairo indicate, the greatest concentration of independent artisans and craftsmen in Cairo is found in three groups in particular: 1) building and construction painters; 2) repair and maintenance workers for electrical machinery; and 3) coppersmiths, blacksmiths and locksmiths, as about one-third of the total numbers of people operating in these groups are located in Cairo. This concentration seems to be related to that of construction and building activities which thrived in Cairo in the second half of the 1970's (Abdel-Fadil, 1983:62).

**12.6.3. The Structure of Employment in the Service and Distribution Activities:** The last sector within the petty commodity production economy is comprised of two groups: 1) self-employed people who are operating within the distributive structure of the economy and usually do not



**Table 12.11: A Comparison of Self-Employed Artisans for all Egypt and Cairo, 1976**

Type of Artisanal and Craft Activity	Employment for all Egypt	Employment for Cairo	2/1 %	Rank
	(1)	(2)		
Building and construction painters	13,478	5,003	37	1
Repair and maintenance workers for electrical machinery	10,220	3,197	31	2
Coppersmiths, blacksmiths and locksmiths	12,676	3,839	30	3
Shoemakers and leather goods artisans	18,473	5,160	28	4
Plumbers, welders and sanitary-ware craftsmen	17,907	4,857	27	5
Masons and concrete carpenters	59,599	14,414	24	6
Repair and maintenance workers for non-electric machinery	17,875	3,947	22	7
Tailors and dress-makers	57,791	12,010	20	8
Furniture and wooden fixtures carpenters	33,479	6,314	19	9
<b>TOTAL</b>	<b>241,498</b>	<b>58,741</b>	<b>24</b>	

Source: Table constructed based on information given in Abdel-Fadil (1983:63).



have any skills or craftsmanship (such as petty traders, street peddlers and people operating within the pre-capitalist transportation system); and 2) those who work as wage-earners but are not engaged in productive activities, and do not contribute to the creation of surplus value (such as paid domestic servants, porters, etc.) The data on these activities are based on fragmentary data sources and at best may be regarded as a rough indication of changes/developments within this sector (see Table 12.12).

**Table 12.12: A Comparison of The Structure of Employment in Service and Distribution Activities Within the Egyptian Petty Commodity Production Economy, 1947 and 1960.**

Type of Activity (or Occupation)	Numbers Employed				
	1947		1960		%
	(000's)	%	(000's)	%	Increase
Pre-capitalist transportation (a)	57	13	67	12.2	17.5
Petty traders (street hawkers and peddlers)	82	18.8	188	34.2	129.3
Paid domestic servants	235	53.9	192	35.0	-18.3
Waiters, porters and caretakers (b)	62	14.3	102	18.6	64.5

a: Includes those engaged in non-mechanized transport (i.e., animal and cart transport, as well as porters working in railway stations and the big wholesale markets).

b: Includes those employed in hotels, bars, cafe's and restaurants.

Source: Table constructed based on information given in Abdel-Fadil (1980;18).

As the comparison of data for 1947 and 1960, or pre- and post-revolution eras indicate, domestic servants are the most important occupational category, but its functional utility has been on the decline. There are two reasons for this decline. First, a large number of servants, maids and other service employees of the pre-1952 Egyptian ruling class were laid off following the revolution. Second, previously a status symbol for the middle class to employ full-time, live-in domestic servants, they no longer could afford this luxury because of the increase in living expenses (Abdel-Fadil, 1980:17-18).

The disproportionate growth of petty traders and street peddlers relative to other sub-sectors is worth a closer look. Since most of these petty traders work on the pavement of busy streets, this growth in numbers may be attributed to rural-urban migration and the importance of petty trading as a means for economic survival. On the other hand, petty traders function as a distribution network for the commodities produced in the capitalist sector.

The growth and increasing importance of petty trading and street hawking has continued in Egypt. Although there are no available data for Cairo, the national pattern may indicate to the fact that capitalist sector has consolidated its grip over the Egyptian economy with proletarianization of the workforce; a decline in the number of petty commodity producers (see Table 12.7); and a growth in numbers of people engaged in petty trading activities as an efficient

and cheap means of distribution of capitalist commodities that in turn speeds up the pace of realization of surplus value.

### 12.7. Conclusion

To conclude, Cairo's growth as a domestic administrative center as well as the center of political manipulation by the Europeans, started after Mohammad Ali (post-1848) as a result of his attempts to establish a new export-oriented economy. For example, Cairo benefited from the Anglo-French competition over the control of trade routes and was connected by rail to Alexandria.

During the second period (1882-1952) Cairo served as the headquarter for the British colonial administration and developed a dual spatial character: Pre-colonial Cairo maintaining its pre-capitalist nature; and colonial Cairo with its European style planned neighborhoods and a display of Western technology such as gas lights and water conduits. Cairo's population and spatial growth during this period was greatly affected by an influence of European immigrants who came to Egypt to take advantage of new investment opportunities.

after the 1952 revolution, Cairo, along with Alexandria entered a new phase of spatial development due to rural-urban migration, and concentration of construction activities in the two urban areas. Although uneven development in Egypt started with British colonialism, it

was not until after the 1952 revolution when measures were taken to directing capital investments toward industrial production. Uneven spatial development took a peculiar path in the enormous growth of Cairo and Alexandria. That is, Cairo became the preferred center for companies to have their headquarters, but Alexandria gained an almost equal status in terms of concentration of capital and industrial workforces. Furthermore, as another sign of uneven development, Cairo enjoyed its centrality as communication and transportation networks branched out throughout the country in an uneven fashion.

Reinforcement of capitalist relations of production in post-1952 Egypt affected the class composition in that society. First, independent artisans and shopkeepers declined in numbers while white collar workers and civil servants assumed more significance. Second, small-scale industries employing one to nine workers also declined drastically while industries employing 50 or more workers compensated for the decline in the former. However, the SSI maintained this monopoly over certain areas of industrial activities such as garment, food and furniture. Furthermore, almost half the SSIs in urban areas were located either in Cairo or Alexandria. Third, within the petty commodity production economy, the self-employed petty traders, and street peddlers show a considerable increase due to this function as a cheap and efficient distribution network for

capitalist commodities. These changes have to be understood in the light of consolidation of capitalist production in Egypt with its need for further proletarianization of the workforce, and its need for an efficient and cheap distribution network to facilitate the sale of capitalist commodities and speed up realization of surplus value.





## Endnotes:

- 1) Although the Cairo-Suez railway was opened in 1858, because of its poor design it was abandoned ten years later. See Abu-Lughod (1965:473).
- 2) The interested reader is referred to the work of Ali Mubarak, the Minister of Public Works during Ismail's reign. See Mubarak (1888) **Khitat al-Tawfiqiyah al-Jadidah (Arabic)**. Cairo: Bulaq Press.
- 3) For an account of the economic effects of WWI on Egypt see Crouchley (1938:182-209).
- 4) Some studies like the World Bank's Report (1977) define this sector as "artisanal". However, since the majority of studies define the 1-9 size class as "small-scale, I adopt the latter definition for this study.
- 5) In Chapter 14 I will discuss the difference between productive and unproductive labor and its historical importance for capitalist production and expansion in the periphery.

## Chapter Thirteen

### Uneven Urban Growth, Concentration of Economic Activities, and Petty Commodity Production in Iran: The Case of Tehran

#### 13.1. Historical Origins of Tehran's Uneven Spatial Development During the First Period (1800-1880s)

In the 18th century Tehran was a small and relatively unimportant village which owed its existence to its proximity to the city of Rey and its being on the trade routes that connected central Iranian cities to those of the north-east and north-western regions. Since the 16th century it had also served as a garrison for various regional and local rulers. Tehran's history as a city starts at the end of the 18th century when in 1796 it was selected as the seat of the government by the founder of the Qajar Dynasty. At that time, Tehran had a population of 15,000 of whom about 3,000 were soldiers (Bahrambeygui, 1977:11).

During the first decade of the 19th century there were only a few changes. The main development was the construction of a new royal palace and an influx of tribal chiefs and their families who were close to the monarch (ibid.:19). Later on, as a result of the Russian aggression in north-western parts of Iran during the 1820s and 1830s, Tehran's population increased considerably due to emigration from that region (Kinneir, 1813:77). However, in the first half



of the 19th century Tehran lagged behind Tabriz both in population and commercial importance. For example, a British foreign office report in 1841 put Tehran as the "second or third city of the empire in respect to commerce" (Abbott, cf. Issawi, 1971:118). Based on another report, even in the second half of the century (1868) Tehran's population was estimated as 85,000 compared to 110,000 for Tabriz<sup>1)</sup> (Thompson, cf. Issawi, 1971:28).

Tehran's increasing importance in the second half of the 19th century was related to two factors: the presence of the royal court and central government; and its central location for trade with Khorasan to the north-east and east, and Qom, Kashan, Isfahan, and Shiraz to the south-east. Handled by Iranian merchants, goods (mostly European commodities) were purchased in Tabriz and Constantinople and brought to Tehran for re-export to Mazandaran, Astarabad, Qom, Arak, Mashhad and other parts of the country (Abbott, cf. Issawi, 1971:118).

The increasing economic and political relations between Iran and the European colonial powers had their effects on the spatial development of the city. Impressed by the splendor of the European cities, the Qajar ruler Nasser-od din Shah (1848-1896) attempted to improve Tehran's "urbanity" by establishing factories, a hospital, a power station, a horse-drawn tramway, and a post office, and other "urban amenities" (Hekamy, 1964:14).

An interesting phenomenon is the concentration of new

industries in and around the capital city (Tehran) despite its unfavorable location for the import and transportation of machinery. This locational preference both by foreign and domestic entrepreneurs may be attributed to the proximity to the ruling elite, central government, and foreign consulates for further protection on the one hand; and the availability of a potential consuming class (the court, officials and merchants) for their products. This concentration of industries has to be regarded as the early signs of the uneven development of capitalist production in Iran. However, as discussed in Chapter Six, the Iranian social formation of the 19th century was predominantly of a pre-capitalist nature and was not receptive to capital investments in industrial activities based on capitalist relations. Hence, the unsuitable conditions for industrial activities and the superiority of the European made commodities to domestic goods forced the majority of the 19th century factories to close down. Table 13.1 demonstrates the nature and ownership status of the so-called "modern" Iranian industries.

### **13.2. Beginnings of Uneven Urban Growth During the Second Period, 1880s-1950s:**

The influence of European technology and capitalist development upon the Iranian pre-capitalist social formation manifested itself in a most superficial manner. In the absence of urban development in a capitalist sense, the only visible effects were "shops with glass windows and European titles" and "street lamp-posts built for gas, but dubious

**Table 13.1: Modern Factories in Iran, 1850-1900**

Industrial Activity	Date (Estab.)	Location	Ownership	Remarks
Riffle factory	1850/51	Tehran	state	
Sspinning mill	1858/59	Tehran	private	(a)
ppaper factory	1850s	Tehran	n.a.	(a)
Sugar factory	n.d.	Mazandaran	n.a.	
Calico weaving	n.d.	Tehran	n.a.	
Glass factory	1868/69	Tehran	foreign	(b)
Glass factory	1887/88	Tehran	private	(b)
Porcelain	n.d.	Tehran	private	(c)
Porcelain	n.d.	Tabriz	private	(c)
Candle making	1850s	Tehran	n.a.	(b)
Linen weaving	n.d.	Isfahan	state	
Silk reeling	n.d.	Gilan	private	
Silk reeling	n.d.	near Rasht	Russian	(d)
Gasworks	1881/82	Tehran	state	(b)
Beets processing	1895/96	Kahrizak near Tehran	Belgian	(e)
Spinning	1894/95	n.a.	private	(e)

**Remarks:**

- a: Ceased operation.
- b: Closed down due to lack of material.
- c: Closed down due to bankruptcy.
- d: Closed down due to poor management.
- e: Closed down, unable to compete with foreign goods.

Source: Jamalzadeh (1956:93-96).



accommodating dubious oil lamps" (Curzon, cf. Shearman, 1961:570) What is more, in 1900 Tehran had acquired the only railway in Iran- a total of eight miles. It further boasted the only electric power generating plant in the country (Bharier, 1971:16). Even in 1919, Tehran was a walled city surrounded by a dry moat and the only entrance was through the city gates which were closed at night to keep out the robbers and cutthroats (Graham, 1979:24). At the close of the 19th century Tehran had expanded sufficiently to have outstripped any other city in the country. By the early 20th century Tehran's population was estimated at 250,000. Following the Constitutional Revolution of 1906 (see Chapter 7) and the subsequent establishment of the legislative assembly (Majlis), Tehran gained greater importance as the political and intellectual center.

Introduction of capitalist relations of production and centralization of the state apparatus to pave the way for capitalist development in the 1920s led to rapid concentration of all governmental bureaucratic institutions in Tehran. Thus the city developed a new growth pole, that of the administration, next to the old center of commerce, trade, and pre-capitalist activities (the bazaar). Consequently, the number of civil servants and government employees increased rapidly (Bahrambeygui, 1977:23-24). As I stated earlier in Chapter Five, one of the major developments in the Iranian social formation at the end of 19th and beginning of the 20th century was the legal recognition of



private property and especially that of land. This, along with the growth of a new administrative population and the need for new housing facilities promoted land speculation. As a result, Tehran witnessed an outward growth toward the north, outside the boundaries of the old pre-capitalist city. It was in this period that urban renewal (or development) gained momentum which resulted in the clearance and reconstruction of slum areas in the center and northwestern parts of the city.

It was not until 1937 that the city walls surrounding Tehran were pulled down. They were replaced with broad avenues presumably as a necessary step taken for urban development. This rather symbolic act by the government was indicative of a new era for capital investment and urban development which required a secure and safe environment for industries and land speculators.

### **13.3. Uneven Capitalist Development and Concentration of Economic Activities in Tehran (Post-1953 era)**

As I stated in the beginning of this chapter, Tehran became the preferred center for any kind of industrial and commercial activities for a variety of reasons. For instance, The absence of independent capitalist development in Iran makes the spatial concentration of industrialization the only cost-effective option for capitalist investors. This concentration also affected the wages and based on one estimate, in 1964 a factory worker in Tehran earned on the

average 2.35 times more than their counterparts in other cities (Bahrambeygui, 1977:106).

As the reading of Table 13.1 indicates, concentration of industrial and commercial activities in Tehran dates back to the late 19th century. But this concentration reached its peak only during the third period (post-1952) with the onslaught of multinational corporations and the provisions of the Third capitalist development plan (see Chapter 11). According to a survey conducted by the Plan and Budget Organization, in 1964 about 35 percent of national investments (excluding oil) and 66 percent of foreign investments were in industries located in Tehran or its immediate vicinity (ibid.). In 1967, 29 percent of all industrial establishments, 46.1 percent of all large industrial establishments (employing more than 10 workers), and 36.2 percent of the industrial workforce were also located and concentrated in Tehran (Looney, 1973:129).

Another factor that indicates the degree of Tehran's vitality for the capitalist class is the concentration of companies in the capital. For example, in 1972 about 83 percent of all companies were registered in Tehran (Plan and Budget Organization, 1973). Three years later, Tehran became almost the only headquarter for major companies (97 percent). Table 13.2 illustrates this uneven spatial location of companies in Iran.

**Table 13.2: The Location of the Main Headquarters for Major Companies of Iran, 1975**

City	Number of Companies
Tehran	649
Tabriz	4
Isfahan	4
Shiraz	2
Khorramshahr	2
Zahidan	2
Gonbad Qabus	1
Abadan	1
Kashan	1
Mashhad	1
Ghuchan	1
Ahwaz	1
Total	669

Source: Bricault (1975:87-175)

One of the main factors that should be accounted responsible for this uneven spatial development in Iran is the magnitude of foreign investment especially after the land reform. For instance, in order to attract foreign investors, favorable terms for the repatriation of capital and interest were conceived during the Third capitalist Development Plan (1963-68) which led to an enormous increase in foreign investment. The emergence of the United States as the new dominant capitalist power manifests itself in her share of investments during the Fourth capitalist Development Plan (1968-73). Approximately 50 percent of all foreign investments were made by American investors, followed by the Germans (14 percent) and the British (10 percent) (Iranian-

American Economic Survey, 1976:86-87). Again, all of the hundred or so American firms and corporations doing business in Iran had their headquarters in Tehran (Iranian-American Economic Survey, 1967:151-162). Table 13.3 shows the magnitude of foreign investment particularly from 1963 onward (Implementation of land reform).

**Table 13.3: Foreign Investment in Iran's Capitalist Development Plans, 1949-73**

Plan	Period	Foreign Investment (millions of dollars)
1st seven-year	1949-56	68
2nd seven-year	1956-63	79
3rd five-year	1963-68	2,728
4th five-year	1968-73	7,700

Source: Iranian-American Economic Survey (1976:131).

#### **13.4. The Effects of Rural-Urban and Inter-Urban Migration on Tehran's Growth**

During the third period the pattern of internal migration in Iran was greatly affected by socio-economic changes taking place in rural Iran. For instance, while during the 1900-56 period about 61 percent of internal migration movements were inter-urban and only 39 percent of rural-urban nature, during the 1956-66 period rural-urban migration comprised 64.6 percent of all migratory movements in Iran (Bharier, 1977:331-341; Ministry of Labor and Social Affairs, 1964:2476). In this case, Tehran again became the leading urban center in absorbing the migrant population. In 1956 about 39 percent of the approximately two million

migrants whose birthplaces were enumerated were living in Tehran. This proportion increased to 41 percent in 1964 (Hemmasi, 1974:37). On the other hand, while in 1966 about 74 percent of Iran's total urban population were born in the same city, this proportion was much lower for Tehran (49 percent) (Iranian Statistical Center, 1966:4; Bahrambeygui, 1977:59). This high ratio of migrant population for Tehran can be attributed to the consequences of the implementation of the Land Reform laws (see Chapter 11), as well as concentration of all economic and bureaucratic/administrative activities in Tehran. In the mid 1970s the pace of migration to Tehran seemed to have slowed down, as alternative destinations for migrants were developing due to the strategies of the Fourth and Fifth (capitalist) Development Plans for a certain degree of decentralization of industrial activities.

One of the issues that has been the concern of both census enumerators (especially in 1956 and 1976) and individual scholars, is an understanding of the reasons for people's mobility and migration. In the case of Tehran, Almost all of the surveys conducted related to this matter indicate that unemployment at the place of origin is the prime factor for migration (see Table 13.4).

Clearly, those migrants who later join their families have to be considered as an inseparable part of the first-wave migrants who came to Tehran in order to find a job. This in fact means that of the total number of migrants who

**Table 13.4: Main Reasons for Migration to Tehran, 1956 and 1966 (percentage)**

Date of Migration	Seeking Work	Joining their Families	Seeking a Better job	Other
1956	25.6	59.0	7.2	8.2
1966	20.8	59.5	6.7	13

Source: Hemmasi (1974:50).

came to Tehran, 86.7 percent in 1956 and 80.3 percent in 1966 did so due to the lack of employment possibilities in their place of origin. However, the statistics indicate that few of those who came to find a job were successful. For example, in 1956 only 24 percent of migrants were able to get a job. Unfortunately, the available data do not indicate the average length of the time before a migrant is able to get employment in Tehran (ibid.:49; Kazemi,1980: 43-45). In another case study, Bartsch (1971:20-21) conducted a survey on the extent of unemployment in a model community (Ku-ye Nohom-e Aban District) established by the government to house the slum dwellers of Tehran. His findings indicate that most of the wage-laborers were only in temporary employment, subject to lay off when the work assignment was completed or the short-term contract expired. As can be seen in Table 13.5, over 70 percent of community's labor force were either in open or disguised unemployment and/or underemployment.

**Table 13.5: Unemployment in the Ku-ye Nohom-e Aban, 1971**

Category	% of Labor Force
Unemployed	28.6
Irregularly wage-earners	28.3
Self-employed rejects of wage-earning market	14.3
Total	71.2

Source: Bartsch (1971:20-21)

2)

### **13.5. Urban Classes After the Land Reform**

As discussed in Chapter 11, the implementation of the Land Reform Laws drastically changed the class structure of rural Iran. At the same time, domination of capitalist relations of production and gradual elimination of pre-capitalist relations in rural areas greatly affected the class composition of urban population. It is possible to identify four major urban classes based on their relation to the means of production.

1) **The Comprador Class:** totaling no more than one-thousand individuals, consisted of the Shah's family; previous feudal families that had turned their interests to capitalist ventures in urban areas; high ranking civil servants and military officers who sat in managerial boards and facilitated lucrative government contracts; the well-established class of businessmen who were attached to and





benefited from the world capitalist economy since the WWII commercial boom in Iran; and the new comprador class which emerged after the reforms of the 1960s and facilitated the penetration of multinational corporations into the Iranian economy. Overall, the comprador class owned about 85 percent of the major industrial, commercial, and banking institutions (Halliday, 1979:151).

**2) The Peripheral Petty Bourgeoisie:** One cannot find a petty bourgeoisie in the periphery similar to that of the core countries in the early stages of capitalist development. This is simply because the petty bourgeoisie in the periphery is well-engrained in, and dependent upon the world capitalist economy for its needs for raw materials, credit requirements and even marketing in a variety of ways. Having this in mind, we can identify two groups: 1) the "bazaar" community comprised of about half a million merchants, shopkeepers, traders and workshop owners; and 2) other petty entrepreneurs who operate outside the bazaar community and have investments in neighborhood stores or medium-sized workshops.

Through retaining their independent craft and trade guilds, the peripheral petty bourgeoisie (especially the bazaar community) controlled about half of Iran's handicraft production, two-thirds of retail trade, and three-quarters of its wholesale trade.

**3) The New Middle Class:** With the domination of the capitalist mode of production after the implementation of

capitalist development plans, the non-propertied and salaried middle class which came into being in the 1920s found a fertile ground for growth. Consequently, this class doubled in size from 310,000 in 1956 to over 630,000 in 1977 and included 304,404 civil servants, 208,241 teachers and school administrators, and 61,066 white collar workers.

**4) The Working Class** which in 1977 totaled 880,000 wage-laborers including 600,000 factory workers in plants with more than 10 employees; 20,000 electrical, gas and power workers; 150,000 transport network employees; 50,000 mines and 30,000 fishery/forestry workers; and 30,000 oil industry workers.

In addition to the above-mentioned classes, an increasing army of the urban poor including the impoverished and proletarianized rural immigrants (such as landless peasants and small landowner/peasants), and squatter settlers who were either unemployed or found employment in construction industry and similar activities. In desperation, many members of this proletarianized group became self-employed petty retailers as peddlers, street hawkers and the like. Abrahamian (1982; 434) puts the number of this group in the 1970s about 1,500,000. In the following discussion, a closer look at the urban employment structure for Tehran and entire country will reveal an increase in importance and in the number of this latter category inspite of the predominance of capitalist relations of production during the third period.

### 13.6. Petty Commodity Production and Urban Employment in Urban Iran and Tehran

During the 19th century, there was no clear-cut division between craft production and agricultural production, and between the craftsmen and peasants in the small village communities. However, in the city "bazaars" this separation was complete where the production centers and workshops were located in small shops. Obviously, this was due to the unity of capital (in its primitive form) and labor, which characterized pre-capitalist simple commodity production. Commodities produced by the artisans and those imported from other countries, together with rural and tribal artifacts were marketed by a considerable number of people. Apart from the prosperous traders and pre-capitalist money handlers who controlled the monetary exchange and wholesale trade in the bazaars, the small merchants and artisans comprised a very important segment of the urban population. The former owned small shops in the bazaars and worked with little or no help from hired workers, and the latter were master craftsmen who usually offered their wares for sale in front of their shops. To these groups one might add the petty vendors, peddlers and haulers who offered all sorts of goods on the streets and in the bazaar itself (Afshari, 1979: 134-38).

Introduction of colonial commodities and later on in the 20th century, capitalist relations of production and import-substitution-industrialization led to a gradual disin

tegration of pre-capitalist petty commodity production. The influx of mass-produced manufactured products (which were cheap and of better quality) undermined the pre-capitalist handicrafts. This gradually forced the bazaars to transform into a new form of petty production, functioning as a distribution center for foreign-made goods, and dependent on the world capitalist market mostly for acquiring the raw materials for petty production (ibid.:393-94). It is extremely difficult to provide an accurate picture of the growth and development of this sector of the economy due to the lack of data and also analytical differences in gathering the needed data. For example, the official census data do not differentiate in most cases between the self-employed and the entrepreneur/employer; and wage-earners and artisans also come under one occupational category. Acknowledging these shortcomings, The following discussion is meant to provide a general framework for an analysis of petty commodity production. I have to mention here that so far there has been no research done on this particular subject.

**13.6.1. Small-scale Industries (SSI):** Again, similar to the case of Egypt and Cairo the definition of SSI is somewhat arbitrary and varies from study to study. However, in order to provide a basis for comparison and also following the logic presented in Chapter 12, the SSI here refer to those establishments which supply a range of consumption goods such as food, textiles, knitted goods and shoes,

building materials, furniture, and metal products; and employ less than 10 workers. During the third period they also started to supply spare parts for capitalist industries (Hirsch, 1973:56).

A close look at the available data for the number of small- and large-scale industries indicates the absolute dominance of SSI in almost every single industrial activity. in 1963, for example, there were 88,114 small-scale and 2429 large-scale industrial establishments in Iran. This means that 97 percent of total establishments were of a small-scale nature. For the same year, Tehran also had a similar rate (see Table 13.6).

**Table 13.6: Industrial Classification for Small- and Large-Scale Establishments for the Greater Tehran, 1963**

Industry	No. of Small-Scale Estabs. (1-9 employees)	No. of Large-Scale Estabs. (10+ employees)	% Small-scale to total
Food	3,253	111	97
Beverages	90	9	91
Textiles	1,010	134	88
Shoes and made-up garment	10,146	165	98
Furniture	2,602	45	98
Leather products exc. shoes and clothing	326	5	98
Chemicals	268	40	87
Metal industries	439	29	94
Metal products except machinery and transport	4,429	120	97
Transport equipment	2,661	98	96
Rubber products	255	26	91
Total	25,479	782	94

Source: Iran. Ministry of Interior (1964:12, Table 7).

Furthermore, within the SSI itself, most of the establishments employed between 1 to 4 wage-earners (see Table 13.7). Although the available data give the exact number of wage-earners/employees for the industrial establishments, the data on the number of owners/employers do not distinguish between one-owner/employer and multiple-owner/employer establishments. My calculation in Table 13.7 however, is based on the assumption that all establishments had only one owner/employer. Thus the figures for the "average worker per firm" should be accepted with caution.

**Table 13.7: Employment and Average Size of Industrial Establishments for Greater Tehran, 1963**

Industry	Owners/ employers	Wage-earners employees	Average wage- earner per firm
Food	3,823	14,082	3.7
Beverages	117	945	8.0
Textiles	1,342	6,055	4.5
Shoes and made-up garments	10,804	14,943	1.4
Furniture	2,818	3,669	1.3
Leather products except shoes and clothing	340	642	1.9
Chemicals	363	1,831	5.0
Metal industries	531	1,177	2.2
Metal products except machinery and transport	5,096	8,357	1.6
Transport equipment	3,018	7,133	2.4
Rubber products	312	1,098	3.5
Total	28,564	59,932	2.1

Source: Iran. Ministry of Interior (1964:13, Table 8).

What is interesting here is that the "shoes and made-up garments", "furniture", "leather products", and "metal products" industries are almost one- to two-person operations that suggests these industries are operating exclusively at the artisanal level within the petty commodity production system.

Another aspect of SSI is its importance with regard to its capacity to provide employment within the Iranian economy. A comparison of the data for 1956 and 1966 indicate that the SSI employed 91 percent and 85 percent of the industrial labor force, respectively. Although there is a relative decline in its employment creation capacity, its importance for the industrial production is undeniable (see Table 13.8).

**Table 13.8: Selected Characteristics of Manufacturing Industries (Excluding Oil) by Large-Scale and Small-Scale Sectors in Iran, 1956 and 1966**

Sector	Employment		Average Value Added/Worker (Rials)	% Change (1956-66)
	1956	1966		
Large-scale <sup>a</sup>	70,000	185,000	222,000	164.3
Small-scale <sup>b</sup>	703,000	1,046,000	24,000	48.8

a: Capitalist and mechanized units employing 10 or more workers.

b: Capitalist/mechanized and pre-capitalist units employing 1-9 workers.

Source: Table constructed based on information in ILO (1970:13, Table 7).

The information in Table 13.8 is worth a closer look for two reasons. First, despite the fact that the large-scale sector expanded rapidly during the 1956-66 period (164.3 percent) as compared to a much slower growth pace for the SSI (48.8 percent). However, it was still a relatively small employer, accounting for only 15 percent of the industrial workforce. Second, despite the SSI's importance for employment creation, due to the low level of capital investment and labor-intensive nature of production, it has a very low level of productivity (in terms of the value added) as compared to the Large firms (ILO: 1970:12). Related to Tehran, 32.6 percent of the SSI are located in the capital which employ 33.4 percent of the work force for the whole country (Iran. Ministry of Interior, 1968:xix). This both refers to Tehran's importance in terms of centralization of the SSI and the SSI's importance for provision of urban employment.

Another factor that reveals the extent to which pre-capitalist forms of production are prevalent or on the decline, is the degree to which industrial establishments and workshops utilize mechanized machinery and power tools in their operation. In 1963, a survey of industrial establishments in Tehran found that only 11 percent of all establishments (including commercial, service, and industrial) in Tehran had prime movers (machines that converted any form of energy other than electrical into mechanical energy), power equipments, or generators (Iran. Ministry of



Interior, 1964:14, Table 11). This might be an indication of the backward nature of industrial activities in Iran as late as the 1960s.

**13.6.2. Self-employed Petty Commodity Producers:** Similar to my discussion for Egypt and Cairo, by self-employed petty commodity producers here I am referring to artisans who are self-employed and perform a variety of productive tasks (see Chapter 12, section 6.2 for details). Again, a study of the changes in the employment structure of petty commodity sector will reveal its role and importance for capitalist production. While in case of Egypt there exist at least enough detailed data for the type of artisanal and craft activities in 1976 (see Table 12.11), no such detailed information is available for Iran and Tehran. However, it is possible to evaluate and compare the changes in the overall structure of employment for the self-employed in Iran.

A comparison of data for 1956 and 1966 indicates a slight decline in the share of self-employed artisans (from 42.5 percent to 41 percent) and a slight increase in that of the wage-earning category (from 39.2 percent to 40.1 percent) for the total country (Iran. Plan Organization, 1966:92-93). Furthermore, the role of self-employed artisans in Tehran's employment structure in 1956 was far less significant as compared to the total country (see Table 13.9). Clearly, the high percentage of wage-earners for Tehran is supportive of the uneven nature of capitalist

development even in its early stage of consolidation (post-1953 period).

**Table 13.9: Percent distribution of Male Worker Categories for Iran and Greater Tehran, 1956**

	Self-employed	Wage-earner	Government employee	Unpaid family worker
Iran Total	44.1	37.2	8.1	9.4
Greater Tehran	20.1	54.8	21.9	0.5

Source: Iran. Ministry of Interior (1962:397).

Here, our concern is with the self-employed who are operating within the production sphere, such as various industrial activities, technical and managerial occupations and transportation, in so far as it is related to handling the commodities and making them available for distribution and final consumption in the market. According to official data for 1956 (see Table 13.10), in industrial activities 24 percent of carpet making, 28 percent of garment and leather products, and 17 percent of metalworks were produced by the self-employed artisans. Furthermore, over 18 percent of professional and technical occupations were also performed<sup>3)</sup> by the self-employed.

Related to transportation, no distinction is made between mechanized people-movers and mechanized cargo-handlers in the Census which makes an assessment of the share of self-employed in this sector impossible. But the non-mechanized transportation during the third period has

**Table 13.10: Employment Conditions for the Population 10 Years and Older in Selected Occupations for the Greater Tehran Census District, 1956**

Occupation	Private employee	State employee	Self-employed	Unpaid family worker	% Self-employed to total
Professional/technical	3,564	16,557	4,519	11	18.3
Managerial/administrative and clerical	10,065	47,964	1,350	8	2.3
Transport:					
Mechanized	7,628	6,824	3,479	4	19.4
Non-mechanized	1,785	13	1,120	8	38.2
Industries:					
Textile	5,106	234	633	18	10.6
Carpet making	400	5	130	7	24.0
Garment and leather	20,727	440	8,194	89	28.0
Metal works	18,118	3,193	4,434	60	17.1
Construction	56,296	654	2,712	9	4.5
Food and tobacco	15,804	2,818	1,865	39	9.1

Source: Iran. Ministry of Interior (1966:38-39, Table 12).

been utilized almost exclusively for handling the cargo. As is shown in Table 13.10, 40 percent of non-mechanized, animal-driven (pre-capitalist) transportation was handled by the self-employed, a rather high share of the market in an important occupation within the production sphere.

Unfortunately, there exist no systematic data for different years related to the self-employed portion of labor force which could have enabled us to study the changes in this sector.

**13.6.3. Structure of Employment in the Service and Distribution Activities:** Here again as in the case of Cairo and Egypt, two groups can be identified: 1) the self-employed people who operate within the distributive structure of the economy without having any skills or craftsmanship, such as petty traders, street peddlers, etc.; and 2) those wage-earners who are not engaged in productive activities and hence do not contribute to the creation of surplus value. Related to distribution of commodities, analysis of the data for the Greater Tehran indicates that in 1956 retail activities both within and outside registered establishments were the monopoly of the self-employed, who comprised 63 percent and 89.5 percent of total employment, respectively (see Table 13.11).

**Table 13.11: Employment Conditions for the Population 10 Years and older in Retail Activities for the Greater Tehran Census District, 1956**

Sales	Private Employee	State Employee	Self-Employed	Unpaid Family Worker	% Self-Employed to Total
Retail selling within estabs.	21,170	447	36,859	377	63.0
Retail selling outside establishments	967	91	9,067	17	89.5
Total	22,137	538	45,926	394	66.6

Source: Iran. Ministry of Interior (1966:38-39, Table 12)

The high percentage of self-employed in sales (distribution of finished goods) is suggestive of the importance of this category for capitalist producers as a possible efficient means to speed up the realization of surplus value. Within this context, certain types of distributive activities within the petty commodity sector appear to have experienced a considerable growth during the third period. For instance, as can be seen in Table 13.12, between 1966 and 1976 the street peddlers, hawkers and news vendors in the Greater Tehran area grew by 155 percent.

**Table 13.12: Structure of Employment in the Service and Distribution Activities Within the Petty Commodity sector in the Greater Tehran Census district, 1966 and 1976**

Occupational Category	Total Employed		% change	% Tehran <sup>c</sup> to total in 1976
	a 1966	b 1976		
Hawkers, news vendors and peddlers	23,662	60,237	154.6	36.2
Cooks	5,326	12,104	127.3	32.6
Bartenders, waiters, etc.	9,741	8,511	-32.7	35.1
Housekeeping and related service workers	35,551	57,995	63.1	38.3
Laundrers, dry cleaners and pressers	5,415	5,124	-5.4	39.5

**Sources:**

a: Iran. Plan Organization (1966:214-17, Table 26); b: Iran. Plan and Budget Organization (1980:282-89, Table 28); c: Iran. Plan and Budget organization (1976:94-109, Table 28).

Related to service activities, during the same period, house-keeping and related services, and cooks had 63 and 127 percent growth rates, respectively. What is significant here, is the degree of concentration of such activities in Tehran as compared to the total country (about 40 percent).

Finally, a comparison of non-agricultural employment levels between the wage-earners and self-employed and their respective growth will tell us about their significance for the Iranian economy (see Table 13.13). As can be seen in this table, within the sales occupational group the self-employed have almost the monopoly over the market but their growth during the 1956-66 period somewhat lags behind that of the wage-earninig group. On the other hand, within the services and petty commodity production sectors the wage-earners outnumber the self-employed, but the self-employed sectors have higher growth rates for the 1956-66 period.

**Table 13.13: Distribution of Non-Agricultural Employment for Wage-Earners and Self-Employed for Iran, 1966-76**

Occupation	Employment Condition (000's) 1956		Employment Condition (000's) 1966		% Change	
	Wage-Earner	Self-empld.	Wage-earner	Self-empld.	Wage-earner	Self-empld.
Sales	63	281	104	400	65.1	42.3
Services	401	52	413	97	3.0	86.5
Petty comm. production & crafts	977	351	1,443	585	47.7	66.7
Total	1,441	684	1,960	1,082	36.0	58.2

Source: Table constructed based on ILO (1970:18, Table 11).

In fact, wage-earning employment within the service sector during the 1956-66 almost stagnated (3 percent ) while self-employment had a more than 86 percent growth. It is difficult here to identify various occupations within each broad occupational group. For instance, the location of street peddlers, hawkers and petty traders may fall either under the "sales" or "petty commodity production and crafts" category. Thus any definitive judgement becomes almost impossible. However, the overall growth rates for wage-earners and the self-employed are indicative of the excess in growth for the latter (36.0 and 58.2 percent for 1956-66, respectively). This is an interesting pattern within an emerging peripheral capitalist social formation.

### 13.7. Conclusion

To conclude, although historically Tehran became the designated capital for pre-capitalist Qajar rulers by the end of 18th century, its prominence as the most important city was achieved in the second half of the 19th century. This was due to the presence of the Royal Court and central government; and Tehran's suitable location as a center of trade and redistribution of imported European commodities throughout Iran. Like Cairo, Tehran became a preferred center for industrial activities.

Tehran's uneven urban development started in the 1920s as centralization of the state apparatus led to concentration of all governmental and bureaucratic

institutions in Tehran. Later in the 1930s, the grounds were also laid for industrial/capitalist production in Iran which were also located in Tehran. The ailure of the nationalist movement led by Dr. Mossadeq in 1953 and consequent events which reinstated peripheral capitalist development in Iran led to an uneven spatial development with Tehran as being the center of urban growth. Tehran's uneven development within the social formation was due to three factors: 1) concentration of almost all the headquarters of commercial/industrial enterprises as well as industrial production and workforce; 2) concentration of foreign as well as domestic capital investment; and 3) the effect of rural-urban migration especially after the Land Reform on its demographic and spatial growth. The majority of rural migrants came to Tehran in the search for employment possibilities. However, the overgrown capital was not capable of absorbing all the rural immigrants. This led to the emergence of an increasing number of the urban poor comprised of landless peasants and small landowners/peasants who joined the ranks of the urban underemployed and unemployed. This proletarianization of the rural migrants greatly affected the urban employment structure of Tehran and entire country.

Like Egypt, ascendance of capitalism as the dominant mode of production along with structural changes in rural areas affected the urban class composition and employment



structure in Iran. First, reading the data on industrial establishments in Iran and Tehran indicate the absolute dominance of the SSI in most industrial activities. Furthermore, within the SSI itself most of the establishments employed 1-4 workers, with some industries such as shoes and made-up garments, furniture, and metal products as being 1-2 person operations. This indicates the importance of artisans and self-employed within the SSI in Iran. Second, despite a rapid expansion of large-scale industries, the SSI maintained their importance as the main source of employment creation. However, the SSI remained underdeveloped with regard to the use of modern equipments. Third, the self-employed artisans in Tehran comprised about 20 percent of the labor force in the 1950s, but their importance is on the decline. Fourth, reading of data for Tehran indicates the increasing importance of the self-employed both in numbers and their vitality who are engaged in retail and distributive activities. Similar to the case of Egypt, this clearly indicates to the importance of petty traders and street peddlers for facilitating a quick return of the profits which will enable the capitalists to realize surplus value. Finally, unlike Egypt where certain types of services such as housekeeping were undermined after the 1952 revolution, employment in the service sector increased considerably in Iran with Tehran as being the main locality for employment creation in this sector.

## Endnotes:

- 1) Estimations of Tehran's population in the 19th century are mostly unreliable and hard to verify. For example, the first government enumeration in 1867 put the city's population at about 160,000 (ibid.).
- 2) My discussion in this part is mainly based on Abrahamian's analysis (1982:432-34).
3. Unfortunately, no detailed description of the types of professional/technical activities is provided in this official census.

## Chapter Fourteen

### A Comparative Analysis of Peripheral Urbanization and Petty Commodity Production in Iran and Egypt During the Third Period: The Case of Tehran and Cairo (1950s-1970)

#### 14.1. Introduction

In this Chapter I will sketch an overall picture of peripheral urbanization in Iran and Egypt during the third period by focusing on Tehran and Cairo's spatial development. This chapter also has to be regarded as a critical evaluation and reassessment of my discussions in Chapters Ten through Thirteen.

As related to my research, the beginning of this period (the early 1950s) is historically important since it coincides with crucial socio-economic changes within the world capitalist economy. As an outcome of the Second World War, the emergence of the United States as a new imperialist power changed the balance of forces within the world capitalist economy. The U.S. based corporations challenged the old colonial economic structure and the United States became actively involved in the peripheries to increase its influence and secure its economic interests. Obviously, the third period remains open-ended in my analysis since the only purpose for periodization here is to delimit crucial historical and socio-economic turning points. Hence, my

concern in the third period is mainly an evaluation of the beginning of a new phase in the center-periphery relations. I have to mention that the third period for Iran starts in 1953 which marks the oil nationalization movement and Dr. Mossadeq's overthrow; and 1952 marks the Egyptian Revolution and state take-over by the Free Officers (and Nasser). Again, as I have done throughout this project, it is my contention that an understanding of the spatial changes is contingent upon historical documentation of socio-economic changes within the two social formations.

#### **14.2. Removal of the Obstacles for Peripheral Capitalist Development**

A careful reading of the historical events following WWII suggests that class conflict and the degree to which each class gets access to the state apparatus in the peripheries becomes a decisive factor in affecting the success or failure of colonial policies. For instance, the unsuccessful oil nationalization movement led by Dr. Mossadeq in Iran, and the Egyptian Revolution which brought the Free Officers into power are two examples of the dialectics of internal forces of change in the periphery and external colonial interests, and the former's decisive role in core-periphery relations. Although with two different outcomes, the nationalist movements in Iran and Egypt led to the eventual defeat of the weakened British colonial power by benefiting from the post-war economic and political crisis in the center countries. Of course, this was possible

by active involvement of the United States as the emerging imperial power which neutralized the British colonial policies in the Middle East.

An examination of the class background of those who supported the two movements indicates a striking similarity. In case of Iran, the oil nationalization movement got most of its support from the guild leaders (representing petty commodity producers), the urban middle class, students, and professionals such as doctors, lawyers and faculty professors. Similarly, the Free Officers in Egypt were supported by the urban middle class, students, petty commodity producers, a portion of the commercial bourgeoisie (Wafd) and workers (under the Wafd leadership).

At the same time, situational disparities in seizing the state apparatus resulted in two opposite outcomes. In the case of Iran, although Dr. Mossadeq was able to gain state control and challenge the Parliament (controlled by the feudals) and the Royal Court supported by the British; his radical nationalization schemes and lack of support from, and control over the army (the oppressive arm of the state) led to his consequent defeat. As I discussed in Chapter Eleven, Mossadeq's platform for the establishment of state capitalism (or pseudo-socialism) and nationalization of all industries was not acceptable both for the indigenous ruling elite and the Western interests. Unlike Iran, the Free Officers in Egypt managed to gain substantial support from within the army, and were more appealing to the

Egyptian bourgeoisie since the initial platform for social change did not ask for radical reforms. What is interesting here is the decisive role of petty commodity producers, an emerging urban middle class comprised of intellectuals and professionals, and university students in affecting the course of events of the two social movements. This happened at a time when the working classes in Iran and Egypt were historically incapable of leading a socialist movement. Similar to the 1882 Arabi Revolt in Egypt and the 1906 Constitution Revolution in Iran, the nationalist movements of the 1950s were middle-class based movements and not bourgeois revolutions being led by indigenous bourgeoisies. In the absence of a full-fledged capitalism in the peripheries, this trend seems to be a logical outcome of specific historical conditions. At this juncture, one point has to be made clear: even supported and led by the middle class, the nationalist and anti-colonial movements which aim at state take-over and control of the economy are not a desirable choice or alternative for colonialists because of the danger of state take-over by the more radical elements of the middle class and working class. Thus, while through a joint U.S.-British operation Dr. Mossadeq in Iran was overthrown and the movement was repressed; the Free Officers in Egypt took over the state and were supported by the United States not because they were the best alternative, but<sup>1)</sup> because they were considered as a "lesser of two evils".

The defeat of the nationalist movement in Iran and reinstatement of the pro-Western Shah in 1953 paved the way for implementation of capitalist economic development plans. However, up until the 1960s priority was given to infrastructural development especially in the countryside to prepare rural Iran for capitalist-oriented agriculture and future agri-business projects. It was not until after the Land Reform that a shift in development policies toward industrialization took place. Unlike Iran which had a backward and underdeveloped rural economy, Egypt entered the new phase with a well developed rural infrastructure as well as transportation networks. It is no wonder the land reform in Egypt started a decade earlier. The failure of Nasser's regime to encourage investments in industrial activities, and the Suez crisis which was followed by nationalization of all foreign-owned firms set the stage for state capitalism in Egypt. Further attempts toward nationalization of the Egyptian firms and the principle of "Arab Socialism" were in fact measures taken for establishing state capitalism. As I explained in Chapter Ten, Arab Socialism stopped short of the abolition of private property rights and as such, was nothing more than state-controlled capitalism. This seems to be a common trait in the peripheries when the state take-over is done by elements from within the middle class. Inheriting a capitalist-oriented economy, the middle class ruling elite try to achieve their aspirations for creation of an independent state while sympathizing with the working

class and the poor. But the Egyptian case is a clear documentation of the failure of a middle-class initiated "socialism"; that is, the anti-imperialist sentiments and socialist ideals are not compatible with a dependent economic infrastructure when it has remained intact. As a result, the events that led to the state take-over by Sadat in the early 1970s (as a representative of the pro-capitalist faction of the ruling elite) eventually opened up the Egyptian social formation to foreign capitalist investments and multinational corporations.

As I discussed earlier, the third period was marked by the emergence of multinational corporations and their increasing influence and importance in controlling peripheral capitalist economies. The defeat of the anti-imperialist movement in Iran facilitated a smooth transition from monopoly control of oil production by the British to a consortium comprised of multinational corporations. But the victory of the Free Officers and their alliance with the socialist camp at least temporarily kept multinationals out of the Egyptian political economy. But this disparity, as I shall discuss below did not alter to a great extent the spatial development within the two social formations.

#### **14.3. The Effects of Land Reform on Peripheral Urbanization**

Though with almost a decade of time lapse, the implementation of land reform laws was no doubt carried out from above in both social formations. That is, not only a



genuine land redistribution policy to eliminate big land-owners and to bring equality to the countryside was not in order; the lack of a long-term policy to support the newly emerging small landowner-peasant population eventually led to the destruction of independent peasant producers. Furthermore, in both social formations the main objective of the land reform was to undermine the rural class bases of big landholders (the landed bourgeoisie in Egypt and feudals in Iran) and redirect capital investment in industries. Since only the share-croppers benefitted from the land reform policies, the declining employment opportunities in rural areas for landless peasants and rural wage-earners forced them to come to the cities in search of employment (see Chapters Ten and Eleven). In addition, those peasants who benefitted from land redistribution were not able to subsist and hence followed the wave of landless peasants and rural wage-earners to the cities. As the evidence for both Iran and Egypt indicate, rural-urban migration especially after the implementation of land reform laws was migration of the poorest and the most destitute strata of the countryside. Certainly, there were peasants who migrated to cities in search of "better jobs", but as the reading of data shows they have always constituted a tiny minority among rural emigrants.

#### **14.4. A Historical Comparative Analysis of the Growth of Tehran and Cairo (1800-1970)**

A historical investigation of spatial changes in Iran and Egypt is indicative of the diversity of the processes of socio-economic development which leads to different patterns of peripheral urbanization. Uneven urban growth and over-concentration of population in few urban localities is also not a universal pattern and varies historically from one social formation to the other. A comparison of the growth and spatial development of Tehran and Cairo during the three periods since 1800 will make this assertion clear.

In the early 19th century Cairo was a sizeable city with about 200,000 inhabitants which dominated the Egyptian urban scene. But it had already lost its prominence as the seat of a centralized state since such a government did not exist. On the other hand, Tehran as the newly designated capital with 50,000 inhabitants was second in importance to Tabriz. Throughout the first period (1800-1880s) Tehran lagged behind Tabriz both in population and economic/commercial importance, with the latter remained the dominant urban center controlling regional and international trade activities (see Table 14.1). Cairo also lagged behind Alexandria in terms of population growth. Although compared to Cairo, Alexandria was a small port city in the early decades of the past century, an emerging export-oriented economy and the need for efficient port facilities boosted the latter's growth with a rate far exceeding that of Cairo (see Table

14.2). At the same time, attempts during the 1848-82 period to improve transport networks in Egypt and establishment of the Cairo-Alexandria railway accelerated urban growth in the stagnating capital city.

**Table 14.1: Population Changes and Average Annual Growth Rates for Tehran and Tabriz During the Three Historical Periods, 1800-1970.**

Year	Population ('000s)		
	Tehran	Tabriz	Total population
1 1800	a 50	a 40	5,000
2 1867	85	110	4,400
3 1900	200	200	9,860
-----			
% Change during the First period (1800-1900)	1.3	1.6	0.7
-----			
4 1956	1,512	290	20,380
-----			
% Change during the Second period (1900-1956)	3.6	.6	1.3
-----			
5 1976	4,496	598	33,590
-----			
% Change during the Third period (1956-1976)	5.2	3.6	2.5

a: Rough estimates.

Sources: 1) Issawi (1971:26-27); 2) Issawi (1971:27-29); 3) and 4) Bharier (1977:333-34); and 5) Kazemi (1980:230).

**Table 14.2: Population Changes and Average Annual Growth Rates for Cairo and Alexandria During the Three Historical Periods, 1800-1976**

Population ('000s)			
Year	Cairo	Alexandria	Total population
1			
1821	219	12	4,423
2			
1882	375	231	7,840
-----			
% Change during the First Period (1821-1882)	.9	4.8	.9
-----			
3			
1947	2,100	919	18,967
-----			
% Change during the Second period (1882-1947)	2.6	2.1	1.4
-----			
4			
1976	5,077	2,319	36,626
-----			
% Change during the Third period (1947-1976)	3.0	3.1	2.3

Sources: 1) and 2) Table 7.1; 3) Abu-Lughod (1965:334-36);  
and 4) Mohie-el-Din (1982:398).

The picture of the spatial development of Tehran and Cairo during the second period (1880s-1950s) is substantially different. The British occupation of Egypt and imposition of colonial administration upon the Egyptian political economy had its repercussions on spatial development as well. For instance, the need for a centralized colonial administration and selection of Cairo, the political capital, as a natural seat for colonialists, revived the city. Cairo owed its outstanding growth (compared to the first period) to the influx of foreign immigrants of all sorts, who, following the occupation came to Egypt in order to take advantage of a fertile new ground for speculation and profiteering. This was accompanied by an unprecedented number of rural migrants who came to Cairo in search of employment due to stagnating agriculture at the end of the past century. Thus, at the turn of this century about 70 percent of Cairo's growth was due to in-migration, of which about two-thirds were foreigners. As a result, Cairo developed a dual spatial characteristic: a pre-capitalist Cairo accommodating the old residents and new rural-urban migrants; and a colonial Cairo with modern urban facilities accommodating the British colonialists and army officers, foreign residents, and the Egyptian ruling elite (see Chapters Seven and Eight).

On the other hand, things were different in the Iranian social formation since an undisturbed pre-capitalist economy was not conducive to urban growth. For example, the Tehran

of the 1900s was as backward in terms of acquiring urban facilities and functional importance, as it was back in the 1800s. However, the events leading to the 1906 Constitutional Revolution identified Tehran as the headquarters for initiating social change and hence boosted its growth considerably. But unlike Cairo, foreign residents did not contribute to its numerical and spatial growth.

The events leading to the 1921 coup d'etat in Iran which reinforced the British influence and indirect control of the Iranian political economy was also a turning point for Tehran's spatial development. The initiation of measures for capitalist development and the need for a centralized bureaucracy turned Tehran into a political and economic capital of an emerging peripheral capitalist social formation. In fact, short of the influx of foreign immigrants, Tehran's post-1921 socio-spatial development is comparable to that of Cairo after 1882. Unlike Alexandria which maintained considerable growth during the second period, Tabriz, once the most important Iranian city, lost its prominence as the center of trade and experienced a period of decay and population decline. Thus peripheral urbanization in Iran after the 1920s is synonymous with Tehran as the only growing urban center (see Table 14.1).

Peripheral urbanization in Iran and Egypt during the third period (1950s-1970) was the result of two major factors: land reform in the countryside as a planned strategy for a complete disintegration of a pre-capitalist

rural economy, followed by a well-thoughtout (if not well-executed) strategy for industrialization based on capitalist relations in the cities. Thus, along with most of the provincial urban centers, but with more intensity, Tehran and Cairo were expanded beyond their capacity to provide facilities and employment for a new wave of rural-urban migrants.

Uneven urban growth in terms of the concentration of capital investment and commercial/industrial activities reached its peak during the third period. Sketchy data and the unavailability of matching statistics for similar periods prevent drawing a definite conclusion. But a comparison of the available data indicate two different patterns of uneven urban growth. That is, while Alexandria and Cairo have developed as dual poles for urban growth in Egypt, Tehran has retained its status as the main urban center in Iran (see Table 14.3). As the figures in the Table indicate, this has been the case during the third period especially in terms of number of factories, capital investment, and location of the headquarters for major companies. After the land reforms in both countries, the intensity of uneven urban growth was exacerbated by a new wave of rural-urban migrants who came to cities in search of employment. In the case of Egypt, this was a continuation of a pattern which was set up during the 19th century, but with a new direction: Cairo's rural immigrants between 1954 and 1960 came mostly from the upper Egypt rural areas. In the case of Iran, the intensity

of rural-urban migration is clearly noticeable during the third period. That is, rural-urban migration to Tehran increased from 39 percent during the 1900-56 period to 65 percent during the 1956-66 period (see Chapters 12 and 13).

**Table 14.3: A Comparison of the Concentration of Factories, Workforce, Capital Investment and Firm Headquarters in Cairo, Alexandria and Tehran During the Third Period (1950s-1970)**

(Percentage)

City	Factories	Labor Force	Capital Investment	Firm Headquarters
<sup>a</sup> Cairo	48.9	27.9	15.4	75
<sup>a</sup> Alexandria	17.9	23.6	18.7	14
<sup>b</sup> Tehran	46.0	36.2	35.0 <sup>c</sup>	97

a: figures are for 1957-63 period

b: 1967 data

c: 1964 data

Sources: Table constructed based on Tables 12.3, 12.5 and 13.2; and chapter 13, part 3.

#### **14.5. Petty Commodity Production and Urban Employment in Iran and Egypt: The Case of Tehran and Cairo**

Again, while acknowledging the scattered nature of data I shall sketch out the overall picture of employment conditions within the petty commodity sector. This also means that my comparative analysis will only serve as the stepping stone for future investigations, and that no conclusions can be drawn at this point.

**14.5.1. Small-Scale Industries:** In terms of spatial concentration of small-scale industries (SSI) employing less



than 10 workers and their share of the labor force, Iran and Egypt differ in one aspect. That is, while in 1967 about 30 percent of the SSI were concentrated in Cairo and Alexandria and employed 35 percent of total SSI labor force; in 1968 Tehran remained the main urban center for the SSI having even a higher degree of concentration than those of Cairo and Alexandria (32.6 and 33.4 percent, respectively). But it seems that the employment within the SSI sector in both social formations declined during the third period. For instance, the share of SSI in total employment during the 1956-66 period declined from 91 percent to 85 percent in Iran. During the 1960-64 period in Egypt the SSI's share of employment also dropped from 62 percent to 51.2 percent (see Chapters 12 and 13, especially Tables 12.7 and 13.8). This seems to be a logical consequence of the emergence and domination of peripheral capitalism based on large-scale industrial production. In any rate, in terms of employment, it is clear that the SSI sector is dominating industrial production in Iran, as compared to that of Egypt (85 percent in 1966 and 51.2 percent in 1964, respectively).

Another major difference is the average size of workshops within the SSI sector in Iran and Egypt. In 1963, most of the SSIs in Greater Tehran employed between 1 and 4 workers, and the average SSI firm size was 2.1 person (see Table 13.7). There are no compatible data available for Cairo to make any comparison possible, but as I discussed in chapter 12, the share of employment for the 1-4 size class

in Egypt dropped from 55 percent in 1957 to 35 percent in 1972. Finally, while in 1966 the SSI generated 31 percent of total industrial value added in Iran, the figure for Egypt in 1967 is about 16 percent (see Tables 12.8 and 13.8). This obvious disparity on the one hand, and vitality of the SSI in Iran's industrial production on the other, also suggests that large-scale industries employing 10 or more workers were far more developed in Egypt as compared to Iran.

**14.5.2. Self-Employed Petty Commodity Producers:** In this category, the Egyptian data are short of an itemized breakdown of self-employment within different occupations during the 1950s-1970 period. The only detailed information is for 1976 which appears in Table 12.11, but scattered data indicate the fact that self-employment declined in Egypt as large-scale industries filled in the employment gap (see Chapter 12, Table 12.7).

In the case of Iran, the only itemized data is for 1956. As I discussed in Chapter 13, over 44 percent of male workers in Iran were self-employed while the ratio for wage-earners was 37 percent. The situation in Tehran was quite the opposite where 59 percent of male workers were wage-earners and only 20 percent were self-employed (see Table 13.9). This disparity corresponds to a high degree of concentration of industrial activities in the capital. Hence, even in 1956 when the capitalist productive forces were not fully developed, the share of employment for the self-employed within the production sphere was about 25

percent, while wage-earners both in private and public sectors were dominant (see Table 13.10).

**14.5.3. Service and Distribution Activities Within Petty Commodity Production Sector:** In comparing the data from this category for Iran and Egypt, it is possible to identify two interesting patterns. First, in both social formations petty traders, street hawkers, peddlers and news vendors have increased in numbers and importance. For instance, the number of people engaged in these activities increased by 154.6 percent between 1966 and 1976 in Iran, and 129.3 percent between 1947 and 1960 in Egypt (see Tables 12.12 and 13.12). Related to the distribution of capitalist commodities, and based on my theoretical discussion in Chapter Two, this increase is conducive to capitalist growth by providing an efficient and at the same time a cheap means for distribution of commodities. For example, petty traders and street peddlers offer a wide spectrum of consumer-goods items to urban residents, such as cigarettes, candies, plasticwares, textiles, shoes, toys, audio equipments, etc. Had the petty traders not provided this service, the capitalist producers would have been forced to provide market outlets and distribution centers with considerably high operational costs; and hence have a lower rate of profit. In addition, the extreme mobility of petty traders enables the capitalist producers to penetrate in small towns and villages which have not fully integrated into a national market economy (see Table 14.4).

**Table 14.4: Changes in the Structure of Employment of the Service and Distribution Activities Within the petty Commodity Sector in Iran and Egypt During the Third Period**

Occupational Category	Numbers Employed ( '000s)					
	Iran			Egypt		
	1966	1976	% Change	1947	1960	% Change
Petty traders, street hawkers, and peddlers	24	60	154.6	82	188	129.3
Paid domestic servants	36	58	63.1	235	192	-18.3

Source: Table constructed based on Tables 12.12 and 13.12.

The second interesting pattern concerns the employment conditions for housekeeping and related service workers in Iran and Egypt. That is, while the development of peripheral capitalism and the emergence of a new capitalist class in the periphery provided a fertile ground and increasing need for such services in Iran; the aftermath of the 1952 revolution in Egypt temporarily disrupted the lifestyle of the well-to-do and hence caused a decline in numbers of paid domestic workers (see Table 14.4.)

To conclude, the third period is a historically significant era during which the United States emerged as the leading capitalist power within the world system and the emergence of the multinational corporations signaled a new stage of the monopoly capital. The post-WWII years witnessed

also an intensification of class struggles and nationalist independence movements in the peripheries with the middle class and petty commodity producers leading the movements. It is during this period that final obstacles to the development of capitalism in Iran and Egypt were removed.

The spatial outcomes of the dominance of capitalist mode of production in the Iranian and Egyptian social formations have been: 1) massive rural-urban migration after the land reform; 2) concentration of economic and political activities and uneven urban development; and 3) the growth and increasing importance of petty commodity production for the capitalist economy. This has resulted in the continuous growth of Tehran and Cairo as the manifestation of hyper-urbanization in the two social formations.

A comparative analysis of data for Iran and Egypt indicates the growing importance of petty traders, street hawkers and peddlers in the urban economy. I have related it to the importance of this sector of petty commodity production for the capitalists, since it is an efficient and cheap means of distribution of capitalist commodities. I have argued that petty traders and street peddlers help to speed up the realization of surplus value, and enable the capitalists to lower the workers' wages.

## Endnote:

1. For a detailed analysis of the events leading to the Egyptian revolution in 1952 see Abdel-Malek (1968) and Hussein (1973).

## **Chapter Fifteen**

### **Summary and Concluding Remarks**

#### **15.1. Introduction**

In this study I have attempted to investigate how historically socio-economic and political changes in Egypt and Iran affected spatial development and urbanization in the two social formations. I have adopted the "modes of production" approach as the main theoretical framework, but I have attempted to go beyond the premises of this theory by proposing a new framework to understand the nature and dynamics of social change during the historically transitional periods. The "modes of production" approach takes into consideration development stages of different modes of production which articulate within any social formation. However, despite its provision for the transitional periods and changes in domination/subordination patterns between different modes, it does not provide a clear theoretical explanation of the dynamics of the transition. By proposing a new frame of analysis, I have argued that an understanding of the transitional periods is contingent upon appreciation of the role of the state and class struggle which facilitates and/or inhibits the reproduction of one (or more) modes of production.

It is within this theoretical framework, and based on historical documentation that I have attempted to compare and contrast the dynamics of peripheral urbanization in Iran and Egypt. I have explained peripheral urbanization as the spatial manifestation of the introduction of capitalist relations of production in the periphery which results in: uneven capitalist development and regional disparities; concentration of all industrial and commercial activities in few urban localities; disruption of pre-capitalist forms of agricultural production; and separation of the peasant population from their means of production (mainly land) which leads to massive rural-urban migration. I have also identified two levels of analysis to study peripheral urbanization: a) the study of "patterns of urbanization" which focuses on the interaction of spatial units (such as cities and regions) and formation of spatial hierarchies within a social formation; and b) the study of a single "spatial unit" such as a city with regard to the spatial requirements of capital accumulation.

Within this frame of analysis, I have identified three historical phases: pre-colonial and pre-capitalist period (1800-1880s); colonial penetration and the beginnings of internal expansion (1880s-1950s); and neo-colonial concentration of economic activities through speculative investment and control of ISI via multinational corporations (1950s-1970s). The findings of this study can be summarized as follow.



## **15.2. Historical Analysis of the Socio-Economic and Political Changes Within the Two Social Formations**

Although under different historical conditions, during the first period (1800-1880s) both social formations were characterized by a centralized state which acted as the supreme political power and controlled the extraction and distribution of social surplus. That is, while the state in pre-capitalist Iran was controlled by rulers of pastoral-nomadic origins who were in constant conflict with local feudals; Egypt was internally ruled by local feudals who were in turn governed by the Ottoman Court as an external central power. But when Mohammad Ali established his centralized state apparatus, a shift from external to internal control of the Egyptian affairs took place in Egypt. With regard to the extraction of social surplus, Egypt and Iran had two identical systems of tribute-paying or tax collection, namely, "iltizam" and "iqta", respectively.

Externally, the two social formations had quantitatively different economic ties and political relationship with other social formations. On the one hand, while in constant conflict with external powers, Iran never lost her sovereignty and no colonial power had an immediate interest in Iran. On the other hand, Egypt was formally a province within the Ottoman Empire and the competitive British and French colonial powers were anxious to overpower each other in getting trade concessions. In particular, Mohammad Ali's

introduction of long-staple cotton to be produced for the world markets was in line with the interests of the British textile industries. In addition to the development in agricultural production, Mohammad Ali's forced industrialization scheme, forced sedentarization of the bedouin, abolition of pre-capitalist system of tax/tribute collection (iltizam), and consequent introduction of private ownership of land provided the grounds for the introduction of capitalism in Egypt. Compared to Egypt, Iran was a neglected pre-capitalist social formation which had to wait another century for similar developments. Thus, despite some steps taken for industrial production (especially in Egypt) during the first period, both social formations maintained their pre-capitalist attributes and the centralized states represented the ruling strata of the dominant pre-capitalist modes of production.

Iran and Egypt entered the second period (1880s-1950s) under two qualitatively different conditions: the former as a backward pre-capitalist formation, and the latter as a pre-capitalist social formation with a relatively adequate infrastructure (canals, roads, railroads) and well prepared for the introduction of capitalist relations. Changes in the structure of the world capitalist economy necessitated a more direct colonial intervention in the affairs of the social formations in the periphery. However, internal social forces and class alliances inside these social formations played a decisive role in this relation with the

colonialists. the events leading to the defeat of the Arabi revolt and subsequent British occupation of Egypt in 1882 was an outcome of two factors: 1) a weakened centralized state and the increasing power of local feudals; and 2) the emergence of petty commodity producers, merchants and intellectuals who wanted to control the state. The presence of the British colonialists and their administration of the Egyptian affairs was the beginning of a transitional period in which the Egyptian pre-capitalist rulers and the British colonialists shared the state power. However, pre-capitalist (feudal) relations of production in Egypt were predominant.

With a thirty year delay, Iran also experienced similar socio-economic changes: a weakened central state strengthened the position of feudals in rural areas while petty commodity producers and urban merchants dominated the urban politics. As an outcome, the 1906 Constitutional Revolution enabled the petty commodity producers, merchants, and intellectuals to share the state power with pre-capitalist rulers. The post-1906 period has to be considered as the transitional period in which the state power was shared by pre-capitalist elements and pro-capitalist factions of an emerging bourgeoisie in Iran. It was at this historical juncture that crucial socio-economic structural changes took place in Iran, such as the abolition of pre-capitalist system of tax collection and landholding (iqta) and introduction of property rights in rural areas; and centralization of banking activities. The latter took place in Iran

with a thirty-year delay compared to Egypt.

Similar to the Egyptian situation, one cannot talk about the existence of capitalism and capitalist relations in Iran. Capitalist relations of production took momentum in Iran in the 1920s when through direct British intervention a pro-Western ruler was installed to take over the state apparatus. This was the beginning of a period in which several measures were taken to separate producers from the means of production and to introduce capitalism. Although mostly due to internal class conflict, a similar process took place in Egypt and hence, one may talk about the sharing of the state power by the ruling elements of both capitalist and pre-capitalist (feudal) modes in the two social formations. Historically, however, Iran lagged half a century behind Egypt in acquiring the pre-requisites for capitalist production. I consider the second period as a transitional phase during which the tributary mode of production (as the dominant mode) and the centralized pre-capitalist states disintegrated in both social formations. At the same time, local and regional feudals strengthened their position and a weakened centralized state enabled the colonial powers to introduce capitalist relations. Although internal conflicts and class composition in Iran and Egypt greatly affected the course of events, however, in both social formations the state power was shared by the ruling classes attached to feudal and capitalist modes of production.

The third period (1950s- 1970s) is a historically significant era during which crucial socio-economic changes have taken place within the world capitalist system. That is, the emergence of multinational corporations and their increasing control over the political economy of the peripheries. This is also a period in which the United States emerges as the leading capitalist power within the world system; which was coincided with the decline of Britain as the main imperial power. Hence, structural changes in the center and increasing class antagonism and conflict in the peripheries brought about considerable changes in the latter social formations including Iran and Egypt.

One of the outcomes of this comparative research is an appreciation of the role of petty commodity producers, merchants, professionals and intellectuals in bringing about social changes within the two social formations as early as the 1880s. The nationalist movements of the 1950s in both social formations were not an exception. This may be attributed to the absence of a full-fledged capitalism and underdevelopment of capitalist social relations and forces of production. However, the needs of the new world capitalist economic order for the cheap labor and expanding new markets for capitalist commodities in the peripheries, required a serious attempt to remove the obstacles for peripheral capitalist development. Hence, while the uncompromising nationalist movement in Iran (led by Dr.

Mossadeq) was suppressed and the pro-West Shah was reinstated; anxious about a communist take-over in Egypt, Nasser's power take-over in Egypt was tolerated and supported by the West. A reading of the documents and data for both social formations since the early 1950s is affirmative of the claim that through foreign intervention, and conscious planning (such as land reform) capitalism emerged as the dominant mode within the two social formations. However, internal social forces affected the process and, for example, Nasser's initiatives for "Arab Socialism" and his alliance with the socialist camp delayed this process of domination in Egypt.

### **15.3. A Historical Analysis of the Patterns of Spatial Development Within the Two Social Formations**

As I have repeatedly indicated throughout this work, it is my contention that an analysis of the dynamics of spatial changes requires a historical understanding of socio-economic and political developments in a social formation as well. The following summary portrays spatial developments in the two social formations in compliance with the above assumption.

The spatial developments during the first period (1800-1880s) for both Iran and Egypt can be outlined as following. First, in both social formations there existed little or no spatial displacement of population between tribal, rural, and urban areas. Rather, it took place only within each spatial unit (i.e., intra-rural, etc.). Second, the growth

of cities in pre-capitalist Iran and Egypt was related to the dynamics of regional and international trade. Thus, only those cities which were located on the trade route had a higher rates of growth as compared to that of the population (such as Tabriz in Iran and Alexandria in Egypt). However, unlike Iran, Egypt's position as an emerging export-oriented social formation within the world system required efficient port facilities. Thus, where no port cities developed in Iran, Alexandria experienced a period of growth and prosperity during the first period. Third, the growth of inland cities was greatly contingent upon changes in agricultural sector. Thus, ups and downs in the demand for cotton in the world markets greatly affected employment conditions in rural Egypt and hence rural-urban migration. In contrast to Egypt, Iran was not affected by the fluctuations of the world market and hence inland cities were not affected. Finally, only the cities which were the center for economic and commercial activities had a considerable growth, and political centers such as Cairo and Tehran lagged behind commercial cities.

While during the first period both social formations experienced a more or less similar spatial development, "urbanization" or the spatial displacement of population in Iran and Egypt during the second period took divergent paths. Furthermore, as I discussed in Chapter Two, "peripheral urbanization" results from disruption of pre-capitalist forms of production in rural areas, the

absorption of displaced rural peasants by urban industries, and the emergence of a centralized state bureaucracy which leads to uneven growth and development of few cities. In the case of Egypt even if capitalism as an extended mode was not operative, as a result of the British colonial policies and the export-oriented nature of the economy one can speak of the beginning of peripheral urbanization in Egypt. This is attributable to the stagnation of agricultural production and hence a decline in rural employment; an increase in the number of landless peasants; an increase in the number of foreign residents in major urban localities; and concentration of all colonial administrative activities in Cairo. This led to the spectacular growth of Cairo as the main center of urban growth.

Peripheral urbanization in Iran did not take momentum up until the post-WWI era. Production of oil for the world market and import-substitution-industrialization policies of the post-Depression era induced structural changes within the Iranian social formation. Measures such as sedentarization, heavy taxation, infrastructural works, and establishment of private property rights were all taken after the WWI. Thus Iran lagged behind Egypt for about half a century and peripheral urbanization in Iran was delayed likewise. Thus, like Cairo, Tehran also became the center for all economic, political, and administrative activities and experienced a spectacular growth in the 1940s.

During the third period (1950s-1970s) both social



formations underwent crucial structural changes that led to the emergence of capitalism as the dominant mode. The most important event was the implementation of land reform in both social formations which undermined pre-capitalist relations of production, directed capital investment toward industries, and disrupted rural employment. This further led to massive rural-urban migrations and the continuous growth of Tehran and Cairo as the main centers of urban growth.

The result of my comparative analysis confirm my hypothesis (see Chapter Three) that differences in patterns of migration and hyper-urbanization are related to differences in types of dependence as well as the timing of dependence. That is, Egypt's dependence on cotton production led to massive rural-urban migration while Iran's dependence on oil production did not. Furthermore, Cairo experienced hyper-urbanization in the 1880s while that of Iran started in the 1930s.

#### **15.4. Peripheral Urbanization and Petty Commodity Production During the Third Period (1950s-1970s): The Case of Tehran and Cairo**

In addition to massive rural-urban migration as a result of land reform policies, peripheral urbanization in terms of concentration of capital investment and commercial/industrial activities reached its peak during the third period. A comparison of data for Iran and Egypt indicates two different patterns of uneven urban growth. That is, while Tehran retained its status as the main urban center in

Iran, peripheral urbanization in Egypt was based on the growth of two cities: Cairo and Alexandria. In terms of urban employment and the growth of petty commodity production sector, a comparison of available data enables us to draw the following conclusions:

1. Employment within small-scale industrial sector (employing less than ten workers) in both social formations was declined. Furthermore, while the SSI were concentrated in both Cairo and Alexandria, Tehran remained as the main center for small-scale industries. Finally, most of the SSI in Iran employed between 1-4 workers, while this size-class in Egypt declined considerably.

2. An interesting pattern in both social formations is a considerable drop in the number of self-employed. This is attributable to the development of capitalist relations of production which is based on wage-labor.

3. In comparing data on the service and distribution activities within petty commodity production sector, the main pattern is an increase in the number of petty traders, street hawkers and peddlers in both social formations. As I have argued in Chapter Fourteen, this increase is conducive to capitalist development. That is, it provides an efficient and low-cost means of distribution for commodities produced within the capitalist economy and speeds up the realization of profit by the capitalist. Furthermore, the low costs of distribution lowers the overall commodity prices in the market, which in turn enable workers to have a higher

purchasing power. However, this enables the capitalist to lower the wages and increase the rate of surplus value as well. Thus, apart from the role of petty commodity sector in providing employment for rural migrants, its growth is crucial for a peripheral capitalist economy since it increases the rate of surplus value (relative to the case in which distribution of commodities is controlled by capitalists themselves) and speeds up its realization.

#### **15.5. Recommendation for Further Research**

From the start, My main objective in undertaking this project was to lay the grounds for a historical understanding of spatial development and its relation to changes in the socio-economic and political structure in the peripheries. I must admit that the project was an ambitious one from the beginning and as such it was not devoid of shortcomings. First, in dealing with the political economy of the two social formations which covers almost two centuries (1800 to the present time), I was forced to squeeze the evidence and data and present my analysis in a condensed format. Second, I had to rely basically on data and documents which were accessible within the United States. In particular, this is evident in my analysis of petty commodity production during the third period where the lack of sufficient data (particularly on Egypt) prevented me from having a systematic analysis and come up with definite answers. Hence this part of my analysis has to be considered

merely an introduction to further research, which its initiation particularly in the case of Iran has become long overdue. Finally, my interest in studying the petty commodity production sector was geared toward an understanding of its forward and backward linkage effects on the capitalist economy as a whole. While I have been able to demonstrate the importance of forward linkages, i.e., the way petty commodity production contributes to the capitalist economy; I did not have access to data related to backward linkage effects. This certainly required a structured and an in-depth field research and analysis, which was not feasible given my time and budget constraints.

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