Imperialism, Postimperialism and Iran
by
J. William B. Austin

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APPROVED:

______________________________
Timothy W. Luke

______________________________
Rhys Payne

______________________________
Charles L. Taylor

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(ABSTRACT)

The usual explanations of the events leading to the Iranian Revolution have been either an analysis of Iranian culture or an analysis of the exploitation of Iran by imperialist powers. This thesis seeks to expand on imperialist theory by using post-imperialist theory to explore the reciprocal affects of transnational class formation which came about with the growth of transnational corporations. This approach is well suited to the Iranian case because of the strong ties that Iran under the Shah had with the international community.
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I dedicate this work to both my parents, who taught me to reach for the highest goals and to work for a better world by learning about it, and my wife who inspired me to persevere.
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1.0 INTRODUCTION: IRAN, FRONT STAGE AND CENTER

No foreign policy issue after the Vietnam War has dominated the American public's attention more than the Iranian Revolution. One reason for this was the pivotal role in the Middle East assigned to Iran by the Nixon Administration. The fall of the Shah may be likened in some respects to the fall of Chiang Kai-Shek in that the American public began to look for the person who "lost Iran". That the fall of the Shah was the culmination of a long history of repression, corruption and anti-imperialist sentiments escaped the evening news casts. Events which were part of that revolution contributed to the ouster of an American President. To say that Jimmy Carter failed in his bid for re-election because of the Iranian hostage crisis would be, of course, to oversimplify the events of that time, but the image of American diplomats held hostage by Islamic fundamentalists was certainly a compelling reason for the American public to vote against him. However, the repercussions of the Iranian Revolution transcend the defeat of Jimmy Carter. The Iran-Iraq War that followed on the heels of the Shah’s fall may also be attributed to the revolution and the new found strength of Islamic fundamentalists throughout the Middle East particularly in war torn Lebanon. It is for these reasons that
a study of how the Iranian Revolution came about is necessary in the 1980's.

Previous examinations of the Iranian Revolution have focused on the nature of Islam or Iran's relationship with the "imperialist west". It is possible to argue that any of these examinations may explain the revolution's events. But, using only one of these would be to ignore not only the competing theories, which do bare some truth, but also the evolving nature of the international political and economic system.

The theory postimperialism is an attempt to integrate some of these competing theories in a class based analysis. (A further discussion of postimperialist theory will follow in Chapter One.) In its most rudimentary form postimperialism seeks to examine a new transnational class created because of the growth of inter-governmental relations and transnational business concerns. The driving force behind the growth of this class is the logic of capitalism, which seeks to maximize benefits for the organizational unit, regardless of national boundaries. The reason that such growth occurs may be seen in the transportation and communications revolutions that followed World War Two. That our new capabilities have outraced our ability to control their affects has been the thesis of many authors. Postimperialism seeks to examine the effects of these expanded capabilities by providing a more flexible approach to international re-
relationships and by examining the reciprocal affects of class action throughout the system, something beyond the capabilities of non-replicable cultural analysis or singularly externally focused theories of imperialism.

Of course, the causes of any single event on the scale of a revolution are more complex than any single theory can explain. Therefore, many more dimensions must be added to any model which wishes to explain the event. In the case of Iran these dimensions include religion, exploitation, and repression. These added dimensions would make it is easy to imagine an Iranian mid-level manager for Exxon who would normally act in the best interests of the organization as a member of the transnational bourgeoisie but would act to throw out the regime that killed his brother, regardless of his affiliation with a pro-Shah organization. It is for this reason that the case of the revolution is different from the analysis that would normally be done in Postimperialist theory. This does not invalidate such an examination. It only underlines the need for a more sophisticated approach to the problems of the world. Furthermore, this hypothetical employee may act to maintain his relationship with the parent organization even after the revolution, because even a revolutionary will wish to maintain a standard of living, and in the case of an Iranian revolutionary maintain a pipeline to spare parts for fighters only available from the U.S..
This study is an attempt to use postimperialist theory as a lens to focus more clearly the images of the Iranian opposition to the Shah on a larger screen through its contrast with the more clouded picture provided by imperialism, so that the competing pictures of what happened become more clearly discernible. It is hoped that the reader will find it enlightening.
How do we gauge the impact of international capitalism on the less developed nations? Imperialism and postimperialism may be viewed as two separate approaches to this question. Imperialism is defined by Lenin as having five essential features:

1. The concentration of production and capital developed to such a high stage that it created monopolies, which play a decisive role in economic life.

2. The merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital," of a financial oligarchy.

3. The export of capital, which has become extremely important, as distinguished from the export of commodities.

4. The formation of international capitalist monopolies which share the world among themselves.

5. The territorial division of the whole world among the greatest capitalist powers is completed.

This listing of Lenin's characteristics of imperialism provides the foundation necessary for an understanding of the

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actions of the imperialist class within a developing nation but a further reading of his work is necessary for an understanding of the character of revolution in an exploited nation. Lenin felt that the capitalist classes were able to stave off the inevitable revolution in developing nations by being able to provide higher wages in return for cheap raw materials, markets for manufactured goods, and cheap labor. In order to overcome the small incentives given the masses by the imperialist, Lenin felt that the party must be prepared to encourage and exploit any revolutionary situation. This would "telescope history" so that even if the necessary stages of capitalist development for a socialist revolution had not been reached in the developing nations a socialist revolution could occur. This view of the development of a socialist revolution in the developing nations justifies supporting revolution anywhere in the world as an attack on the capitalist system. That this theory could justify a Marxist states intervention in any developing nation was an added boon to the Soviet states' ambitions.

To understand the relationship between the imperialism that appears in the advanced stages of capitalism and the effects and methods of imperialism, a new approach was needed

2 Lyman T. Sargent, Contemporary Political Ideologies (Homewood, Ill.: The Dorsey Press, 1969), p. 45
to explain the less developed nations position in the capitalist world. While Lenin presented a cogent definition of how a country like Iran could be considered a prime target of imperialism, the mechanisms of dominating and maintaining that dominance were needed. Marxist theories explaining these relationships have focused on the development or underdevelopment of the targets of imperialism and how capital and its accumulation affect the exploited nation. These analyses have focused on the modes of production inherent in the imperialist-imperialized nation relationship.

For the purposes of this study a structuralist model of capitalist exploitation will be adopted. This model provides a full contrast between the externally oriented arguments of world systems theories, which view the actors' relationships as determined by their relative positions in the world system and the approach of postimperialist theory which views not only the external relationships of the imperialist bourgeoisie which dominates the exploited nation through capital, but also as the creation of a new transnational class that dominates the economies of developing nations by its inclusiveness and its ability to adapt to the conditions in the local situation (taxes, environmental concerns etc.).

The most widely debated structuralist model of the relationship between the imperialist and the exploited nations is rooted in dependency theory. Dependency which was defined by Dos Santos as:

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...a situation in which the development and expansion of another economy to which the former is subjected, the relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development.  

This definition, while not ignoring the internal elements of dependency, places the decisive elements of political and economic power in the hands of the imperialist bourgeoisie.

While working with Dos Santos' view of dependency, Sunkel proposes that the extraction of wealth from a dependent nation should be viewed as a function of the amount of integration that the dependent nation has been able to achieve within the framework of the world economy. However the decision as to whether or not a country is well or poorly integrated into the world economy does not allow one to determine the exact nature of the exploitation that is dominating the economy, because the amount of integration taking place does not necessarily allow one to understand the qualitative nature of the exploitation only its quantitative nature.

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It is for this reason that this paper will adopt the model proposed by Andre Gunder Frank. Not only is Franks' view of the relationship between the developed and underdeveloped nations more specific in its placement of the relationships between classes but it also allows for an analysis of the mechanisms of exploitation inherent in the definition of imperialism given by Lenin.

Frank's dependency theory model, as do all models, presents an idealized view of the exploitation of a peripheral state by the core countries. In the view espoused by Frank the world capitalist economy embraces the totality of economic existence. Each member of a dependent or a core society acts as either a satellite or as a core member of the economy, depending on its position in the chain leading to the total world economy. Either accrues wealth and adds it to the upward flow of wealth, or as a producer of wealth is exploited by the class immediately above it. This chain of dependence forms the world economy and leads to the dominance of the core countries who are at the top of the chain of capital accumulation. The force behind the continued domination of the periphery by the core nations was the Metropole's military dominance and its control of resources that are viewed as crucial. The role of the dependent state in this model is as a weak agent of the core (imperialist) nations, dependent "...financially, technologically, institutionally, ideologically, militarily, in a word politically,
on the international bourgeoisie(s) and their metropolitan states..."5 (In Frank's model, the international bourgeoisie focuses on the capital class from the core countries.) This model is certainly applicable to the state found in Iran after World War Two in which the existing government was strengthened by the United States against internal enemies after the decline of the incipient nationalist movement led by Mohammed Mossadeq.

In contrast to dependency theory, there has developed a new school of thought that emphasizes the development of internal elements within a country which help to maintain the dependence of that country on external forces. These elements then become part of the international order and act to maintain the international regime above and beyond the parochialism of nationalist interests. This theory is known as postimperialism. Postimperialism does not see the economic dominance of one country over another as being the paramount type of analysis in understanding the relationships between countries. Instead, it focuses on the dominance of a transnational class within each country which works to maintain its relations across national boundaries. This class differs from the idea of an international class relationship as expressed in dependency theory in that it is not a domi-

nant class with a subordinate class, but one class with members in different countries. As Richard Sklar and David Becker define it: "The thesis, postimperialism... begins with the observation that global corporations function to promote the integration of diverse national interests on a new transnational basis....Together the state management sector and the large private enterprise sector that it protects and nurtures give rise to a new social class." This class is defined by Sklar and Becker as "...a socially comprehensive category, encompassing the entrepreneurial elite, managers of firms, senior state functionaries, leading politicians, members of the learned professions, and persons of similar standing in all spheres of society." Sklar and Becker call this group the managerial bourgeoisie. The role of the managerial bourgeoisie in postimperialist theory is different than the role of the comprador class in dependency theory. In postimperialist theory the transnational managerial bourgeoisie plays a direct role in the release of political pressure. This is by acting as an interface between the national bourgeoisie and other classes of the host nation and the transnational class of businesses and governments (usually viewed strictly as exploitive imperialists in dependency

6 David G. Becker and Richard L. Sklar, Postimperialism (Boulder: Lynne Rienner Publishers, 1987), pp. 6-7
7 Ibid.

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theory). Whereas, in dependency-imperialist theory (as noted above) the comprador bourgeoisie relies on the dominant countries position as the main source of political power. This reliance forces a comprador bourgeoisie to act not as a buffer between the dominant international class and the indigenous bourgeoisie but as an ally to the dominant imperialist classes. The necessity of the development of a transnational bourgeoisie is seen in the logic of capitalism. The growth of international capitalism created new demands on the capitalist structure including increased demands for inclusion in the exploitation of resources. These demands necessitated an expansion of the bourgeois class in order to pacify the host country's demands for a greater portion of the surplus. This buffer between international capitalism and nationalist interests allows the survival of international capitalism in various peripheral countries. Where, without it, opposition to exploitation by multinationals would result in the destruction of most of these companies, an event which almost occurred under the Mossadeq regime in Iran. Becker and Sklar refer to this flexibility on the part of the multinational corporations as a "corporate doctrine of domicile", where corporations cooperate with the local managerial bourgeoisie in order to maintain their relative advantage.

In order to contrast these competing views of exploitation, the body of this study will be an examination of the
explanatory power of the two competing theories in defining the causes of the 1979 Iranian Revolution. The next chapter will be an in depth look at the imperialist-dependency explanation of the Iranian revolution, using the overthrow of Prime Minister Mossadeq as an example of a core country regime dominating the political and economic life of a developing nation. It is hoped that this section will demonstrate the efficacy of imperialist and dependency theory in explaining the Mossadeq regime and its downfall. This look at the fall of Mossadeq will be followed by an analysis of the period after the fall of Mossadeq and the influence of foreign countries in Iranian national life. After this examination the focus will move to understanding the class relationships within Iran and their relationship to postimperialist theory in order grasp the movement from an imperialist environment within Iran to a postimperialist structure. The cases for this part of the study will be the White Revolution in Iran and the increase in Iranian petroleum prices in the early 1970s as evidence of the reciprocal influence of the Iranian transnational elite not only on the internal affairs of Iran but also on the external dealings of the Iranian government.

However, before this analysis can be made we must examine the major events in Iranian history that have shaped the notion of imperialism in Iran and presaged the imperialist-dependence perspective that evolved there. The

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postimperialist perspective must also work within this common framework and prove its utility as an explanatory device given the background of Iran because that background which does not change because the theory being used does.

2.2 IMPERIALISM AND IRAN PRIOR TO 1953

The most commonly accepted reasons given for the 1979 Iranian Revolution focus on Iran's relationship with outside powers. This imperialistic viewpoint sees the Shah acting as a tool of the exploiting powers Great Britain and the United States. The changes mandated in Iranian society by the Shah are viewed as part of a systematic attempt to impose western culture on the Iranian people so that the movement to a less costly form of economic imperialism would be possible rather than the maintenance of a repressive and expensive military regime. This view is in accord with Frank's view of the development of imperialism from the military occupation of a colonial state to the establishment of a national government that acts in accord with the imperialist interests and the residuals of the colonial governments presence. The image of the Shah of Iran (with a collusive bourgeois class tied to the exploitation of oil) as a surrogate for outside powers who wished to exploit Iran's re-

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8 The State and Development Theory, p. 189

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sources for their own gain has been the commonly accepted explanation for the unpopularity of the Shah's regime. This explanation, which is rooted in economic theories of imperialism focuses on the manipulation of outside powers as the end all of explaining Iranian politics. The labelling of the United States as "The Great Satan" during the 1979 revolution is certainly indicative of the enmity the Iranian people feel towards a power which they blame for their domination by the Shahs repressive regime. But this attitude is attributable not only to recent history but also to Iranian experience in the past.

The notion of the United States as the "Great Satan" has implications beyond merely blaming the United States for the exploitation of the Iranian people—it also labels the U.S. as the corrupter of the Iranian soul by bringing the temptation of materialism to the Iranian people. This image has a great deal to do with the perception that the best explanation of the forces within the Iranian Revolution is the a revulsion to sinister foreign influences. Certainly Iranian political life in the nineteenth century and earlier saw the domination of Iran by great powers, specifically Great Britain and Russia who went so far as to fix the Turkish-

Iranian border of their own accord in 1847. This domination in some form has continued into the twentieth century, though there were intermittent fluctuations of the larger power's ability to control events within the country.

The root cause of the great powers' ability to influence events in Iran prior to the turn of the century was the inability of the central government to impose order within the borders of the country. Iran in the nineteenth century was composed of several competing groups each of which vied with the Shahs of the Qajar dynasty for a sphere of influence. These groups included tribal leaders, clerical leaders, and the bazaar middle class. In the titles of the Qajar and Pahlavi Shahs, the Shahs claimed to be "King of Kings". This title referred, not so much to the Shahs' primacy as to the competing claims of other groups, especially tribal leaders, to authority. This competition for authority was not only brought about by competing class structures but also by geography.

These weaknesses were exploited by Imperial Great Britain and Imperial Russia who were in competition not only for control of Iran but also for access to the major trade routes

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with India and the Mediterranean. This competition led to the division of Iran into two spheres of influence with the Russians dominating northern Iran and the British dominating southern Iran. Therefore, in the late eighteenth century we see an immature form of imperialism where the domination of a single exploitive power had not been established, thus making Iran the battleground for two competing imperialist nations. The domination of Iran by two foreign powers also led to the nation being the battleground for each country's attempts to develop Iranian resources. The competition led to a virtual stalemate where neither country was able to adequately gain the upper hand because of the other country's influence and the Iranian leaderships ability to play each country off of the other. An example of these cross currents is the British attempt to build a railroad across Iran in 1872 which was effectively blocked by the Russians with the aid of Iranian allies. These crosscurrents not only led to diplomatic and internal stress for Iran but also helped to preclude or delay some of the economic benefits that may have accrued from the dominance of a single imperial power, such as Britain which would have made some small investment in the nation's infrastructure earlier than actually occurred.

The ability to manipulate the dominant foreign powers in Iran may have been a mixed blessing but it did allow the

12 Nikki R. Keddie, in Ibid., p. 131
Iranians the chance to maneuver the foreign powers away from total domination of their economic life. One of the most successful of the pre-World War One anti-imperialist revolts in Iran was the opposition to the granting of a monopoly in the trade of tobacco to the British. The Tobacco Revolt of 1892 against the concession granted by the Qajar Shah, was led by the Iranian clergy, the more secularly oriented merchants and "radicals", and gave impetus to the belief that the imperialist powers could be defeated at their own game. The alliance noted above was to play an integral part in the future of Iran.\textsuperscript{13}

The second major anti-imperialist uprising that occurred in Iran prior to World War One happened after the Russian defeat in the Russo-Japanese War in 1905. The same religious-radical alliance that defeated the British Tobacco concession united to take advantage of the apparent Russian weakness and attempted to simultaneously strengthen the position of the native Iranian bourgeoisie, the central government, and the more traditional classes (such as the ulama and the bazaar classes) while limiting the power of the weak monarchy to provide concessions to the imperialist powers. The Iranian Constitutional Revolution of 1905-11 provided for the establishment of a constitutional form of government.

\textsuperscript{13} Nikki R. Keddie, "The Origins of the Religious-Radical Alliance in Iran" in Ibid., pp.53-55
which would provide representation not only for the western oriented classes but also for the more traditional Islamically oriented classes in the newly established Majlis (the Iranian single chamber parliament).

The groups involved in the Constitutional Revolution may be seen as an alliance of a modernizing nationalist bourgeoisie and a traditional elite group opposing the exploitation of the great powers and their surrogate, the Shah. The reason for the alliance of the secular and clerically oriented segments of Iranian society was their common opposition to the influence of the western powers. The clergy wished to reestablish the dominance of Islamic thought and the traditional middle classes and the modernists wished to establish the type of strong centralized government prevalent in the West to oppose the exploitation of the imperialist powers. This alliance was opposed by the Russians and the British who signed an agreement in 1907 formalizing their respective spheres of influence. This may be seen as a maturing of the British and Russian imperialism in the face of a common enemy. The outcome of the Constitutional Revolution was an even weaker monarchy than before and a constitutionally oriented form of government which earned the enmity of the clerical classes because of the aims of the secularly


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oriented radicals, and an even weaker monarchy than before. The consequences of this split would not be seen to wait until after World War One. Though in the split and the westernly oriented radical groups we may see either the beginnings of a "comprador" class or the start of a "managerial bourgeoisie".

World War One forced the reimposition of the dominance of the imperialist powers. In their frenzy to prevent the expansion of the Germans (who had supported Turkish incursions into Iran), the Russians and the British occupied Iran along the lines agreed to in their 1907 compact. Although Iran had proclaimed her neutrality in the conflict, German influence grew as a result of her enmity to the two previously dominant powers, and Iran became the home of numerous spies for both sides. The Bolshevik Revolution in Russia effectively removed the Russians as active participants in deciding the post-war fate of Iran. The British as the remaining imperialist power in Iran after the war were able to entrench their position as the dominant foreign economic power.

2.2.1 The Pahlavi Dynasty and British Imperialism

The post-war world saw the establishment of a new dynasty in Iran that was to last until 1979. The weaknesses in the Qajar regime which were exposed by the Constitutional Revolution and laid open by the Russian Revolution which removed...
the Qajars' chief foreign supporters from the scene would lead to the fall of the Qajar dynasty. The situation in Iran deteriorated to such an extreme that there were several separatist regimes set up in Iranian provinces. With the support of the British, who wished to install someone more capable of protecting their interests in Iran, the Qajar regime was bloodlessly overthrown in 1921, by a Russian trained cavalry officer, Reza Khan, who formally deposed the Qajar dynasty in 1925 and established the Pahlavi dynasty.¹⁵

The establishment of the Pahlavi dynasty saw the beginning of a more centralized government in Iran. Reza Khan (who became Reza Shah with the fall of the Qajars) was able to establish a formally organized military establishment capable of controlling the whole country, modern governmental ministries, a more modern educational system, a modern medical establishment, and a more modern transportation infrastructure. He was unable or did not try to reform the weak taxation system and the backward agricultural sector of the economy.¹⁶ There were attempts however to limit the influence of the Iranian clergy including the prohibition of the wearing of the veil by women and the establishment of a western style education system. These changes which resemble


¹⁶ Ibid.
Ataturk's attempts at reform in Turkey were not oriented toward the establishment of a secular society as attempted by Ataturk. The failure of the Pahlavi regime to effectively remove the clerical classes from the political arena was determined not only by the Iranian cultural affinity for Islam but also by the alliances the clergy were able to make with the traditional bourgeois classes and finally by the "quietism" of some of the Iranian clerical leadership which supported quiescence to the regime. However, there was much opposition to Reza Shah's attempts made by Reza Shah to make Iranian society more secular.17

2.2.1.1 World War Two: Imperialism Revisited

While the Shah had been attempting to establish a strong centralized government in the 1920's and 1930's the rest of the world was self absorbed with the problems of the great Depression and the rise of the Germans and Japanese. The coming of World War Two led to a renewed interest in Iran by the "great powers". With her quest for eastward expansion, Germany saw Iran as a source of resources and a way of cutting off England from her eastern colonies (especially India). Reza Shah supported the Germans because he felt that support of Germany was in his best interests as the opponent of the

17 Ibid.

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former dominating powers in Iran, England and Russia (now the Soviet Union). The Shah's support for the German cause was of course unacceptable to the Allies and led to direct military intervention in Iran. The Allies divided Iran into three sectors: the British controlled the southern portion of Iran; the Soviet Union occupied the northern portion of Iran; and the United States served as a buffer zone between the two formerly imperial powers by occupying the central portion of Iran including Tehran. The occupation which took place in 1941 (originally as a Soviet-British exercise) resulted in the fall of Reza Shah and the placement of his son Mohammed Reza Pahlavi on the throne.¹⁸

At the end of World War Two, Iran became a focal point of the struggle between the emergent superpowers, the United States and the Soviet Union. The Soviet Union which supported the nascent Tudeh party (a communist party founded in the 1930's) refused to withdraw its troops from the northern provinces after World War Two, attempted to set up separatist governments in those territories it occupied, and demanded oil concessions in the northern provinces in order to bolster their claims in the area. Under pressure from the United States, they withdrew their troops in 1946 and left their allies to be absorbed by the rejuvenated Iranian regime. This marked the beginning of the United States' role as dom-

¹⁸ Ibid.
inant protector of Iranian independence and supporter of British economic interest within Iran. This was also the beginning of major U.S. non-war subsidies to Iran. Though the Iranians were never satisfied with the amount of aid they received.19

The period from the beginning of World War Two to the immediate post-war period included the imposition of a colonial style domination not previously evident in the exploitation manifested during the competition between the great powers. Prior to this period, the Iranian government had sought to balance the interests of the competing empires against each other. This traditional strategy was seen as clearly inadequate in the face of the Soviet attempt to support the breakaway of the northern provinces. There was an attempt to put it to use, but the polarization of the world into two competing and mutually exclusive camps precluded a role for each power within Iran. The imperialism inherent in the creation of the communist bloc and the capitalist western bloc forced the adoption of one or the other bloc as the protector of Iran from the other center of power. (The definition of the Soviet bloc as an imperialist conglomeration goes back to Lenin's definition of the division of the world into camps by the leading imperialist powers. Certainly the


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Soviet Union's role as a nominally socialist state precludes defining it as a traditional imperialist state but the expropriation of wealth and territory by the Soviet Union after World War Two may lead us to posit the existence of a "socialist imperialism" in the view of other countries.) The adoption of the west as the exploiter of choice followed from Iran's previous experience not only did the British have a greater toehold on the resources of Iran through the export of capital (part of Lenin's definition of imperialism), but also the potential for a split between the United States as the leading capitalist power and Britain provided greater opportunity for the reassertion of a balance of power strategy familiar to Iranian practice.

This concludes a brief summary of the historical and theoretical conceptions of imperialism leading up to the modern Iranian state under Mohammed Reza Shah. A more detailed analysis of the Iranian economic and political situation prior to the 1979 Revolution will be undertaken in the succeeding chapters.
The rise of Iranian nationalism in opposition to the imperialism evident prior to and during World War Two was partially a function of world wide anti-imperialist sentiments that came with the decline in England's ability to control her empire. The weakness of Britain due to her expenditures of manpower and money during World War Two provided an opportunity for the exploited nations to rebel against their colonial masters.

Iran attempted to throw out the English as did many other countries, and she failed in this attempt partly as a function of her importance as the source of irreplaceable raw materials and partly because of the intervention of the United States. The apparent reason for the United States intervention in the dispute between Great Britain and Iran was the threat of Russia becoming the dominant power in Iran, an unacceptable event in view of the cold war raging between the U.S. and the U.S.S.R.. In reality, while the Soviet threat was the key issue that forced the United States to intervene in Iran, the most important consideration underlying the U.S. action was the wish to gain a share of Iranian oil production as will be seen in a careful examination of the fate of the Mossadeq regime.
The workings of economic imperialism in the case of Iran are a combination of subtle and not so subtle tactics by which the Iranian nationalists fell prey to a combination of diplomatic pressure, economic pressure, and covert operations. Whether or not the Shah should seen as an agent of British-American imperialism or of Iranian nationalism making its peace with the international order is key to understanding the events that follow. That the Shah saw fit to coopt the goals of the Mossadeq regime while acting in secret with the imperialist powers seems to suggest the former. The imperialist perspective seems to explain the events of the Mossadeq regime well. The mechanism of imperialist domination working through the international oil regime and the Iranian perceptions of this domination will be the focus of the analysis that follows. That this mechanism follows Frank's model of exploitation in dependency theory becomes evident upon close examination of the resurrection of the Shah as the primary comprador agent for the international oil interests in Iran with foreign trained watchdogs as his secret police.

3.1 OIL AND THE RISE OF MOSSADEQ

Mohammed Mossadeq became the Prime Minister of Iran in 1951 as a result of the call for increased Iranian control of the Anglo-Iranian Oil Company. The calls for increased
internal control of the oil industry in Iran came because of the perception that the British interests in charge of oil production within Iran were unduly exploiting Iran to their own advantage and that the British were unable to maintain their empire around the world. These perceptions of weakness and exploitation were common in Britain and in almost all of the British colonies and it led to calls for independence throughout the British colonial system. The Iranian charges of undue exploitation stem from a 1933 agreement supplementing a 1931 treaty which had granted Great Britain the oil concession in Iran. The original agreement between the Shah of Iran and William Knox d'Arcy in 1901 had granted the Englishman a sixty year concession for the production of oil in Iran. The new agreement, while granting Iran an increased percentage of the oil revenue, was seen as being more beneficial to the Anglo-Iranian Oil Company (A.I.O.C.) than the previous agreement in that it had been ratified by the Iranian parliament and that it was between two entities namely the Iranian government and the A.I.O.C. replacing the agreement made by the Shah and d'Arcy. The new agreement with the A.I.O.C. stipulated that the Iranian government would receive an annual minimum payment of 225,000 pounds and a tax of 4 shillings per ton of oil sold. Another provision

of the treaty was that the A.I.O.C. was to encourage the use of Iranian nationals in the production of oil to replace the European and Indian labor that was currently dominating oil production in Iran. 21 The provisions of this treaty appear to be a recognition of the imperialist perspective within Iran and an attempt to regain some control of the exploitation of Iran's oil resources by the Iranians. More stringent efforts by Iran to remove Britain as the intermediary between Iran and the world economy were to follow after the perceived failure of the British to live up to even the lax provisions of this treaty.

The most notable first salvo fired at the exploitation of the Iranian oil resources by foreign parties was in response to Russian pressure for an oil concession in northern Iran (an area with no known oil reserves) during World War Two. A bill written by Mossadeq, and passed by the Majlis on December 2, 1944, tried to prohibit oil concession negotiations with no time limit and only allowed for the discussion of the sale of oil and "the way the government of Iran exploits and administers its own oil resources."22 While this bill was aimed against Russian attempts to gain a further legitimization of its occupation of the Azerbaijan province.

21 Ibid., p. 32

22 Quoted in Rouhallah K. Ramazani, Iran's Foreign Policy 1941-1973 (Charlottesville: The University Press of Virginia, 1975) p. 182

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of Iran, the ultimately more important issue was the British oil concession in southern Iran. The issue of the British exploitation of Iranian oil resources became of greater consequence after World War Two. Opposition to the British led to the resurrection of a strong monarchy which Iranian nationalists were to charge was responsible for the exploitation of Iranian resources by outside powers who dominated not only economically but also culturally as well. The issue of cultural domination is central to the involvement of the Iranian clergy in the political future of Iran, as will be seen later.

The first most visible Iranian resistance to British economic imperialism came with complaints against the A.I.O.C. centered around the perception that Britain was selling oil to the Iranians at a price greater than the British were paying for it, and the lack of compliance with the 1933 treaty. The first part of this dispute focused on the reduced price charged the Royal Navy for Iranian oil while the Iranians were paying the equivalent of the price charged for oil produced in the Balkans and imported to Iran. The second part of this dispute centered on the actual payments made to Iran for oil that was exported by the A.I.O.C.. In the time period from 1938 to 1950, Iranian oil production tripled at a profit of approximately 180 million pounds to the A.I.O.C.. The Iranians received 16 million pounds in payment (or about 9% of the profits) for the oil sold including the taxes col-
lected by the Iranian government. This was in direct vi-

olation of the 1933 Treaty which stated that the Iranians were
to receive a 20% share of the net profits of the A.I.O.C.,
not including taxes collected by Iran.23

The dissatisfaction with the British oil concession in
Iran led to an attempted renegotiation of the 1931 agreement
in 1947 because of a mandate from the Majlis. The first at-
ttempts by the government of Prime Minister Qavam to negotiate
a new treaty with the British were later spurred on under
other governments by reports that the signatories to the
present treaty had been pressured into signing the 1933
agreement. As Deputy Taqizdah who signed the 1933 treaty
said "... He himself (the Shah Reza Khan) did not wish to
extend the concession, and in the first instance of its men-
tion by the British he exclaimed abusively right in in front
of them: 'Really such an action is quite out of the question!
Do you expect us, who for thirty years have been cursing our
predecessors because of this matter, to allow ourselves to
be cursed for another fifty years by our successors?'"24

As the momentum for change in the oil concession grew so
did the impetus for even more drastic measures against the
British oil concession. The first mention of the possibility

23 Iran: The New Imperialism, pp. 33-52

24 Ittila'at, Jan. 27, 1949 quoted in Iran's Foreign Policy
1941-1973, p. 182
of the nationalization of the Iranian oil industry in the Majlis came from a member of the Majlis with a strong affiliations to the communist Tudeh Party. The linkage of the Tudeh Party to the issue of oil nationalization was to have severe consequences for the National Front Party which was to implement the policy in the future.

This shift from negotiations for a new oil concession to demands for the nationalization of Iranian oil arose from the British intransigence in the negotiations. The British, in the beginning, took the attitude that their present concession was not scheduled to expire until 1993. This inflexibility continued into the government of Prime Minister Sa'id who replaced the Qavam government after the conclusion of the Soviet-Azerbaijan affair. The Qavam government had given the Soviet Union an extra foothold in Iran by negotiating for an oil concession and was subsequently overthrown.

Later in the discussions with the Sa'id government, the British became more flexible in their approach to the oil concession in Iran. The increased pragmatism of the A.I.O.C. was due in part to the Iranian insistence on the negotiation of a new treaty. The other major concern that led to the A.I.O.C.'s acquiescence to the negotiation of a new treaty was the case of Venezuela and the Arabian-American Oil Company which provided that the host country would receive 50% of the profits from oil production and that the employment and training of indigenous personnel would receive a very
high priority. Because of fear that Iran would rebel if concessions did not approach the deals given these other countries, the A.I.O.C. negotiated a contract similar to the aforementioned deal, though it did not provide for full 50-50 sharing between Iran and Britain.25 This agreement known as the Gass-Golshayan Supplementary Agreement provided that the oil discount to Iran would be equal to the Royal Navy's price and that the payments to Iran would be twice those stipulated by the 1933 agreement. The fly in the ointment was that the payments for the years 1947 through 1949 fell far short of 50%. During that period the British government received $79.2 million in taxes and Iran received $37.8 million in royalties.26 When these figures were released to the Iranian public in 1949, a firestorm was started against the A.I.O.C. thus killing any chance of the Majlis' approval of the Gass-Golshayan Agreement. Despite the open Iranian disapproval of the Gass-Golshayan Agreement, the A.I.O.C. insisted that no negotiations for a new agreement could begin until the deal had been formally disapproved by the Majlis. The bill was submitted to the Majlis on July 28, 1949, five days before the end of the fifteenth Majlis which allowed little time for the debate of such a ponderous and momentous agree-

25 Ibid.


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ment. The question of accepting the Gass-Golshayen Agreement was not settled during the fifteenth Majlis, but the short debate that took place on the bill during that term helped to publicize a small group of opposition Deputies who presented a strong case not only against the agreement but also against the Sa'id government that presented the bill. The rejection of the Gass-Golshayen Agreement may be seen as a further rejection of the exploitive imperialist relationship that had existed since the eighteenth century, making the maintenance of the British position untenable without the intervention of the United States.

The sixteenth Majlis opened in February of 1950 and included eight Deputies from the National Front coalition who opposed the oil deal with Mohammed Mossadeq as their leader. Prime Minister Sa'id's government fell in March of 1950 after losing a vote of confidence. Sa'id was succeeded by 'Ali Mansur who did not even include the oil agreement in the program he submitted to the Majlis upon taking office. The Majlis, which viewed the new agreement with much more alacrity than did the government, appointed a special commission of eighteen Deputies to review the agreement. Mossadeq was appointed to the commission and was elected as its chairman by a vote of 14 to 1. The same day that Mossadeq was elected chair of the commission, Mansur was replaced as

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27 *Iran's Foreign Policy 1941-1973* p. 184

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Prime Minister by General 'Ali Razmara who was a hero of the return of Azerbaijan and was favored by the United States for his support of social and economic reforms. Mossedeq in his role as the chairman of the commission took full advantage of his position to critique the negotiations that had previously taken place. Upon review and rejection of the Gass-Golshayen Agreement, a proposal was put forth by the National Front members of the commission to nationalize the Iranian oil industry. This proposal which had not been considered as part of the mandate of the commission to review the Gass-Golshayen Agreement was put to the Majlis as a separate proposal. Meanwhile, the unanimous rejection of the Gass-Golshayen Agreement by the oil commission forced the government to renew negotiations. Prime Minister Razmara stated that he would continue secret negotiations with the British which were already underway, and a new commission to examine the oil question was set up by the Majlis.

These events led to a new phase in the struggle to nationalize Iranian oil. Numerous proposals were put forth in the Majlis to resolve the oil question. These proposals centered on three courses of action: first the cancellation of the 1933 agreement; secondly a 50-50 profit sharing plan;

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28 Iran's Foreign Policy, p. 189
29 Ibid. p. 188
and thirdly nationalization of Iranian oil resources. Each of these proposals were put forth in lieu of the negotiations the government was in the process of conducting in the time period between November 1950 and March 1951. Four days after Prime Minister Razmara declared that nationalization was infeasible, he was assassinated by the followers of Ayatollah Kashani. The Shah believed that if Razmara had not been assassinated, he would have concluded a 50-50 profit sharing agreement with the British.

The assassination of Razmara was a strong indicator of the depth of the opposition to any negotiations with the British. It was not an isolated incident of violence. There were several incidents that focused attention on the parties in the dispute concerning the oil concession. An attempt on the Shah's life in 1949, by a religious conservative who also had sympathy for the Tudeh party had emphasized the extreme variety of the opposition to the Shah and the British in Iran. The attack on the Shah brought about the banning of the Tudeh Party by the Shah. By this time opposition to any agreement with the British had reached a fever pitch with the masses in opposition to the imperialist power centered on the National Front as their leader. These groups represented a

30 Ibid. p. 196
31 Mohammed Reza Pahlavi, Answer to History (New York: Stein and Day Publishers, 1980), p. 84
diverse coalition of the modernizing bourgeoisie, the religious elites and their allies, and the rural landlords and elites. These group's opposition centered not only on British oil imperialism but also on the dominance of British imports in Iran, a consequence of the nature of imperialism.

A motion to nationalize the A.I.O.C. was introduced in the Majlis by the National Front with the acquiescence of the Shah and the new Prime Minister, first in a secret proposal to the new oil commission and then to the Majlis as a whole in February of 1951. In his introduction to the proposal on the floor of the Majlis, Mossadeq set forth the premise that in essence imperialism is the root cause of all of Iran's problems. This piece of hyperbole, while certainly exaggerating the case, puts forth strong evidence that the imperialist perspective was the driving force behind the National Front:

In proposing nationalization of the oil industry throughout the country, the National Front Deputies have attached greater significance to its political than financial aspects, and the reason for this has been sure knowledge of the Iranian people, and especially the Majlis Deputies and the oil commission that the source of all the misfortunes of this tortured nation is only the oil company. The telling evidence for this is to be found in the events and miseries of the last fifty years and particularly the events of the recent two years, including numerous attempts on life and assassination.32

32 Ittīla‘at, Feb. 22, 1951 quoted in Iran's Foreign Policy, p. 196

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It was with this type of rhetoric that Mossedeq was to rise to power. The late Shah Mohammed Reza Pahlavi, while in opposition to Mossedeq at the time, acknowledges the power of his rhetoric, and adopts Mossadeg's perspective in his memoirs and takes Mossedeq's claim that the British were the root of Iran's problems one step further blaming the British not only for their exploitation of Iranian oil resources but also for helping the rise of the Tudeh Party. This claim, while contradictory on face considering the nature of the Tudeh Party's relationship with the Soviet Union, reveals much about the paranoia surrounding the Shah and his ability to rationalize all opposition actions as originating outside Iran.

Mossedeq became the Prime Minister of Iran on May 1, 1951 replacing Hussein 'Ala, who had been confirmed as Razmara's successor on March 11. During 'Ala's short term, the law nationalizing the A.I.O.C. had been passed. His quick replacement by Mossedeq in May reflects the perception that 'Ala would be unable to adequately enforce the subsequent legislation passed by the Majlis and to put the policy of nationalization into affect.

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Answer to History, p. 73

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The Majlis' unilateral decision to nationalize Iranian oil production stiffened British enmity to the Iranian government's position. The British sent the Iranian government a note stating that the 1933 supplemental agreement was valid until 1993 and could not be legally terminated by a single treaty signatory. The British note also pointed out that they had been involved in discussions with the Iranians prior to the decision to nationalize that would have established a new company to oversee Iranian oil production with greater Iranian representation on the board of Directors, a promise to increase Iranian management in the company, and "an equal sharing of the profits." Mossedeq's reply to this letter was that any country had a right to nationalize its resources but that the Iranian government would offer compensation to the A.I.O.C. and the Iranians would be willing to sell the British oil at normal international rates. The continuation of this exchange led to the British taking the case to the International Court of Justice since both parties were unwilling to compromise their position.

34 Royal Institute of International Affairs, Documents on International Affairs, 1951, p.478 quoted in Iran's Foreign Policy, p.201

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The United States, which had been contributing to Iranian development with Point Four assistance consisting of sending technicians to aid in the development of educational, agricultural, and health facilities, was to eventually play a great role in this affair and sought to mediate between both of its allies by sending Averell Harriman to negotiate with the Iranians. After having visited Iran in September of 1951, Harriman told Mossadegh that the proposals put forth by the Iranians to effectively eliminate the British in the policy making role in the production of Iranian oil were unacceptable and passed on a vague threat to the Iranian ability to sell their oil world wide.

As I pointed out to your Excellency in Tehran, in order to be assured of continuous sales of substantial quantities of its oil in world markets Iran must make arrangements with customers that can make available large transportation and distribution facilities for marketing it on a world-wide basis. Potential customers would not make such arrangements unless they could obtain Iranian oil on a basis as favorable as that on which they could buy or develop oil in other producing countries. This, of course, is a practical business consideration. It is also true that only those who have developed markets for Iranian oil are in a position to commit themselves for its purchase in the large quantities produced.36

The implications of this message is that the British have made a large investment in Iran that other countries have not

36 Observations on the Iranian Position in the Oil Controversy: Note from the President’s Special Representative (W. Averell Harriman) to the Prime Minister of Iran in Yonah Alexander and Allan Nanes, ed. The United States and Iran: A Documentary History (Frederick Maryland: University Publications of America, Inc. 1980) p. 222

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and that they have developed a reliance on cheap Iranian oil while other countries have not. The message here is clear, either play ball with the British or you will be unable to sell your oil because of "practical business consideration". (It may be thought that there is no greater "practical business consideration" than an embargo.) These practical business considerations may be seen as the "big stick" of imperialism, and the effective removal of Iranian oil resources from the world market bankrupts any notion of independence from the British that the Iranians may have had. After all, if you are unable to sell your oil in the metropole without the imperialist power you have lost even the crumb the imperialist was throwing you. The dynamic of imperialism precludes the accumulation of excess surplus except by those who have access to the broader channels of distribution. Iran as a nominal supplier nation was denied this access.

While pressure for accommodation with the British was building on the outside through diplomatic channels, the Iranian internal situation was also beginning to heat up. With the passage of the second nationalization act which implemented nationalization, the A.I.O.C. withdrew all British nationals and other non-Iranian employees from the oil production facilities which brought oil production to a halt, and placed a ban on the export of certain goods to Iran. At the same time the British government was also considering
military action against Iran. Of these problems, the cessation of production at the Iranian facilities was most crucial to the short and long term prospects for the success of the Mossadeq government. It is clearly seen here that the British insistence on the use of foreign personnel in Iran had resulted on a clearly dependent position in the field of oil production. Oil production after the withdrawal of the British and foreign technicians plummeted despite pleas from Mossadeq for them to stay and continue the operation of the refinery. The British also got an injunction from the International Court of Justice prohibiting the nationalization program. The Iranians ignored this as an unacceptable meddling in their internal affairs. This underlines the perception that imperialism was seen by the Iranians as the root of their troubles. The actions of the imperialist while clearly affecting the Iranian internal political structure was to be kept separate from the dispute with the imperialists in the international arena. The assertion of Iranian nationalism precluded any further imperialist incursion in Iran.

The drop in oil production and sales brought about by British pressure put an incredible strain on the Iranian foreign currency reserves and on the government budget. The


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government which had placed unemployed oil workers on the public payroll was undercut by the lack of oil income. It was at this juncture the United States had sought to intervene in the dispute between her two allies. This intervention resulted in the position outlined in the memorandum from Averell Harriman noted above. With the failure of Washington's intervention, the British sought the intervention of the United Nations Security Council. After much maneuvering Mossadeq appeared at the Security Council to plead for the recognition of Iran's right to regulate her own resources. Mossadeq's appearance at the United Nations served as a springboard for Iranian complaints against Britain. This maneuver was successful and led to prima facie support for Iran against Britain. The imbroglio did little to address the real issue dividing Britain and Iran which was the establishment of a British led commission to oversee the nationalized oil company proposed in the already rejected Gass-Golshayen Agreement.38

Concurrent with these events, the Iranians took steps to use their leverage against the British. In September of 1951, the Iranians withdrew foreign currency trading privileges from the British Bank of Iran making the Bank of Melli the only bank in Iran capable of foreign currency transactions. This regulation was combined with the withdrawal

38 *Iran's Foreign Policy*, p. 202
of all Iranian government assets from the British Bank. This reaction to the British withdrawal of foreign workers and the British ban on the export of iron, sugar, and steel to Iran signaled an effective deadlock in the negotiations between the British and the Iranians on the issue of oil nationalization.39

The British responded to the Iranian measures by imposing restrictions on the Iranian use of the Pound Sterling in foreign trade and by secretly negotiating an agreement with the major American oil companies which would effectively stop the purchase of Iranian oil on the international market. At this time Iranian oil sales dropped to almost nothing. The collusion against purchase of Iranian oil was backed by legal action taken against purchasers of Iranian oil who faced claims for compensation by the A.I.O.C. in the International Court of Justice and in British civil suits.40 The British actions against the purchasers of Iranian oil were in fact supported by the U.S. State Department when it issued a statement declaring that:

Thus we believe that the relatively small amount of oil which could be moved without the assistance of large tanker fleets and distribution and marketing organization will not solve the problem nor enable Iran to benefit from significant revenues from its great resources. Indeed on occasions it has seemed to us more likely than not that such shipments with the attendant

39 Ibid. p.225
40 Iran the New Imperialism in Action, p.70

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legal complexities involved could be more harmful to a
general settlement of the problem. 41

This series of actions shows a strong relationship to the
monopoly capitalism necessary if Lenin's definition of
imperialism is to be applicable to the Iranian situation.
The ologopoly of the large oil companies in this situation,
with the support of the imperialist governments involved,
proves that those who may be able to establish a monopoly on
valuable resources are more than willing to circumvent the
dictum of competition so dear to free market capitalism in
its infant stages.

The Iranian internal economic situation throughout this
crisis continually worsened as a direct result of the pres-
sures exerted by the British. Not only was Iran unable to
import many goods on which she had become reliant (a conse-
quence of imperialist domination) but she also became in-
creasingly vulnerable to foreign pressure for a return to the

41 "United States Attitude toward Purchase of Oil from Iran,
State Department Press Release 906" in The United States
and Iran: A Documentary History p.229. This
pronouncement was made even as large American investors
were attempting to take advantage of the British absence
from Iran and open up the Abadan oil refinery and arrange
for the sale of Iranian oil, with Iranian consent, undermin
the State Department claim that Iran would not benefit from such sales. The fact that these ven-
tures failed due to the intervention of large American
oil companies, is proof of the power of the promise of
the spoils that would be shared upon the fall of Mossadeq. (Indeed these two companies Cities Service and
Sinclair formed part of the new Iranian oil cartel after
the fall of Mossadeq.) Iran the New Imperialism in
Action, pp.70-71
previous imperialist domination. The United States which had continued Point Four aid was becoming increasingly concerned about the stability of the Iranian government and the possible threat that the Soviet Union might pose to Iran, though the Tudeh party had been declared illegal after the attempt on the Shah's life. These concerns surfaced in official American planning as studies on the consequences of Iran's becoming allied with the Soviet Union and the possibility of the reaction around the world to the nationalization of Iranian oil, and led to an increased support for the British position in the dispute. This was made clear by a note to Mossadeq from British Prime Minister Winston Churchill and American President Harry Truman.

Meanwhile, in July of 1952, Mossadeq requested extraordinary powers for a period of six months to allow him to deal with the crisis situation. These powers, including his assumption of the position of Minister of Defense, were his precondition for the assumption of the Prime Ministership at the beginning of the newly convened Majlis. The Shah rejected the request for extraordinary powers and accepted Mossadeq's resignation in protest and appointed former Prime Minister Qavam as the new Prime Minister. The replacement of Mossadeq by Qavam in July 1952, resulted in four days of bloody riots which were led by supporters of Mossadeq including his ally Ayatollah Sayyid Abd Al Kashani speaker of the Majlis and leader of the Fedaiyan-i Islam (Devotees of
Islam), and a resurgent Tudeh Party. As a result of the rioting the Shah was forced to recall Mossadeq and to grant him the extraordinary powers he requested. This was the height of Mossadeq's powers where the seeds of his destruction were to sprout.

3.2.1 The Fall of Mossadeq

Even as Mossadeq's power waxed through his ability to manipulate the internal forces in Iran against the external pressures exerted by the British and American oil companies, the foundations of his power were undermined. The emergency powers, granted Mossadeq by the Shah and the Iranian Senate allowed him to deal with the shortages and deprivations brought about by the external pressure exerted by the British. Through these extraordinary powers Mossadeq was able to keep the peace in Iran by imposing rationing and import and export quotas while he sought to remove the British imposed sanctions. After the initial six month period of special powers Mossadeq sought to have them extended for a two year period. The request for extension of the special powers combined with disputes about the appointment of government officials worked to fracture the National Front coalition and alienate Ayatollah Kashani. The split which in

42 The Middle East: A History, p.556
the short run Mossadeq was able to overcome with a one year extension of the special powers was to prove fatal to his regime.

In the time period from January 1953, when Mossadeq was able to renew his special powers, through July 1953, Mossadeq's support in the Majlis unraveled. The situation deteriorated to such an extent that at one point Mossadeq had to flee his home because of crowds threatening him. He took refuge in the U.S. Point Four office. Mossadeq's response to his opposition was to announce a referendum to dissolve the Parliament. This was in direct violation of the Iranian Constitution and further enraged Mossadeq's opposition to the extent that Kashani placed a religious ban on participation in the referendum. Despite this opposition, the referendum was held with separate polling booths for those who supported the dissolution of Parliament and those who opposed it. Under these clearly biased conditions, Mossadeq won the referendum dissolving Parliament with 99.93% of the vote.*3

While the United States had maintained some economic support of the regime through Point Four assistance in order to maintain its leverage in Iran as a disinterested negotiator, it finally decided that the only way to end the crisis in Iran was to replace the Mossadeq regime. In collusion with the British, the C.I.A. set about to align its

*3 Ibid. p.557

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allies in Iran against Mossadeq. This operation was opposed by the Soviet backed Tudeh Party which seemingly had decided that, although Mossadeq was opposed to Soviet influence within Iran, his continuation in office would provide an opportunity for the Soviets to gain influence in Iran. Mossadeq's Soviet support combined with his threats to support the Soviets if the British and the United States did not end the crisis were the driving force in the United States' determination to overthrow his government.44

Instead of increasing aid to Iran to meet the threat of allowing the Soviets into Iran, the United States and Britain determined that it would be in their best interest to overthrow Mossadeq and replace him with the pro-western Shah as the strong leader of the government. This decision to interfere in the internal affairs of the Iranian government represents the last resort tool of the imperialist powers.

44 This veiled threat was made in a letter to President Eisenhower when Mossadeq said:

There can be serious consequences, from an international viewpoint as well, if this situation is permitted to continue. If prompt and effective aid is not given this country now, any steps that may be taken tomorrow to compensate for the negligence of today may well be too late.

"Exchange between Prime Minister Mossadeq and President Eisenhower on the Oil Dispute and the Problem of United States Aid to Iran" in The United States and Iran: A Documentary History, p. 233

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Prior to this decision the United States had sought to view Mossadeq as a strong nationalist opposed to any Soviet influence in Iran. The history of the expulsion of the Soviets from Azerbaijan and Mossadeq's initial willingness to compensate the British for the nationalization of the oil industry had led to the conclusion that Mossadeq was a nationalist with no further ambition than to improve the compensation Iran was receiving for her oil. Unfortunately for Mossadeq, his support from the Tudeh Party and his desertion by other nominally nationalist leaders, such as Kashani, over internal disputes combined with pressures from Great Britain led the United States to back his overthrow.

The C.I.A. and British plan to overthrow Mossadeq was deceptively simple. The first course of action was to establish contacts with anti-Mossadeq nationalists including the clergy and the army, and to arrange for their support at the crucial moment in the struggle. The second objective was to coordinate the appointment of General Zahedi as Prime Minister by the Shah. General Zahedi who had been instrumental in the removal of the Soviets from Azerbaijan was widely regarded as an advocate of pro-modernization policies and a strong ally of the U.S.. He also had a history of opposing Mossadeq in the Majlis. What may have been the crucial factor in the choice of Zahedi was the fact that he had been arrested by the British during World War Two under suspicion of pro-German activities and he was thought to be the
choice of the Shah. In the eyes of the Iranian public this former attribute would be seen as a positive factor in that he was regarded as no friend of the British. The final ingredient in the plot hinged on the flight of the Shah from Iran during the crisis that was sure to follow the replacement of Mossadeq. This move was crucial to placing the confrontation in the public’s eye as a struggle between the Shah and the usurper Mossadeq. Mossadeq had previously suggested the Shah leave Iran in order to dramatize the struggle in Iran and his opposition to nationalist opposition to Mossadeq and now Mossadeq, was to be undercut by this same strategy. (Though the Shah's leaving the country as suggested by Mossadeq may have been simply a way to remove a central point around which his opposition would be able to rally their support. This appears to be the most likely case.)

To achieve this plan the C.I.A. called upon in Kermit Roosevelt, grandson of Theodore Roosevelt and cousin of President Franklin D. Roosevelt. Roosevelt who had been strongly involved in Iran during World War Two and had met with the Shah during that time had been contacted by the

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46 The appeal to the masses of a leader's flight from his enemies has a long history going back to the flight of the Prophet from Mecca. Michael M.J. Fischer, Iran: From Religious Dispute to Revolution (Cambridge, Mass.: Harvard University Press, 1980), p. 12
British to pass on their desire that such an operation take place. The British themselves were unable to carry forward the operation because of their expulsion during the oil dispute.

Roosevelt put forth the plan to Secretary of State John Foster Dulles, with the support of his brother Allen Dulles, the Director of the C.I.A., and the plan was approved by the Secretary of State and President Eisenhower on June 25, 1953, then two days later Roosevelt left for Iran. Upon his arrival in Iran Roosevelt made contact with several operatives with whom he was familiar and began to arrange for the overthrow of Mossadeq. Roosevelt received several hundred thousand dollars in backing, and he arranged a network of informers who would distribute the money for pro-Shah demonstrations. After several failed attempts, Roosevelt was able to contact the Shah and explain to him the plan and the timing of the coup. One expected area of support which Roosevelt was not able to call upon was the religious community, because as he puts it in a conversation with the Shah, "So far all we got from them (the mullahs) are demands for huge sums of money. And I'm not going to rely on anyone who will cooperate only for pay." In August of 1953, Roosevelt was able to successfully coordinate the details of this plot.

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47 Ibid., p. 20
48 Ibid., p. 163
Mossadeq and his few allies in the army and General Zahedi replaced him as the new Prime Minister of Iran. This structure was reinforced with new offers of greatly increased U.S. Point Four aid to help overcome the weaknesses in the Iranian economy that were exacerbated by the dispute with the British.

3.2.2 Conclusion: Results of the Fall of Mossadeq

The argument of this chapter has been that the struggle between Prime Minister Mossadeq and the British was based on the imperialist perspective. The opposing forces in the oil nationalization dispute were the imperialist Anglo-Iranian Oil Company and the nationalist National Front Party and its allies. These two groups represent the classical imperialist-dependency perspective in an almost pure form. The A.I.O.C. interests coincide with the expropriation of added value inherent in Frank's dependency model, while the actions of Prime Minister Mossadeq may be seen as representative of the actions of a national bourgeoisie trying to resist the exploitation of the core country. As seen in the narrative of the events prior to Prime Minister Mossadeqs term in office, the British were hesitant to make any concessions that would decrease the amount of income being derived from the oil concession in Iran. This intransigence not only signaled a desire for profit but also the

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imperialist notion of the unimportance to the British of the nationalist bourgeoisie of Iran. The use of the Shah by the British as an instrument of control in Iranian internal politics, after the rise of Mossadeq, and the British external pressures, shows a manipulative mentality inherent in the definition of imperialism given by Lenin when he says that the development of finance capital is the key to the advent of imperialism. In its treatment of the Shah as insurance against possible losses, the British manipulated the Iranian situation as one would the complaints of a petulant coal miner not as the representatives of a nationalist bourgeoisie intent on gaining control of their resources.

That the National Front attempted to represent the aspirations of Iranian nationalists is clearly seen from their stated goal of reclaiming Iranian resources for Iran. The original coalition that made up the National Front consisted of the Iranian clergy and their bazaar allies, the modernizing bourgeoisie noted in the Constitutional Revolution, and the rural bourgeoisie who suffered from British dominance not only in the oil fields but also from the preponderance of British agricultural imports. That this coalition was to be overwhelmed by the the economic and military stranglehold Britain enjoyed over Iran with the United States' help reinforces the definition of dependent imperialism given by Frank who stressed this type of domination in his theory of dependence.

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That the Iranian resistance to the United States and Britain was to prove futile was not a preordained outcome to the problem, Prime Minister Mossadeq's bargaining position was partially limited by the necessity of maintaining the coalition that brought him to power. As he said during his trip to the United Nations: "Don't you realize that, returning to Iran empty handed, I return in a much stronger position than if I returned with an agreement which I would have to sell to my fanatics?"9 If he had been able to arrange more bargaining room for negotiations with the British within his coalition, an agreement ending the dispute more favorably to the Iranians was almost certainly possible. As things turned out Mossadeq was unable to maintain his coalition because of the centrifugal forces arising from the differing demands of his various supporters. This fracture of the "national front" under the strains imposed by the British embargo and by resistance to Mossadeq's attempt to cement his power by assuming control of the army (and thereby undermining the Shah's last remaining base of support) was to provide the weaknesses that the C.I.A. exploited.

The outcome of Mossadeq's ouster was that the British and Americans were able to establish a new agreement for the oil concession in Iran. While the principle of nationalization

was accepted by all parties, a new consortium was created by agreement. The members of the consortium that were given exclusive rights to the exploitation of Iranian oil were British Petroleum (40%), five U.S. companies (8% each), Royal Dutch Shell (14% total divided 60% Dutch, 40% British), and Compagnie Francaise des Petroles (6%). The National Iranian Oil Company was granted a 12.5% share of the crude oil production of the consortium and Iran was to collect a 50% tax on the profits of the consortium (including the 12.5% share of crude oil given to the N.I.O.C.). This agreement amounted to a total repudiation of the demands for Iranian control of their national resources and the continued domination of the country by exploitive core countries. Politically, the Shah was to consolidate his power with the support of the United States who not only bankrolled his army and much of his development program but also trained his secret police. The Shah was able to certify his control of Iran by removing General Zahedi from the office of Prime Minister in 1955, while at almost the same time placating the United States and some internal foes by beginning to turn over some royal lands to the peasants in a land reform program.51

50 IRAN: The New Imperialism, p. 100
51 Paved With Good Intentions, p. 93

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The emphasis in imperialist-dependency theory is on the relationship between the core nations and their dependents among the exploited nations. In this chapter the focus will be on the growth of the transnational bourgeoisie through the combined actions of the various governments and businesses active in Iran. In the previous chapter, the relationship between Iran, Britain, and the United States focused on Great Britain's attempts to maintain its position in Iran as the main exploiter of Iran's resources against the Iranian bourgeoisies attempts to gain control of Iranian resources. The Iranian bourgeoisie's insurgent nationalism was unable to maintain a position independent of the core countries and was therefore unable to gain control of Iran's oil resources. The fracturing of the Iranian nationalist movement led to the strengthening of the Shah and his rise as the unifying force within Iran. The fact that the Shah had the backing of the imperialist powers while accomplishing a pseudo-nationalization of Iranian oil served to bolster his position as the symbol of Iranian nationalism. With these strengths the Shah tried to consolidate his position leaving behind the allies within Iran who may have posed a threat to his lead-
ership and appealing to the support of the masses. The building of a new base of support for the Shah will be the subject of this chapter.

In 1963, the Shah was reliant on oil revenues and the United States aid for the maintenance of his power. In order to escape this dependence on outside forces the Shah sought, with U.S. backing, to create new allies within Iran and cement his dynasty's lock on power in Iran. This included an attempt to create a new alliance with the peasants through a number of land and social reforms which became known as the White Revolution. The problems of dependence in Iran were centuries old dating back to the spheres of influence established by the British and Russians in the nineteenth century and even further. This assumption of the necessity of an outside backer in order to maintain power in Iran carried into the twentieth century. The ability to play one imperial power off the other required that whoever wished to rule the country have an imperial ally in order to maintain his power. The adoption of a bonanza development strategy which is defined by Becker as having the following characteristics:

1. The underlying mechanism is the production for export of mineral products, with a substantial part of the earned surplus earmarked for the host government.

2. With minerals extraction becoming a primary generator of new industrial capital, there is an official concern with productive efficiency and surplus maximization, to the exclusion of potentially conflicting noneconomic objectives.
3. The emphasis on productive efficiency and high technology combine to encourage the continuing presence of transnational firms, even in an era of rising host-country nationalism.

4. The state's capture and redistribution of a share of the economic surplus from mineral production—the "bonanza"—substitutes for direct economic linkages to the rest of the domestic political economy...

5. The state that undertakes bonanza development must evidently be "relatively autonomous" of particular and short-range bourgeois interests in the private sector.\(^2\)

was to finance the consolidation of the Shah's power. The use of oil money and U.S. aid to create new allies within Iran was the Shah's main trump card. Testing the applicability of this model to the White Revolution will be the focus of this and the following chapter.

In order to adequately analyze the bonanza development model in the case of Iran, it must be recognized that the dependence perspective had become part of the normal workings of the Iranian social system in interpersonal relations. This fact modifies but does not preclude the fifth part of the definition given above. It merely underscores one of the reasons that the Shah's reforms failed. The "web system" which pervades Iranian society is a hierarchical network of personal and group loyalties based on the relations of indi-

\(^2\) Postimperialism, p. 68
viduals to the centers of power. It is the pervasiveness of this system that may have allowed the Shah to assume the position of head of state and ally of imperialist powers de-spoiling Iran, without, in the beginning, having overly antagonized Iranian nationalists. The acceptance of a system that recognizes shifting personal loyalties between individuals based on the ability to provide benefits to those below them is reminiscent of a feudal hierarchy and in that system the Shah's acquiescence to the imperialist United States may be seen as an extension of Iranian personal relations to the international arena. From the mid-1950's on, the United States was to fill the role of imperial backer to the Shah. Because of the vulnerability of the Shah's weak support within his country, the United States urged the Shah to attempt to establish a stable polity that would modernize his country. This was a result of the orthodox development theory of the time as expressed by Walter Rostow and others in works such as The Stages of Economic Growth, the realization that the United States would not always be able to support an increasingly expensive aid program to Iran, and increased indications that opposition to the Shah was growing. Riots in 1961 against the recent Majlis elections which opponents felt

were riged is one example of the increase in opposition to the Shah.54 The United States under the Kennedy Administration favored a two pronged attack on the problem of Iranian internal instability. First a program of moderate reforms to quell the complaints of dissidents, second internal repression to quiet any opposition that may have remained.55 It should be noted that these same policies were also favored by the United States in Latin America.

The Shah's "White Revolution", announced in June 1963, was his adoption of the United States solution to his internal dissent problems. The program consisted of:

1. Land reform

2. Nationalization of forests and pastures

3. Public sale of state-owned factories to finance land reform

4. Profit sharing in industry

54 United States-Iranian Relations, p. 138


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5. Reform of electoral laws to include women

6. Literacy Corps

7. Health Corps

8. Reconstruction and Development Corps

9. Rural Courts of Justice

10. Nationalization of the waterways

11. National Reconstruction

12. Educational and administrative revolution

The combined effect of these reforms was ostensibly meant to provide the average Iranian with greater access to the decision making process by bringing the judicial system and the administrative bureaucracy to the local level, while at the same time centralizing authority in the Iranian government as opposed to the traditional classes. This action was seen as a prerequisite to the development of a stable indus-

56 Ibid., pp. 31-32 (The last three programs were added to the Shahs' program in 1967.)
trial Iran. The actual results of these programs will be
more fully examined in this and remaining chapters.

While each of the reforms of the White Revolution may be
seen as an attempt to address the problems facing a rural
underdeveloped Iran, it is the argument of this chapter that
the result of the Shah's program was to produce an Iranian
segment of the transnational class that would ally itself
along with some of the peasants with the Shah and his western
allies against the traditional bourgeoisie and lower classes.
Whether or not this class along with the peasants would prove
to be strong enough allies to replace the Iranian bourgeoisie
and traditional classes in propping up the Pahlavi regime was
problematical at the time and would prove clearly inadequate
as the events of the Iranian Revolution would show.

The individual programs of the "White Revolution", while
aimed at increasing the level of support given the regime
throughout the country, were also aimed at accomplishing a
quite different goal, "development". The goal of achieving
western style development has a direct relation to post-
imperialist theory. The foundations of a modern industrial-
ized society are rooted in a highly educated materialist
bourgeoisie. Clearly the only agents capable of establishing
this type of group in largely rural and technologically
backward Iran were the western educational system coopted
through government sponsored programs, and western business
interests who sought profits in Iran. However, the modernizing bourgeoisie of Iran had no great love for the Shah and his regime. Their support for the Mossadeq regime had demonstrated that they were a potential threat to the Shah. It is for this reason that the U.S. encouraged many of the reforms given above although their ultimate utility in accomplishing their goals is debatable. The list of programs above certainly resembles an adoption of the principles of western development in Iran. Each program serves to encourage the growth of either the productive capacities of Iran or the accumulation of wealth. The most important programs for fostering a transnational bourgeoisie within Iran are the educational and administrative revolution and the Reconstruction and Literacy Corps. These will be the main focuses of inquiry in later portions of this chapter, but first an examination of the way the White Revolution was administered and the overall consequences of the other programs will be examined.

4.1.1 Administration of the White Revolution

As was briefly noted earlier, the Iranian social system works as an intricate web of alliances. This web operates informally to primarily carry direction from the top down. The structure of the web is seen throughout society in the
form of the dawrah. A dawrah is a group formed around common interests to advance the individual members positions. The most common forms of a dawrah are recreational clubs for playing cards or other communal functions. Membership in a dawrah is not limited by normal measures of social status. It is not unusual for dawrahs organized around religion, cultural heritage, or school camaraderie to have members from different social groups. For this reason the dawrah may be seen as both the creature of the web system and the primary originator of the web system. 57

Another characteristic of the Iranian social structure that affects the workings of the political and administrative systems is the idea of patronage. The central example of patronage in Iran prior to the 1979 Revolution was the Shah's status as the center of the political system. Obeisance to the Shah was seen as the key to a successful career. There are many stories of the pervasiveness of the Shah's image in Iran at this time which reflects his primacy as the center of emulation. Indeed Reza Pahlavi's wish to appear as the center of everything good in Iran leads him to claim that:

The realization came to me that Iran needed a deep and fundamental revolution that could, at the same time, put an end to all the social inequalities and all the factors which caused injustice, tyranny and exploita-

tion, and all aspects of reaction which impeded progress and kept our society backward.58

The idea that a sudden revelation appeared to the Shah to better the living standard of the Iranian people reflects the cult of personality typical of the Iranian social system and the necessity of proclaiming the Shah's personal involvement in bringing all things seen as good to the Iranian people. The claim that the Shah was the font of improvements in the Iranian standard of living brooked no competition. When the Minister of Agrarian Reform, Hassan Arsanjani, attempted to create independent peasant cooperatives and his portrait became almost as well known as the Shah's in rural areas he was dismissed.59 The effects of the Iranian web system, and in particular, the Shah's demands for personal credit for the accomplishments of the reform programs were felt in the individual programs as nepotism, corruption, and an inhibition against personal initiative.

The instrument imposing the Shah's will in these matters and throughout Iranian society was the secret police known as SAVAK. This organization, trained by the American Central Intelligence Agency, was a pervasive force throughout Iranian society and used a system of informants. SAVAK watched any


group or individual that may have posed a threat to the Shah.
SAVAK's reach was great. The methods used to extract information and influence events ranged from bribes to informants, to disinformation, to killing opposition leaders. These repressive measures served to prevent the formation of a centralized opposition cadre to the Shah. The major impetus for the formation of SAVAK came from the discovery in 1954 of a conspiracy of officers within the military allied with the Tudeh Party. These officers mostly of junior grade, were for the most part either imprisoned or executed.

SAVAK was not given a completely free hand in maintaining the peace in Iran. In order to insure that SAVAK's leadership would remain loyal to the regime, the Shah maintained a group of intelligence agencies, including the military intelligence agencies, with each agency head personally responsible to the Shah. This competition for the favor of the Shah insured that no one agency would be able to form a monopoly of information or a conspiracy against the Shah.

Despite the work of the various intelligence agencies there was widespread opposition to the Shah. The reaction to the rigged Majlis elections of 1960, which culminated in

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61 Ibid. p. 225
a general strike in May of 1961, signaled that the security forces alone would be unable to stifle all opposition. In this light, the "White Revolution" was as a conservative preemptive strike against the Shah's opposition both among the conservative traditional classes and the more radical educated bourgeoisie, maintaining the traditional power relationships while adopting part of the call for a more egalitarian society.

4.2 THE PROGRAMS OF THE WHITE REVOLUTION: CREATING A NEW CONSENSUS WHILE LIMITING DISCOURSE

4.2.1 The Agrarian Reforms: Bringing the Peasants Into the System

The traditional Iranian agricultural relationships were based on a shared responsibility for the income produced in the village. Each farmer would receive a share of the crops in fixed proportion to the amount of input he would provide for the production of the crops. At the top of the system was the landlord, usually an absentee owner, who would loan money to the peasant producer to purchase seed and other necessary items to grow a crop. If a peasant provided the seed or the work of an animal or some other necessary input he owned, he would receive a larger share of the crop, oth-
erwise he would receive between a seventh and a fifth of the crop. The loans given to those unable to buy the items necessary for farming were usually made at exorbitant interest rates and required that the peasant sell the crops he produced to the lender at a price determined before the season started (usually at a price much lower than the market price). The relationship between the absentee landlord and the landless peasants had previously been mediated by the village headman who was familiar with both the landless peasant and the absentee landlord.\(^2\) The headman who had been previously chosen by the landlord because of the amount of resources he was able to make available to the harvest came to be chosen by the government as a result of the changes made in the taxation system by the last of the Qajar Shahs and Reza Shah. This relationship provided the lower peasant with a familiar forum for bargaining with the landlord and the government. The reforms of the White Revolution provided that government owned coops would replace the landlord as the chief provider of resources in those lands that were actually collectivized. The peasant headman was replaced by direct peasant contact with the new government officials. The peasant, used to having the headman as an intermediary between himself and the tax collector, was confused by the di-

rect contact with the new government official. Besides this clear change in the relationship between the government official and the peasant, the land reforms involved very little actual redistribution of land. The provisions of the various stages of the land reform programs were first aimed at lessening the holdings of the large land holders and then the complete divestiture of the large land holdings. The first land reform act held that no single landlord could hold more than one village as his personal holding. The remaining properties would either be sold to the government for distribution or the landlord could arrange the sale to the peasants. This arrangement was easily circumvented by transferring the properties to various members of the landlord's family or by simply selling lands to peasants who were unable to make the payments on the land (this was usually guaranteed by dividing the lands into unsustainable small parcels) and then repossessing the land when he was unable to make the payments.

The lands that were actually redistributed usually were at the margin of productivity and had a minimum of access to

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Keddie estimates that 14-15% of Iran's villagers received land in the redistribution programs while only 10% of all peasants received enough land to support themselves. Nikki R. Keddie, *IRAN: Religion, Politics and Society* (Totowa N.J.: Frank Cass and Company Ltd., 1980) p. 195

Ibid.
irrigation. The best lands given to the peasants usually went to the former village headmen who had the resources to adequately farm them. Also, richer peasants bought the land given to poorer peasants. It is for this reason that the land reform created a peasant class (similar to the Russian kulak in the early twentieth century) and a peasant "lumpenproletariat" consisting of the underprivileged.

The role the newly differentiated peasant chose in supporting the Shah was dependent on the resources the government was able to provide to help make him successful. The extension programs of the White Revolution were to prove wholly inadequate in bringing about a swing to increased support for the Shah. Many factors were to bring about the failure of these programs. First, the lack of trained personnel. Second, the inability of the peasant to communicate effectively with a government who that had been previously considered an enemy. Third, inadequate resources to develop the newly acquired property. While it is true that the Iranian government was investing in new farm machinery, the majority of this aid went to large farms exempted from the land reform and usually owned by international

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65 Land and Revolution, p. 90
66 James A. Bill, The Politics of Iran, p. 145-8

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And finally the inability of the small number of competent extension agents in Iran to institute needed reforms in the structure of aid given to farmers. This final obstruction to progress in Iranian small agriculture was due directly to the corruption inherent in the web system which rules Iranian society.

The land reforms of the White Revolution suggest a parallel to the theories of development presented by Sklar and Becker in examining bonanza development when they say:

Industrializing elites no longer need preoccupy themselves with the always difficult task of reorganizing agriculture in the face of peasant resistance as a prerequisite to capitalist development. One result is to award industrializers greater freedom in choosing class allies. They can avoid head-on confrontation with landed elites; or, alternatively, they can support land reform with much less concern for its effect on agricultural productivity.

Not only did the land reforms attempt to promote the growth of a new class of allies for the Shah but by breaking the traditional bond between the lesser peasant and the land, it encouraged the flight of the peasants to the cities and newly formed light industries of urban Iran. (This flight to the cities is partially reflected in the fact that between 1956

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68 The Politics of Iran, p. 148

69 Postimperialism, p. 70

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and 1966 the urban population grew 5.3% while the population as a whole grew only 2.9% 70) The second way in which the Iranian agrarian reform resembles the bonanza development described by Sklar and Becker was the apparent disregard for a real increase in agricultural productivity. Though there was some improvements made they were attributable to the large internationally owned farms as much as to the land reform.

Reaction to the land reforms by the clerical classes centered on the protection of "waqf" lands (lands owned by the clergy and the major source of clerical income). The Shah had not exempted these lands from inclusion in the land reform program. They were forcibly rented out at government negotiated rents in the same manner as other large landholders instead of completely broken up.71 This, combined with the proposal for universal suffrage for women (a direct violation of Islamic law which the Shah was sworn to protect under the 1907 constitution), stiffened clerical opposition to the White Revolution. This opposition led to rioting in Tehran and the religious centers, particularly Qom, in October and December of 1962 and more dramatically in July of

70 Iran: A Country Study, Table 2
71 Land and Revolution in Iran, 1960-1980, p. 66
1963 when the Shah's troops opened fire on demonstrators.\footnote{72}

These events led to the arrest of several members of the clerical opposition, including Ayatollah Ruhollah Khomeini who had attacked the reform programs with particular severity. He called them violations of Islamic law and the 1907 Constitution. The Ayatollah was held for several months and then quietly released. The event that solidified Khomeini's opposition to the Shah and the United States centered on the increased military assistance and U.S. personnel that flowed into Iran after the Shah's adoption of the White Revolution.

The negotiation of a Status of Forces Agreement (SOFA) between the United States and Iran which regulated the legal status of U.S. military personnel in Iran proved too much for Khomeini. While a SOFA is a matter of normal diplomatic convenience, the particular agreement negotiated with Iran was particularly distasteful to Iranian nationalists who viewed it as a return to the type of colonialism present under the British. The reason for this opposition was that, unlike previous SOFA agreements where both countries had concurrent jurisdiction, this SOFA allowed the United States sole jurisdiction over American citizens in Iran on aid missions. Despite some hesitation over agreement to the SOFA, Iran acceded to the U.S. request on October 13, 1964.

\footnote{72} James A. Bill, \textit{The Eagle and the Lion}

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Twelve days later the Majlis voted to accept a $200 million loan from the U.S.. The secular and religious intelligentsia of Iran viewed this as the ultimate proof of the Shah's sell-out to the United States. The Ayatollah Khomeini articulated this position in a speech saying:

They have reduced the Iranian people to a level lower than that of an American dog. If someone runs over a dog belonging to an American, he will be prosecuted. Even if the Shah himself were to run over a dog belonging to an American, he would be prosecuted. But if an American cook runs over the Shah, the head of state, no one will have the right to interfere with him.... Are we to be trampled underfoot by the boots of America because we are a weak nation and have no dollars?73

The Ayatollah was arrested after this speech and exiled to Turkey.

4.2.2 Educational and Administrative Reform: Buying off the Bourgeoisie

The educational and administrative aspects of the White Revolution served not only as sops to the bourgeoisie to quiet opposition to the Shah's regime but also as a means of coopting the bourgeoisie into supporting the Shah's government. That those so coopted became members of the transnational bourgeoisie is the key element of this analysis. The educational and administrative ties between Iran and the

73 Ibid., pp. 159-60

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western world grew at an exponential pace during the 1960's. These ties which focused on the importation of light industry, the administration of the agricultural policies, the administration of the oil fields, and the creation of a westerly educated bourgeoisie, were meant to tie the Iranian bourgeoisie to the Shah's government. In terms of raw numbers the importation of the western educational system (as opposed to the clerically dominated traditional Iranian educational system) into Iranian culture was a success. It was reported that between 1960 and 1975 the literacy rate in Iran jumped from 16% to around 50%.74 This jump in literacy is more important as a sign of the influence of the western trained bourgeoisie than as a real improvement in the lifestyle of the masses, since it is this group which provided the education. Of even more importance is the fact that the literacy program fate was similar to the fate of the other reform programs—subservience to the personalism of the Shah.

Another sign of the growth of a transnational bourgeoisie in Iran as a consequence of the White Revolutions' educational program is the importation of American scholars to Iran and the export of Iranian students to western countries. An example of this is given by James Bill when he describes


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the importation of faculty members to Pahlavi University from the University of Pennsylvania begun in 1963.\textsuperscript{75} This type of action may be seen as the beginnings of a developing transnational base for Iranian education. This group was soon to encounter the frustrations of the Iranian web system. The administration of Pahlavi University was picked politically from among the Shah's supporters with little regard for the concerns of the faculty. The distribution of resources within the university was based on personal favoritism curried with the school administration.\textsuperscript{76} Bill identifies three different tendencies developed by the faculty entering this situation depending on their reaction to the personalism of the administration: The maneuverer who plays the personalistic game; The technocrat who attempts to avoid upsetting the situation by complying with the rules of the game; And the uprooter who attempts to change the rules of the game toward a more meritorious distribution of resources.\textsuperscript{77}

Clearly the first two groups represent the beginnings of a transnational bourgeoisie in the Iranian higher educational system. Their acquiescence to or adoption of the ruling

\textsuperscript{75} \textit{The Politics of Iran}, pp. 78-84

\textsuperscript{76} Ibid.

\textsuperscript{77} Ibid.
personalism may be seen as the development of the doctrine of domicile on an individual basis. Bill notes that the leading uprooters among the faculty of Pahlavi University were not the faculty which went there from the University of Pennsylvania but the foreign trained native Iranians who returned to their country, though some of the Pennsylvanians did try to fight the system.

Of greater practical importance was the growth of the number of students who either attended a western oriented school in Iran or traveled abroad to study in foreign universities. Between 1960 and 1975 the percentage of students studying on the collegiate level went from 1% to 5%, of those who graduated from high school. Their education mirrored the development plans put forward by the Shah. In 1975, the vast majority of Iranian students studied social sciences, engineering, mathematics, medicine, and human sciences while the percentage studying agriculture showed a slight (.5%) decline. These students became the vast majority of the new transnational class in Iran, and their experiences abroad or with western modes of inquiry led them to adopt a more occidental viewpoint toward society and the Shah's repression. That this proved to be the case may be evidenced by the number of students who studied abroad but did not return to Iran.

78 Revolution In Iran, p. 29
(only 7% of 325,731 between 1950 and 1968).\textsuperscript{79} Or by the resistance to the ruling regime offered by some of those who did return as noted by Bill, or by clerical attacks on the "westoxication" of the middle classes who listened to western music, dressed in western clothes, and ignored traditional Islamic codes of behaviour.\textsuperscript{80} (It should be noted that some of those who did not return to Iran were probably motivated more by the higher salaries available in the west than by any ideological opposition to the Pahalvi regime.)

Higher education within Iran focused on the importation of foreign academics while ignoring competent Iranians.\textsuperscript{81} This fact sent a double barrelled message to Iranian students. They were taught the methods of the west by western role models while simultaneously receiving the message that Iranians were incapable of teaching the same subject. It is no wonder that this class felt resentment to the west and in particular the United States.

The role that these students were to play in Iranian society after graduation was to be as the administrators of the

\textsuperscript{79} Ibid.


\textsuperscript{81} Ibid.
Shah's regime.\textsuperscript{82} Having received their education from the Shah, their gratitude was to be focused on loyalty to his regime. That his regime was identified with the United States would later prove fatal. In fact, the Shah in some respects encouraged anti-Americanism by allowing the state controlled press to strongly criticize the U.S. handling of the war in Vietnam. This maneuver was to show that the Shah was independent of the U.S. because he allowed it to be criticized. The problem with this strategy was that he was already identified with the U.S. and that he was vocally supportive of U.S. actions in the international arena,\textsuperscript{83} though in the short run it was to prove efficacious. In order to absorb this new class the Shah enlarged the bureaucracy by increasing the number of ministries from 12 to 22 and creating the Iran Movin party which became a step in the path of success. As James Bill notes:

The Western-educated professionals were the most ruthless members of SAVAK, the most ambitious bureaucrats and ministers, and the most avaricious businessmen....As the Shah maneuvered middle-class technocrats into his political elite, he accomplished four interrelated goals. First, he succeeded in recruiting to his team many potentially disenchanted young professionals and political activists who now acquired a stake in the system. Second, he effectively divided the professional middle class and sapped its power through dissension and infighting. Third, he demonstrated to outside critics that he was not ruling

\textsuperscript{82} Revolution in Iran, p. 30

\textsuperscript{83} The Eagle and the Lion, p. 156
by repression but was in fact widening political participation in his country. Fourth, he provided the government with badly needed expertise to the implementation of the selective reform programs.

4.2.3 Conclusion

This chapter has focused on the states action to create a transnational bourgeoisie within Iran. That it was the Shah's attempt to strengthen his internal support by trying to establish stronger ties between his international allies and his supporting elements within Iran while at the same time building an industrial base within Iran, was caused as much by the Shah's ambition as his need to stabilize his regime. That these actions fit Sklar and Becker's definition of the formation of a transnational class is seen in their inclusion of governmental organizations in their definition of the transnational bourgeoisie given earlier. The fact that the creation of this class was the result of a deliberate policy helps to underwrite the plausibility of postimperialist theory. Of course the Shah did not wake up one morning and say: "I think I will create a transnational class!" Still, the recognition of the necessity for creating new class allies within Iran led the Shah to attempt to cre-

84 Ibid.
ate supporters with the help of his strongest allies, the United States and the other western nations.

The creation of a segment of the transnational bourgeoisie reliant on transnational corporations had been started under the auspices of the oil companies but a great expansion of this segment with native Iranians had not occurred under the earlier imperialist exploitation due to the oil companies decision to use foreign labor for technologically sophisticated or managerial tasks. The growth of a business oriented segment of the transnational bourgeoisie would have to await the training of native Iranians to handle such positions and the development of large scale industry capable of absorbing a large number of people skilled in modern technology and management techniques. It was only after the institution of the White Revolution that such industry began to develop in Iran in sufficient quantities to see the beginnings of this type of class formation instead of the rumblings of a modernizing bourgeoisie made up of western trained physicians and lawyers. The type of investment necessary for a true takeoff of the formation of the transnational bourgeoisie will be the subject of the next chapter.
In January of 1965, Prime Minister Hassan Ali Mansur was assassinated by a religious conservative as an act of protest against the reforms begun by the Shah. This act spurred a reaction against the religious leaders that was to intensify bourgeois opposition to the religious leaders and the leftist opposition.\textsuperscript{85} This reaction proved to be fertile ground for the Shah's attempt to replace Shi'i Islam as the main source of legitimization of his regime. The Shi'i doctrine called for obedience to the temporal ruler as one of Allah's representative on earth, however this obedience could easily be withdrawn if the ruler was declared to be in conflict with the tenets of Islam by the leading clergy.\textsuperscript{86} There was oppo-


\textsuperscript{86} This simplification of Shi'i doctrine adequately expresses the tenuous support of temporal powers required by the Shi'i doctrine of the Hidden Imam. That this doctrine may at times support opposition to, or support for, a temporal ruler is a debate beyond the scope of this thesis. For a more complete discussion of its relevance see: Michael J. Fischer, \textit{Iran: From Religious
osition to the Shah within the clergy, although that opposition had not completely crystallized at this time. In order to take advantage of the hostility to the clergy brought about by the assassination of Mansur the Shah tried to replace the symbols of Islam with the symbols of pre-Islamic Iran. His failure to replace the support of the clergy with a more supportive nationalistic symbolism and its attendant class support proved to be part of his undoing.

The coronation of Reza Pahlavi in 1967 as the successor of Cyrus, placed a new emphasis on the Shah as a temporal ruler independent of Shi'i Islam. This manipulation of the symbols of power served a dual purpose. First, at home, the new emphasis on the glory of Iran, independent of Islam, made the Shah a symbol of Iranian nationalism without the necessity of genuflecting to the clergy. Secondly, the new emphasis on the greatness of the Iranian monarchy presaged the growth of Iran as a regional power with international stature. The 1967 announcement that Iran was to be considered a developed nation and that it would no longer receive U.S. aid also raised the Shah's stature as an international leader.


87 Roots of Revolution, p. 180

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though there was resentment of this unilateral declaration from the opposition radical elements within Iran.\textsuperscript{88} A high point in the drive to establish the Shah as independent of the clerical and Islamic bazaar classes came in 1971 with the celebration of the 2,500 anniversary of the Iranian monarchy. This event, which is still unmatched for its ostentation, came at a time when the Shah was taking a leading role in regional events, including a new agreement between the OPEC nations made in Tehran, the recognition of Bahrain, and the recognition of China. At the same time, the Shah wished to replace Islamic support for his regime with Persian nationalism, so he resorted to increased repression at home to help solidify his standing. The anniversary celebrations at Persepolis provided a stark contrast to the Shah’s international face. While the Shah’s guests were attending banquets with courses including quail eggs stuffed with caviar, roast lamb with truffles, and roast peacock stuffed with foie gras, there was a drought in the host province, and two divisions of Iranian troops were protecting the Shah’s 5,000 guests, including foreign heads of state and other guests from the newly active guerrilla movement. This symbol manipulation was combined with a systematic attack on the clergy including the assassination of one of Ayatollah

\textsuperscript{88} \textit{Iran the New Imperialism in Action}, p. 151
Khomeini's leading supporters and the denunciation of the Ayatollah himself as an agent of Iraq.\textsuperscript{89} Also, at this time, the Shah declared that a new calendar placing the reign of Cyrus at its beginning would replace the Islamic calendar.\textsuperscript{90} In the end, these actions backfired and solidified support for Khomeini's opposition by providing a martyr who was completely devoted to the Ayatollah and another symbol of the Shah's hostility to Islam. The reduction of the clergies participation in the political system in 1975 was combined with a tightening of the screws on the newly mobile bourgeois classes. The method by which this was done was to combine both political parties into a single party and by restructuring the composition of the Majlis.\textsuperscript{91} The elimination of the Iran Novin party which had represented the modernizing bourgeoisie and its subgroup, the transnational bourgeoisie, was a clear attempt at stifling the threat these groups posed to the Shah's primacy by demands for "liberal democracy" learned from the contacts these groups had with the west.\textsuperscript{92}

\textsuperscript{89} The Eagle and the Lion, pp. 183-193. \\
\textsuperscript{90} Iran: A country study, p. 65 \\
\textsuperscript{91} The Eagle and the Lion, p. 181 \\
\textsuperscript{92} That the Iran Novin Party was representative of these groups is evidenced in The Politics of Iran when Bill says: "The Iran Novin Party and the Secret Police became especially significant in the 1960s as bureaucratic mobility channels through which numerous lower- to middle-
It may be understood that this combination of the Iran Novin Party with the more traditionally oriented Mardum (or Peoples Party) was a way of checking the power not only of the bourgeoisie but also of the traditionalist elements in Iran.

Even more detrimental to the traditionalist classes was the reassignment of representation within the Majlis at the same time the political parties were combined. The last such restructuring of the Majlis took place in 1963 with more emphasis placed on giving the bourgeoisie seats in the legislative body. (Under the 1907 Constitution, seats were apportioned to specific classes within Iran with the clergy receiving disproportionately larger representation as landholders and as "Allah's representatives".) The 1975 Majlis representation as proclaimed by the Shah had even fewer clerical representatives than was proclaimed in 1963. The system of choosing members for the Majlis was essentially that any person nominated for a seat was chosen

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class individuals were pulled to positions in the ruling class and political elite." p.30

93 Ibid., p. 148


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and approved by the Shah prior to the election. The exclusion of the clergy in 1975 was as much a symbolic loss of power as a loss of any real power that the clergy could have had as members of the Majlis. But more importantly the restructuring of the political parties was a simultaneous simplification of the political system and its polarization into two groups, the government of the Shah and everyone else. As the repression of the traditionalist opposition took place, the Iranian transnational class began to take its place as an effective member of the larger transnational bourgeois class. The Shah's insistence on the integration of Iran in the world economy provided the opportunity for the growth of ties between governments, businesses, and universities which provide the foundation of the transnational class as described by Sklar and Becker.

96 Ibid.

97 Revolution In Iran, pp. 80-82

98 That the intertwining of governments took place is evidenced in The Eagle and the Lion, pp. 319-434, where Bill documents a widening circle of overlapping influentials that worked together to formulate American and Iranian policy. This network may be seen as the ties binding the lower stratum of the transnational bourgeoisie together.
5.2 ESTABLISHING THE PLACE OF IRAN

5.2.1 Oil and Business on the Rise

As the reforms of the White Revolution were being implemented, the growth of international investment in Iran increased. This investment in the petroleum industry shifted from the provision of managers prevalent prior to the 1960s to the provision of high technology techniques in the 1960s and later.99 The programs of the White Revolution served as incentives not only to investment because of the increased capabilities of the growing western oriented bourgeoisie, but also because of the impression that the Shah was in full control of internal dissension. This fact, combined with the increase in oil revenues that followed the 1967 Arab-Israeli War, gave Iran new leverage in the international arena. Iran's covert support of Israel while maintaining membership in OPEC made it a bridge between the Arab world and the West, and therefore an ally to be maintained.100 The United States declaration that Iran was a developed nation and no longer required developmental aid because of its oil revenue increases led to a flood of Amer-


100 Arms Sales Under Nixon, pp. 110-124
ican competition for lucrative contracts with Iran. These contracts ranged from projects to further develop Iranian agriculture through large scale farming to much more expensive weapon acquisition programs. This influx of investment in Iran was led by David Rockefeller of Chase Manhattan Bank and included his protege, Henry Kissinger. The influence of the Rockefellers led to over $1 billion in private U.S. investments in Iran by 1975. This inflow of capital financed the creation and expansion of the industries necessary for the maintenance of the transnational bourgeoisie within Iran. This strategy was designed to enhance the Shah's support by enlarging that section of the transnational bourgeoisie that was Iranian, and therefore increase the his internal support.

It was also at this time that the transnational bourgeoisie, with the Shah at their head, took advantage of the increased interdependence of the structure of the economic relationship of Iran and the west. This change engendered a move from the direct exploitation of Iranian resources, as envisioned under imperialist theory, to the provision of the technology necessary to create a modern

101 The Eagle and the Lion, p. 180
102 Arms Sale Under Nixon, pp. 110-124

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technological economy. Rather than leading to an increased independence for Iran, this move led to an increased intermingling of westerners and Iranians through the development of business relationships. This is the heart of transnational class formation in the "third world". The Shah's alliance with transnational corporations provides an interesting example of the workings of postimperialist theory in which the operation of the transnational bourgeoisie is viewed as independent of statist interests. This was not the case in Iran. The evolution of the movement from a purely imperialist form of exploitation to the more sophisticated exploitation of Postimperialism within Iran was predicated on the cooperation of a government that had been put into place by the imperialist powers. This reliance on an imperialist base with minimal internal support forced the Shah to view this evolution as one of the few means open to him to strengthen his support by improving economic performance.

The intermingling of American finance capital and business expertise with the Iranian bourgeoisie and oil revenues produced many projects that benefitted the production of industrial goods in essentially rural The production of these

goods including steel, motor vehicles, refrigerators, and telephones, doubled between 1969 and 1973.\textsuperscript{105} In 1972, when the mean yearly per capita rural income in Iran in 1972 was around $96, the monthly per capita income for the industrial sector was $146 for the same year, with a wide discrepancy between the number of workers receiving the highest and lowest wages. (As Halliday puts it there existed a "labour aristocracy").\textsuperscript{106} The relative impoverishment of the agricultural segment despite the reforms of the White Revolution and the prodigal amounts invested by the Shah in agricultural production is indicative of the influence of the transnational bourgeoisie. (The reforms of the White Revolution have been discussed earlier and do not warrant discussion here.) The investment in agriculture made by the Pahlavi regime was directly focused at the expansion of transnational business expansion with agribusiness receiving lands newly irrigated under the Shah's development programs.\textsuperscript{107}

These facts indicate that the development that was occurring was to disproportionately benefit that portion of the Iranian elite who were able to command large salaries, the new bourgeoisie. Though the policies of the regime led to

\textsuperscript{105} Iran: A Country Study, p.433
\textsuperscript{106} Dictatorship and Development, p. 131
\textsuperscript{107} Roots of Revolution, p. 164
stable taxes, an increase in services, and a steady employment rate between 1963 and 1973, only those who were favored by the government's generosity were to benefit from this stability. The price of this relative affluence would be paid later. The increased growth of the bourgeois class and the mobilization of the lower classes was facilitated by the members of the transnational bourgeoisie because of the educational programs of the White Revolution as discussed in the previous chapter. Reciprocal effects of the creation of this bourgeois class in Iran were to be felt in the wider world arena more quickly than had been imagined by the Shah's western allies. As things turned out it may have better served in the United States' interest to have lost this battle also.

108 The State and Revolution in Iran, pp. 36-7

109 The premise that the educational programs of the White Revolution helped to effectively mobilize the majority of the Iranian populations for increased participation through the effects of increased education of the masses is ably defended in Green's, Revolution in Iran pp. 29-30.

110 That Iran was able to exert a great deal of influence on her allies is shown by the fact that of the 7 diplomatic disputes she had with the United States since 1962, prior to the fall of the Shah, Iran had "won" six the only loss being the SOFA discussed earlier. Robert L. Paarlberg, "The Advantageous Alliance: U.S. Relations With Iran 1920-1975" in Diplomatic Dispute: U.S. Conflict with Iran, Japan, and Mexico, (Cambridge Mass.: Center for International Affairs, Harvard University, 1978), pp. 31-33
The driving force behind the Shah's ambitious development programs and the growth of the Iranian bourgeoisie was the flood of money that entered Iran after the 1967 Arab-Israeli War. This flood was the result of OPEC's demonstration of the producing countries' power, while the truly huge increases in oil income would occur in the aftermath of the 1973 Arab-Israeli War and the OPEC oil embargo.

Iran's position in the international scene was also greatly enhanced by the British decision to withdraw all military forces from the Gulf and the rest of the Middle East. This decision came as a direct result of a flagging British economy and the growth of the Arab nations opposition to the British presence militarily and politically with the growing strength of Nasserism. In order to fill the void to be left by the British withdrawal, the Shah carefully maneuvered into an intermediary position between the Arab states and the west. His alliance with the United States and his de facto recognition of Israel endeared him to President Johnson while his domestic criticism of the United States and his help in formulating OPEC strategies made him at least acceptable to the radical Arab states and a welcome ally to the more conservative Arab states.
While there was evidence that the Iranian military position in world politics was becoming of paramount importance to the United States, developing Iranian business and economic interests were becoming important sources of capital to the west to replace the capital losses caused by the high price of oil. The purchase of western technology with Iranian oil money was to replace the colonialist expropriation of surplus value dominant after the fall of Mossadeq. The purchase of $12 billion worth of arms between 1969 and 1976 (with many more arms ordered and partially paid for) and construction projects became the major source of non-oil revenue to the west from Iran after the west's dependence on imported oil became evident and the complete nationalization of Iranian oil occurred in 1972.\textsuperscript{111}

The nationalization of Iranian oil and the oil price increases following the 1973 war highlight an inherent contradiction in the application of imperialist theory to the international oil regime in Iran. If the Iranian-American relationship had truly been that of a client state, its sponsor, the Shah, would have been unable to resist the pressure exerted by the United States to moderate the rise

\textsuperscript{111} Lewis Sorley, \textit{Arms Sales Under Nixon}, p. 190

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in oil prices. The rise in prices that did occur may be much more easily attributed to the transnational bourgeoisie as defined by postimperialist theory. A transnational class as described by Sklar and Becker will be much more willing to spread the costs and benefits of international trade over the entire sum of its members rather than worrying about the parochial interests of individual nation states. In this way the Iranian portion of the transnational bourgeoisie (represented in this instance by the Shah) and other members of the transnational bourgeoisie were able to exert enough influence to transfer wealth from the western countries in return for western (particularly American) influence and investments within Iran and other countries. The fact that the Shah was a head of state who encouraged policies which favored his nation over his sponsors interests signals the strength of the transnational bourgeoisie above the interests of a single imperialist nation. This confluence of OPEC and transnational corporate interests to the detriment of the United States has wide ranging implications for the development of transnational business interests. The abandonment by the international corporations of the concept of protecting the home country signals a world wide class formation independent of the notion of nationalism and a new application of economic interest. The logical expression of this class formation is the development of new methods to increase

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the influence of the technologically oriented managerial sectors with ties to the transnational corporations, in a phrase the transnational bourgeoisie. The strategies used by the Shah to increase this type of growth focused on three different sectors: First, expanding the influence of transnational corporations through development programs; Secondly, building modern infrastructure for the creation of industrial society with the help of the transnational corporations; Thirdly, increasing ties with the transnational bourgeoisie through increasing military ties including the purchase of weapons systems from transnational corporations. This relationship was complemented by several circumstances that encouraged this type of growth. These circumstances included the military alliance of the Shah and the United States against the radical Arab states, the Shah's passion for advanced military aircraft, and his realization of the fact that his throne sat on the shoulders of the military. These factors combined to create a huge group of Iranian and foreign nationals within who were Iran devoted to the creation and maintenance of a modern Iranian military force capable of intervention throughout the Middle East.

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112 Dictatorship and Development, p. 93

113 Ibid., p. 95
The growth of investment in the military began in earnest with the Johnson Administration which was sympathetic to the Shah's requests for new weapons but unwilling to give the Shah a blank check to purchase any weapon system that he desired. This reluctance stemmed from the perception that Iran's internal situation was of more urgency than the wholesale acquisition of new weapons and that Iran's purchases would be detrimental to the United States weapons stockpile. This vulnerability was caused in part by the U.S. commitment to South Vietnam and was fully demonstrated after the U.S. airlift of weapons to Israel in the Yom Kippur War. In order to pressure the United States to agree to the sale of modern weaponry, the Shah agreed to purchase $110 million worth of weaponry from the Soviet Union in 1966 and simultaneously agreeing to commercial development, with the U.S.S.R., of a steel plant and a gas pipeline. This strategy reflects the time tested formula of a balancing act between major powers seen throughout Iranian history. The threat implicit in this action is quite different from the maneuvers seen earlier because of the very nature of modern productive and military technology. In previous times, the

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114 Ibid., p. 94
115 The Eagle and the Lion, p. 169
116 Ibid.
loss of military and commercial ventures implied, for the greatest part only a loss in immediate revenue to the dominant power, but the nature of modern technology requires the creation of an infrastructure capable of maintaining the weapon system or commercial facility purchased. The creation of the infrastructure needed to maintain the Soviet systems produced an immediate threat to the expansion of this type of service by American and western European companies. This threat, combined with American desires to keep the Soviet Union from expanding her influence, convinced the Johnson Administration to sell the Shah some of the weaponry he desired, including two squadrons of F-4 Phantoms. In this way, the Johnson Administration helped to protect the western portion of the Iranian transnational bourgeoisie. In order to fulfill the new international role he was attempting to assume, the Shah also shifted the budget priorities of the Iranian government. This shift included an increase in spending for the category of foreign relations (including Iran's first foreign aid program) by almost two times, from 687,712 million rials (75.5 rials=$1, 1970) in 1965-66 to 1,349,894 million rials in 1969-70. This increase came at a time when the Iranian budget was running an average annual deficit of 29.9% and the increase for the total budget over the same time period was 2.8. While the defense-security
budget was increased by 2.8 times, matching overall budget growth.\footnote{Ferydoon Firoozi, "The Iranian Budgets: 1964-1970", The International Journal of Middle East Studies, 5, Fall 1974, pp.336-37}

The Nixon Administration did not feel the compunction expressed by the Johnson Administration against the sale of modern weapons to Iran. The international political situation especially in the Middle East at the beginning of the Nixon Administration was extremely tense. The Sino-Soviet split presented the new administration an opportunity to create a cold war alliance with the Chinese. At the same time, the separation of Bangladesh from Pakistan created a new point of friction between the United States and the Soviet Union. The perception that India would take the Pakastani split as an opportunity to invade the U.S. ally with Soviet support was a real concern of the Nixon-Kissinger team. Iran because of its proximity to Pakistan, its relative strength in the region, and its affiliation with the United States was seen as key factor in deterring any Soviet aggression in Pakistan.\footnote{Richard W. Cottam, Iran and the United States, A Cold War Case Study (Pittsburgh: University of Pittsburgh Press, 1988), p. 145} These conflicts reinforced the United States' choice of Iran as its chief military ally in the region turning over many commitments made by the U.S. to


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Iran. This Nixon Doctrine of relying on regional allies to maintain American commitments was a response to the economic pressures of the cold war and American involvement in Vietnam. The Doctrine which was officially announced in July of 1969 was aimed at just such events and included Saudi Arabia as the second of the "two pillars" supporting U.S. policy in the Middle East. The fact that such a regional ally wanted a large number of sophisticated weapons and that he would be able to pay for those weapons himself was a boon to the administration. Full fledged American approval of indiscriminate Iranian arms purchases didn't come until a May 1972 Nixon-Kissinger visit to Tehran, when the National Security adviser and the President assured the Shah that he would be able to purchase any non-nuclear weapon system he desired. This unprecedented opening of the American arsenal brought out open opposition to the arms sales within the State Department and the Pentagon which one the one hand were fearful that the Iranian purchases would undermine American preparedness while on the other hand were thankful that the Iranians would help defray the development costs of the expensive new weapon systems.119

While the Shah's government was bolstering those internal and external elements of the transnational bourgeoisie that

119 Paved With Good Intentions, p. 134.
belong to the military industrial complex, he was also boosting the position of this class in the civilian sector with agreements to build development projects including nuclear power plants, dams, and factories. These ambitious programs were to be funded by the increase in oil prices resulting from the unity of OPEC prior to 1972 and the new found power of OPEC as demonstrated by the OPEC oil embargo against the west during the 1973 Arab-Israeli war. Oil revenues increased by 61.6% between 1970 and 1971 and by an even more impressive 103% between 1972 and 1973 with the the most impressive gain of 113% coming between 1973 and 1974 after the Arab-Israeli War.\textsuperscript{120} The linkage between these Iranian investments and the transnational bourgeoisie focused on a group of large international companies, primarily from the United States. These companies included Bechtel, and Textron among others. These American investments in Iranian facilities were subject to the same kind of influence peddling inherent in the Shah's personalistic form of rule.

One of many examples of this kind of corruption prevalent in these relationships is the widely known case of Textron which paid $2.9 million in kick-backs to members of the Iranian government for their support of Textron's presence

in Iran.\textsuperscript{121} These bribes may be defined as kickbacks because of an Iranian law that required that any new project in Iran be owned 51% by Iranians. The majority of the funding for these projects almost always came from the Iranian government as developmental loans or from the Royal Household.\textsuperscript{122} The Iranian owners of these new projects were in almost every case either members of the royal family or influential in the Iranian government, in other words in the good graces of the Shah. Corruption in Iranian dealings with western businesses, while prevalent in civilian dealings, was most blatant in Iranian weapons purchases. The cases of the Grumman Corporation with the purchase of F-14s and Northrop with the purchase of F-5s in which both companies paid a total of $26.1 million in such kickbacks charged to the Iranian government highlight the corruption of the Iranian government.\textsuperscript{123} However, the most interesting case of corruption was the case of retired U.S. Army Major Richard Hallock who went to Iran as the unofficial representative of then U.S. Defense Secretary James Schlesinger and who was subsequently hired by Gen. Toufanian of Iran and who was then

\textsuperscript{121} \textbf{Paved With Good Intentions}, p. 163

\textsuperscript{122} \textbf{Roots of Revolution}, p. 172.

\textsuperscript{123} Ibid.
hired by several armaments firms as a consultant. Therefore, the Major was telling the American government what the Iranians needed while the Iranians, the United States, and the arms firms were all paying him to represent their interests.

This type of corruption caused alienation among both the transnational bourgeoisie and the traditional classes. The two causes of this alienation were the structure of the contracts given to the western countries investing in Iran and the contradiction such contracts posed with the norms of efficiency and honesty in government dealings held to be the paradigm of western government as taught to the transnational bourgeoisie. By 1975 there were 24,000 Americans in Iran all working on either a development project or a military project. They were located primarily in Tehran and competed with the native Iranians for housing and jobs. The source of irritation among native Iranians came not only from the competition for jobs for which they were equally as qualified as foreigners but also from the fact that westerners brought to Iran were paid on average three times their normal salaries and were given housing allowances by the Iranian gov-

124 The Eagle and the Lion, p. 210

125 For evidence of the increased cynicism caused by such unscrupulous dealings see Marvin Zonis, The Political Elites of Iran (Princeton: Princeton University Press, 1971)
ernment. These perks were factored into the contract they were working under so that in effect the Iranian government was generating a 200% increase in housing costs in Tehran because of the developmental and military projects.126

While the Shah was putting increased strain on his internal allies, he was not hesitant to throw around his newly found weight with his American ally on the regional scene. The Iranian disputes with Iraq focused on their shared border and the Shatt-Al Arab River which Iraq had surreptitiously annexed in 1969. Iran had responded in 1971, by seizing three islands in the Straits of Hormuz. Iraq also attacked Iran by supporting the Ayatollah Khomeini's anti-Shah radio broadcasts into Iran. The Ayatollah who had been exiled after the 1964 disturbances had moved to the religious center of Najaf in Iraq and continued to incite anti-Shah sentiments through radio programs and messages carried home by pilgrims and supporters.127

In order to seize the initiative in this conflict, the Shah used his new found might and influence with the United States. The Shah attacked the Iraqis in two different ways so that he could resolve the conflict in Iran's favor. First, he convinced Henry Kissinger that the Shah and the United

126 Dictatorship and Development, p. 190.
127 Ibid.
States should support the Kurdish rebellion in Iraq in order to put pressure on the Iraqis. Secondly, the Shah supported the independence of several small sheikhdoms in the region after the British left in 1971 which earned him new allies and threatened to encircle Iraq with hostile regimes. The Iraqi response to this pressure was swift. Iraq would give Iran favorable passage through the waterway, recognize the de facto annexation of Kharg Island, and deport Khomeini. (In the end, Khomeini's deportation to France may have been the worst thing that could have happened to the Shah since the free flow of immigrants and information was much greater from France than Iraq.) In return for these actions, Iran would cease support of the Kurds and close the Iranian border to them. The Shah was wary of the Kurds because of the large Kurdish population in Iran. However, this betrayal of an ally to the Iraqis could not help but signal the unreliability of the Shah to his internal allies and intensify the internal Kurdish opposition to his regime. This betrayal, supported by the United States, also furthered its image as being totally committed to the Shah's repressive Machiavellian tactics.

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128 Paved With Good Intentions, p. 117
5.2.3 Internal Security and National Defense: Coopting The Transnational Bourgeoisie With Peace Through Strength

As has been noted earlier, the projects of the White Revolution and the increased defense expenditures of the late 1960's and the early 1970's, sought to provide Iran with increased productive capacities and a more central position on the international stage. The massive defense expenditures during this time period were focused on the international position of Iran. This thrust into the regional politics of the Persian Gulf and the East was meant to give the Shah new credibility at home as a true Iranian nationalist leading his country into the international limelight through the acquisition of the most modern weapons and the training of Iranians to use and maintain those weapons. That building the infrastructure to achieve these goals would lead to increased interaction between the west and Iran and the development of a segment of the Iranian population not only trained in western methods but also allied with the western corporations and institutions that were developing Iran's capabilities did not escape the Shah. In fact, the Shah welcomed these linkages as being central to Iran's development. That these linkages might lead to opposition to the Shah's regime was also recognized by the Shah who said: "many of those who do go (abroad) become ill adjusted to their
country.*2* What he was unwilling or unable to recognize was that traveling abroad was not the only way anti-regime sentiments were spread by foreign contacts. By inviting transnational corporations, besides the oil companies who had already achieved deep penetration into Iran the Shah further enlarged the number of Iranians that had business ties to the transnational corporations and who adopted a strategy of favoring the maintenance of these ties to the corporations over the regime because the personalism of the regime prevented normal business operation as seen in the west. The Pahlavi regime's attempt to either repress or coopt this opposition has been shown throughout this study. However, the Shah's repressive tactics also demonstrated a unique willingness to sacrifice the values that come with the western training which was in turn, required of the Iranian segment of the transnational bourgeoisie if they were to succeed in their mission as the purveyors of a new Iranian western style economy. That this attack on western values came from two fronts was indicative of the Shah's difficult position in Iran. The clergy and the traditional bourgeoisie were unwilling to accept the values of the new segment of society, and this may be clearly seen in the attacks on the ghurbzadighi (westoxication) of Iranian society as artic-


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ulated by Khomeini. This attack may be seen as a remnant of the opposition to imperialism previously prevalent in Iran, where wearing the dress of the invading foreigner was seen as a surrender to his hegemony. The other attack on the western values carried by the transnational bourgeoisie came from the very person who encouraged their importation, that is the Shah. Upon examination of the dictatorial personalism which ran the Shah's Iran, it is clearly seen that western democratic values were not in the of the Pahlavi regime. Therefore, there were only two options if the Shah's grandiose plans of a modern Iran were to be realized either cooptation or repression. Both of these strategies were used effectively by the Shah and bear testimony to the resilience of the Iranian elites system of control and the western training of the police agencies. It was almost a foregone conclusion that the essential corruption and brutality of the system would lead to an alliance of traditional classes and the bourgeoisie and at least the acquiescence of its transnational elements in a revolution. After all, what was the use of the Iranian segment of the transnational bourgeoisies building a successful economy if they were unable to operate without the encumberances of the Shah's regime and they were unable to enjoy the privileges given their colleagues from

130 *Roots of Revolution*, p. 157

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the west? At least the clergy stood for the values their parents had known. The Shah stood for teaching freedom, to do only as he said. The explosion of this conflict of values within Iran and its segment of the transnational bourgeoisie, and the overthrow of the Shah's tenuous position will be the topic of the next chapter.
The Iranian Revolution was a broad based revolt by both the left and the right against the military dictatorship of the Pahlavi Regime is almost a truism too trite to be restated. However, this is the central fact of the fall of Pahlavism. How this explosion came about is the topic of this chapter. The revolt of Iranian society cannot fully be explained by traditional imperialist notions of the structure of a dependent nation is to be expected. Imperialism is a theory of the exploitation of underdeveloped nations by advanced capitalist nations. While the theories of revolution associated with the imperialist perspective center on an uprising of the proletariat against their oppressors, they fail to adequately define the pre-requisite conditions for a dependent society to rise up en masse against the machinery of international domination without the guidance of the revolutionary party which is what occurred in Iran. This is especially true of the situation in Iran and is to be seen by the complete collapse of the Pahlavis and their support not only among the traditional classes and bourgeoisie but also among

131 *Roots of Revolution*, pp. 231-45
the Iranian segment of the transnational bourgeoisie. With
the amount of effort put into the development of the trans-
national bourgeoisie in Iran, the fact that the Revolution
occurred at all suggests that the roots of imperialist ex-
ploitation by transnational firms were either exceptionally
shallow or even supportive of the Revolution. The former was
not the case as was evidenced both in Chapter Two, with the
downfall of Prime Minister Mossadeq, and in Chapter Three
with the Shah's attempt to deepen his hold on national life.
The idea that the imperialist powers were supportive of the
1979 Revolution is, on its face absurd. However, the
ambivalence of the Carter Administration to their activities
of which some revolutionaries imagined suggests the power of
theory of dominance by foreign powers long held by many
Iranians.\textsuperscript{132}

The belief that post-imperialist theory will provide a
faithful guide to explaining the 1979 revolution is at best
a mixed proposition. The first caveat to be made about uti-
lizing such a theory to analyze the revolution is that post-
imperialism is not a theory of revolution, Post-imperialism,
is an attempt to better understand the integration of trans-
national business and governmental actions through an analy-
sis of the classes that make up their membership across

\textsuperscript{132} \textit{The Eagle and the Lion}, p. 228

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The Shah
national borders. It is problematical that this type of analysis will provide a better understanding of the Iranian revolution than Imperialist theory, disaggregating the influence of various classes as the causes of a revolution is a little like trying to determine whether or not it was the spark, the charcoal or the sulfur that caused the explosion of the gunpowder, all three did it. In order to explain the causes of a revolution, it is necessary to show at least how these forces came together to explode. While traditional imperialist theories of revolution document how the explosive ingredients may interact, they fail to explore the nature of the class relationships that have evolved as capitalism has become more flexible to the changing dynamic of international relationships by changing its method of exploitation. This growth in capitalism points to the need for a new level of analysis where conflicts and alliances between classes can be examined within and across national borders. This examination of the Iranian revolution in light of the previous chapters will attempt to flesh out the potential of post-imperialism in accomplishing this goal.

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133 Sklar, Richard L., *Postimperialism*, p. 30
6.1 THE OPPOSITION: LEFT, RIGHT, AND CENTER UNITE

6.1.1 The Right Opposition: The Clergy Takes the Lead

The modern right wing opposition to the regime of Mohammed Reza Pahlavi followed the path of previous conservative opposition to the Shah, centering on the leadership of the Iranian clergy. (Collectively known as the ulama.) The ulama's history of opposition to the Shah as temporal leader in the modern age, prior to the 1979 Revolution, can be traced back to the Tobacco Revolt at the end of the nineteenth century. The hardening of religious opposition to the Pahlavi regime was a relatively new phenomenon, beginning in earnest in the time period 1962-63 with the announcement of the White Revolution. Prior to this time, pressures for reform in the Pahlavi regime focused on a change in the institutions of the Pahlavi regime, not the regime itself. The programs of the White Revolution provided a cause celebre for clerical opposition. The Ayatollah Khomeini who had established himself as a popular teacher in the Holy City of Qom took the lead in announcing his opposition to the

134 Iran: Religion, Politics and Society, p. 63
135 "The Revolutionary Character of the Iranian Ulama"

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Khomeini spoke against the Shah denouncing several issues popular with the masses. This opposition was based on the Shah's alliance with the United States, his support for Israel, the elevation of women's status by giving them the vote, and most importantly the enforced inclusion of vaqf properties (clerically owned lands) in some of the land reform programs of the White Revolution. Khomeini's presentation of these ideas spoke well to the masses. In the following quotations, it is easy to hear a grandfather scolding and lecturing his wayward grandson:

Listen to my advice, listen to the ulama of Islam. They desire the welfare of the nation, the welfare of the country. Don't listen to Israel; Israel can't do anything for you. You miserable wretch, forty-five years of your life have passed; isn't it time for you to think and reflect a little, to ponder about where all this is leading you, to learn a lesson from your father?

Their plan is to keep us in our backward state, to preserve our pathetic way of life, so they can exploit the tremendous wealth of our underground resources, of our land, and of our manpower. They want us to stay destitute, distracted by niggling day-to-day problems of survival, our poor living in misery, so that we will never become aware of the laws of Islam—which contain the solution to misery and poverty! All of this they have done so they can sit in their big palaces, living their stupid shallow lives!

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136 *Iran: At War with History*, p. 101

137 Ibid.

138 Ibid.

These populist strains harkened back to nationalist themes identified with both the ulama, the bazaar class, and the newly awakened lower classes. While fomenting reaction along religious lines, the Ayatollah also reiterated an anti-imperialist theme held over from the nineteenth century Islamic nationalist movement.

In the present time we are confronted with the ever increasing blows upon Islam, the enserfment of the nation by the imperialists and their control of the bazaars and all military, commercial aspects of life. The bazaar is no more controlled by the Iranians, and traders and cultivators are faced with bankruptcy and deprivation.140

The fact that the bazaar, where the major force of this appeal was aimed was a significant portion of the Iranian population is evidenced by the fact that it comprised approximately 30% of the countries imports in 1972. Which was after the beginning of the spectacular rise in oil income.141

Another factor that gave Ayatollah Khomeini's attacks added strength were two separate revivals in Islamic fundamentalism. The first wave of fundamentalism came in the mid 1950's, after the fall of Mossadeq. This wave was primarily apolitical and focused on a reawakening of traditional

140 The State and Revolution in Iran, p. 61
141 Roots of Revolution, p. 247

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Islamic worship. The apoliticism of this first fundamentalist revival may be attributed to disillusionment with the outcome of the Mossadeq affair and the Shah's willingness to pay lip service to Islamic principles. The second wave of Islamic fundamentalism came in the mid-1970's and may be seen as a protest to the increased anti-clerical policies of the Shah and as an acceptable means of expressing opposition not necessarily linked to the clergy. This movement was obviously politically oriented and cut across class lines. The reasons for this adoption of fundamentalist Islam as a vehicle to oppose the Shah came from the newly expressed idea that "...during the Occultation (of the Hidden Imam) the existence of a divinely sanctified and just government is not possible." and from the fact that the newly educated masses would not replace their families traditional beliefs with their newly acquired western perspective, which the Shah's regime was regularly violating through its methods of operation anyway.

That Islam was a focus of opposition to the Shah is readily apparent, that it was to prove supreme in the struggle

142 "The Revolutionary Character of the Iranian Ulama?"
143 Roots of Revolution, p. 63
144 Iran at War with History, p. 110
145 Ibid., pp. 72-6
to establish a new Iranian consensus with the declaration of
an Islamic Republic was not a foregone conclusion. Not only
were there groups outside of the Islamic fold but there were
also differences within the Islamic clergy on the role the
ulama should play in Iranian life. It is a testament to the
Shah's unpopularity rather than agreement in clerical ranks,
that these groups would unite in the against the Shah. The
fact that these groups united behind Khomeini makes an anal-
ysis of their positions less important here than it will be
in the future of Iran after the death of Khomeini himself.
In fact, even if the clergy had adopted a single united front
prior to the actual revolution itself, the Revolution still
could not have occurred without the support of other groups
opposed to the Shah. The next section will focus on those
groups whose end aims were quite different from those of the
core of Ayatollah Khomeini's support.

6.1.2 The Left and the Center: The Cost of Repression Comes
Due

The fall of Prime Minister Mossadeq can be seen not only
as a watershed for the imperialist powers maintenance of
domination of Iranian oil resources but also as the collapse
of the traditional alliance of the bourgeoisie and the west-
ern oriented left. These groups which had had the support

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of a limited number the clergy fell apart under the pressure of the British and American governments and the oil companies. They were discredited by their failure and also partially repressed or coopted by the Shah's regime. As was seen, in previous chapters the Marxist Tudeh Party was essentially dismembered by the security forces; the Iranian nationalists were either coopted by the regime or gagged by the censorship and repression of the regime; and the lower class opposition, such as oil field workers, were put back to work as they preferred bread and butter to overthrowing the Shah. This temporary respite allowed the Shah the luxury of consolidating his regime along the lines of a military dictatorship. The resurrection of these opposition groups would require a loosening of the Shah's stranglehold on Iranian life. This was evident in the uprisings of the early 1960's, when the mild liberalization prior to and including the reforms of the White Revolution set off opposition among a wide spectrum of the Iranian opposition. In the meantime, the radical opposition that survived did not resign itself to complete silence, but instead published oblique protests against the Shah's stifling repression in Iran, and more radical denouncements outside of Iran.

146 The Eagle and the Lion, p. 143
147 One example of the intellectual rebellion against the stifling effects of the Pahlavi regime is found in Sorour
In the mid-1960's, several new opposition groups came to life and kept the radical agenda actively on the table. These different groups were inspired by the revolutionary ideologies of Gueverra and Mao and like their inspirations, turned to armed revolt against the regime, or were inspired to fight for "Islamic thinking". The former group, the Fedayin, consisted primarily of college students and intellectuals who derived their inspiration from the education the Shah gave them. Therefore, this small group's revolt may be seen as a revolt of those who may have qualified as future members of the transnational bourgeoisie, because of the advantages their education gave them, against the institutions of transnational capitalism in a way unthinkable to those who bought into the system. The second group that opposed the Shah was known as the Mojahidin which not only focused on Islamism but also on Azebaijani desires for independence from central control, in this way they resemble the Mojahidin of Afghanistan who have fought the Soviet Union.

S. Soroudi, "The Iranian Heritage in the Eyes of the Contemporary Poet Mihdi Akhavan Salis (M. Ovid)" in Towards A Modern Iran The Iranian criticism published outside Iran during this time resulted in several books including both Marxist and Clerical teachings. Examples of this are Iran the new imperialism in action, and several works later compiled into Clive Irving, Sayings of the Ayatollah Khomeini.

148 Dictatorship and Development, pp. 232-4
149 Ibid.

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As has been discussed in previous chapters, the Pahlavi regime's stability focused on the creation of a modern society with the western model of development as its ideal. The creation of such a society was dependent on income given the government from western oil companies and developmental aid given Iran primarily by the United States. The replacement of developmental aid by the increases in oil revenue in the 1966-67 time period and later gave the Shah a new independence of action he had not previously enjoyed. This new independence allowed the Shah to begin acting as a new force in regional politics, a role that had been denied to him by his earlier political and economic dependence.

Internally, the Shah continued to try to stabilize his regime by alternating repression with the material benefits of an industrial nation. These tactics proved insufficient to their task as evidenced by the rising opposition to his regime expressed by many segments of society. The attempts to undermine the influence of the Ulama by instituting the icons of pre-Islamic Iran only served to underline the Shah's inability to reconcile his regime with the people who were predominantly Islamic. The increased importation of non-Iranians to maintain the industrial and military infrastructure which was necessary for a modern state added
the exclamation point to the notion of the foreign non-Islamic domination of the country. And, finally, the Shah's support of Israel fed conspiracy theories of the Shah's enmity to Islam and the Iranian people. This point is underscored when the Ayatollah Khomeini says: "The Islamic movement met its first saboteur in the Jewish people, who are at the source of all the anti-Islamic libels and intrigues current today."^150

Nevertheless, when the Nixon Administration made Iran Iran the major military pillar of the United States Middle Eastern policy, the Pahlavi regime had survived twenty years after the fall of Mohammed Mossadeq and there was no reason to believe that the fragile structure of Pahlavism could not maintain its calculated policy of repression and cooption for the foreseeable future. Yet, the entire structure came crashing down scarcely six years after this major commitment had been made. For many observers, and the Shah himself, the reason for this tumble was the supposed lack of support given the Shah by the Carter Administration with its emphasis on human rights.^151 The belief that the policies advocated by these critics were at the root of the Revolution has been one of the dominant themes of this work. Regardless of how the

^150 The Sayings of Ayatollah Khomeini, p. 8

^151 See Arms Transfers Under Nixon, p. 109-25, and Answer to History
The beginning of the collapse of the Pahlavi regime may be found in the instability of the modern economy he wished to establish. The profound increase in income that came with the rise in oil prices had several results beyond those already documented earlier (including the expansion of the transnational bourgeoisie, by spending oil money for development). The first result of the inflow of money was a tremendous increase in inflation. Consumer prices increased

152 That the Shah had begun his own limited liberalization program prior to the Carter Administration is noted in The Eagle and the Lion, p. 225, and in Roots of Revolution, p. 232
96.2% between 1974, and 1979 the year the Shah fell, with one-third of this increase coming in 1976, just before the start of the uprising against the Shah. At first, this inflation was caused by an increase in demand which followed the growth in general import income and by the governments financing of its programs by printing money. The second cause of this inflation was the decline in the demand for Iranian oil which followed the 1973 oil price increase. This general decline not only signaled a recession in the western economies but also a reduction in income for the Iranians, income that had already been promised to developmental business programs and the military. This inflation also disturbed foreign businessmen and made them less inclined to invest in Iran. Another facet of the Iranian economy that led to growing dissatisfaction with the regime was the corruption seen in the regime's dealings with foreign business. This corruption has been documented earlier and its effects cannot be underestimated given the moral overtones of the religious opposition. Finally, the Shah attempted to control the inflationary process by releasing the security forces to find "price gougers" in the bazaar. This only served to


154 Ibid. p. 377

155 Answer to History, p. 156
enrage the bazaar by blaming them for the effects of government policies. Another factor which contributed to the fall of the Shah's regime was the corruption of his own court including the Queen and his sister Princess Ashraf. These and other members of the court lead lives far from both the poverty of Tehran and the countryside and Islamic piety as has been well documented by the opposition, and others.\textsuperscript{156}

The final sparks that set off the explosion may be seen in a series of actions by SAVAK and other security forces. The prelude to these actions was the interest of the Shah in a series of reforms that promised increased democratization of the regime. These acts were proposed by Amnesty International, the International Commission of Jurists, and the International Red Cross. Each of these organizations had been invited into Iran by the Shah in 1975-6. The Shah studied their proposals while shifting his ministers around in what he supposed was a conciliatory manner.\textsuperscript{157} These studies were followed by a relaxation of some governmental censorship. This action brought an outpouring of response. One newspaper alone received 40,000 letters when it asked "what is wrong with Iran."\textsuperscript{158}


\textsuperscript{157} \textit{The Eagle and the Lion}, pp. 223-24

\textsuperscript{158} Ibid., p. 225

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This flood of criticism terrified the Shah who characterized his opposition as either "red or black". The red represented communist opposition such as the Tudeh Party, and the black represented the reactionary mullahs. The possibility that the general population may have opposed his regime seems to have escaped him. He was going to lead Iran to democracy if he had to kill to do it. Therefore, he let his watchdog SAVAK go on the opposition. SAVAK's actions in attempting to stifle the flow of criticism seen in hindsight, more inflammatory than quieting. Throughout 1977, SAVAK conducted a campaign to intimidate the opposition: bombing professionals who showed opposition; sending thugs to the university campuses; and generally terrorizing the countryside. During this same time, the transnational bourgeoisie, both Iranian and others, began removing their capital from Iran. This capital flight represented the abandonment of the Shah's regime by the upper echelons of the transnational bourgeoisie. While it was not limited to what may be strictly defined as the transnational bourgeoisie it did represent the end of the Shah's attempts to develop Iran along the western model and augured his fall.

159 *Answer To History*, p. 145
160 *The Eagle and the Lion*, p. 232
161 *Roots of Revolution*, p. 264

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At this same time, the government drastically cut subsidies to the Islamic clergy. Then SAVAK, on January 7, 1978, released an attack on the character of Ayatollah Khomeini, characterizing him as a writer of love sonnets and a foreign agent. Sensitivity to attacks on Khomeini had been heightened by the death of one of his sons in October 1977 at the hands of an unidentified group of thugs who presumably worked for SAVAK. This action brought about an anti-Shah demonstration in Qom, the center of Ayatollah Khomeini's teachings prior to his exile. This demonstration which was brutally squashed signaled the beginning of the open rebellion that would topple the Shah. The wave of demonstrations that followed this first revolt were staggered because of the Islamic tradition of mourning. Almost every 40 days thereafter, a new series of demonstrations would follow, in line with the Islamic mourning tradition. And each demonstration would be a mourning ceremony for the demonstration that preceded it. As this cycle repeated itself, the demonstrations would grow in intensity. This growing intensity may be traced to several factors. First, the time between demonstrations allowed the opposition to organize

162 Roots of Revolution, p. 241

more effectively for the next demonstration. Second, the success of the previous demonstration encouraged more people to participate in the successive demonstration. The growth of the demonstrations themselves was also encouraged by several events. In May of 1978, a general strike called by the clergy in May of 1978, is successful in closing down Tehran. In August, a fire in a theatre in Abadan which killed 377 people in August led to rumors that SAVAK was responsible for their deaths.

During this same time, the United States was trying to cope with the instability of the Shah's regime. The first action taken prior to the rioting was the issuance of a statement by President Carter who affirmed that the Shah had his full support. The timing of this statement was particularly poor in that it was made after the vocal protestations against the regime in 1977 and just before the outbreak of violence in January 1978. In February 1978, the Ayatollah Khomeini took advantage of this statement in by saying

[Carter] says human rights are inalienable, and then he says, "I don't want to hear about human rights." Of course he's right from his own point of view; he uses the logic of bandits. The head of a government that has signed the Declaration of Human Rights says, "We have military bases in Iran; we can't talk about human rights there. Respect for human rights is feasible only in countries where we have no military bases." 165

164 Ibid.
165 The Eagle and the Lion, p. 234
This is the basic contradiction in the American support of most of its allies and especially of the Shah's regime.

As the cycle of demonstrations intensified the Shah's support melted away. Until finally on October 31, 1978, the oil workers went on strike thereby reducing Iranian oil production from 5.8 million bbd. to 1.1 million bbd. in one week. This signaled the final collapse of the infrastructure of the transnational bourgeoisies support for the Shah. The remainder of the Revolution was spent in rear guard actions trying to prop up the Shah. The Shah first tried to reach an accord with the mobs by tossing them his allies' heads (such as former Prime Minister Zahedi who was arrested) and by accommodation (the Shah released 1,400 political prisoners). He then tried repression. It is estimated that between 10,000 and 12,000 were killed during the 14 month revolution. With the jettisoning of his allies, the Shah finally turned to the military and as his last resort named Gen. Azhari as his new Prime Minister. Even as the military assumed power it was falling apart. Desertion rates climbed to 1,000 a day in December 1979. Finally, in desperation the Shah turned to the opposition to end the revolt.

166 Paved With Good Intentions, Appendix B
167 Ibid. p. 241
168 The Eagle and the Lion, p. 256
In December of 1978, the Shah asked Shapour Bakhtiar, a member of the rejuvenated National Front, to form a government. This tilt toward the moderate opposition was the last hope the Shah had of remaining in Iran as head of state. Bakhtiar, a Sorbonne trained economist who had served in the Mossadeq government, was the Shah's last appeal to the bourgeoisie for support. Bakhtiar was immediately expelled from the National Front for accepting the position. Still, even he insisted that the Shah must leave Iran and had the Shah's portraits removed from government offices.\(^\text{169}\)

During this slow fall, the American government was divided on how to respond to events. National Security Adviser Zbignew Brzezinski urged that Iran must suppress the Revolution. The continued use of military force would be adequate to quell the opposition.\(^\text{170}\) Until November 1978, this assessment was backed up U.S. Ambassador William Sullivan who wrote a cable stating that the opposition would have to be given a much greater voice.\(^\text{171}\) The State Department under Cyrus Vance was much less optimistic about the Shah's survival, and several lower level officials expressed their skepticism at Brzezinski's advice. Nevertheless Brzezinski

\(^{169}\) Ibid.

\(^{170}\) Ibid.

prevailed almost until the bitter end. Finally the National Security Advisers hopes were dashed. Mohammed Reza Pahlavi left Iran on January 16, 1979, never to return.

6.3 AFTERMATH

The government in power after the Shah fled Iran was doomed to disintegration. The forces competing for dominance in Iran were much too strong for the remnants of the Shah's regime. These groups consisted of two primary factions. First, the religious opposition led by the Ayatollah Khomeini who had succeeded in identifying himself with Islamic nationalism and had returned in triumph shortly after the Shah's flight. Secondly, the modern bourgeoisie led by the transnational bourgeoisie who wished to maintain the forms and alliances of the Pahlavi regime. The aims of the first group were to establish an Islamic Republic where the clergy would provide the leadership. The aims of the second group were to establish a liberal democracy where the resumption of the alliance with the West (not necessarily the United States) would lead to a resumption of economic ties.\(^\text{172}\) This split led to a power struggle between the competing revolutionaries. This struggle is evident in the course of events

\(^{172}\) Revolution In Iran, p. 143
which followed the Shah's abdication. The successive selection of Mehdi Bazargan and Hassan Bani Sadr (Bazargan by Khomeini, Bani Sadr by election), who were both members of the bourgeoisie with strong ties to the international community, as successive Prime Ministers indicates the power of the bourgeois class. The failure of both of these men failed to consolidate power signals clerical opposition to their agendas. Bazargan resigned prior to the election of Bani Sadr saying: "(I am like a) knife without a blade". Bani Sadr on the other hand fell due to the machinations of the religious right with the American hostage crisis serving as a major embarrassment to him.

The consolidation of conservative power was never completed, as witnessed by the election of men like Bani Sadr. The ability of the clergy to maintain power has been more a function of the war with Iraq than a real consolidation of power. One example of the reconstruction of the Pahlavi bureaucracy is the rise of the army due to the ineffectiveness

173 *Revolution in Iran*, p. 103

174 That the students holding the Americans hostage were members of the religious right is well known. That the seizure was meant as an embarrassment of Bani Sadr as much as a strike against the United States is demonstrated by his helplessness in getting them released. Though his governments election was seen as a push for the hostages release. *Keeping the Faith*, p. 399

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of the Revolutionary guards as demonstrated by the Iraqis.\textsuperscript{175} Not withstanding this example, the clergy will remain in effective control of Iran as long as Khomeini lives, despite opposition to him even within the ranks of the Ulama.\textsuperscript{176} The Revolution is not over.

\textsuperscript{175} Halah Afshar ed., \textit{Iran: A Revolution In Turmoil}, p. 190

\textsuperscript{176} "Khomeini Orders Clergy Executed", Roanoke Times and World News, Thursday November 16, 1988, p. 7
The foundations of imperialism and postimperialism in Iran, the large oil companies, have obviously played a large part in determining the future of that country. It was almost inevitable that the intervention of the imperialist nations in order to maintain a regime favorable to these giants would lead to the creation of an even larger transnational presence within Iran. The fact that this larger transnational presence would decouple from the interests of the great powers and act in a manner beneficial to its whole membership, as opposed to the interest of any single country, has been a key point in this whole analysis. The 1973 oil price increase is just one example of this type of abandonment of the national state by the transnational classes. The various chapters in this study have attempted to show this progression of imperialism into post-imperialism in Iran. Chapter One focused on the roots of imperialism in Iran prior to Mohammed Mossadeq's assumption of the office of Prime Minister. Chapter Two showed the strength of the imperialist powers when threatened by an indigenous revolt against their exploitation. Chapter Three illustrated the beginnings of the expansion of the imperialist powers' roots within Iran and the planting of stronger seeds of opposition to the Shah with the programs of the White Revolution.

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Chapter Four examined the fruits which grew from the seeds of the White Revolution. And Chapter Five discussed the immediate results of the Shah's alliance with the transnational corporations in the revolution.

The success or failure of this endeavor cannot be expressed by saying that either imperialism or postimperialism are qualitatively better theories, clearly both theories have their advantages. What is truly important is whether or not either theory can improve our perspective on the events of our time.

7.1.1 The Future of Iran

As noted in Chapter Five, the focus of the Iranian Revolution became the Ayatollah Khomeini after the beginning of the cycle of demonstrations in early 1978. This focusing on a single person as the embodiment of opposition to the Shah is symptomatic not so much of the appeal of Islam but as a recognition of the need for a strong well organized leader to lead the Revolution. The appeal of Islam within Iranian society must not be underestimated, but the diversity of support for the Ayatollah across class boundaries must be clearly recognized as expressive more of opposition to Pahlavism than to support for the Islamic clergy. The holding of the American hostages, to the embarrassment of the government led by Bani Sadr, in the aftermath of the Revo-

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olution was only one of the first signs of fissure within the revolutionary movement. While it would be a mistake to imagine that the Bani Sadr government would have been overly friendly to the United States or the other Western nations, it is clear that his attempts to release the American hostages were aimed at maintaining the economic and some of the political linkages that kept the transnational bourgeoisie alive during the Shah's reign. His efforts were not a complete failure as was evidenced by the Iran-Contra affair during the Reagan Administration. Although, the use of such linkages by the Islamic Republic may be seen as a last ditch effort to maintain the war effort against Iraq.

The events of the Revolution presented here evidence a strong element in Iran which increasingly viewed the linkage to the United States and the European nations as threats to the Iranian identity. These threats should not only be seen as the threat of absorption of Iranian culture into a western consumer culture but also as a threat of turning the Iranian people into the lumpenproletariat of the western economic system through development and interconnection. This distinction is made more clear upon examination of the Shah's attempts to portray a new type of Iranian nationalism with non-Islamic overtones. If the issues motivating the Revolution had only been Iranian autonomy, the Shah had certainly made a bid for this type of support through symbol manipulation and the establishment of strong Iranian armed forces.

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But since the real crux of the matter lay in how the Shah ran the country, these attempts were seen as shallow attempts to restructure the country to support the Pahlavi regime. The attack on the transnational bourgeoisie (those members labeled as suffering from "westoxication") by the clergy was emblematic of their ties with the "Great Satan" and the Shah as opposed to any overwhelming opposition to their independent goals of maintaining the position of the transnational corporations within Iran. As was noted above, even the clergy is willing to play games with the U.S. and other western nations, if the inducements are right, and they can prove even more duplicitous than the Shah himself. That the transnational bourgeoisie will be able to reassert itself after the end of the Iran-Iraq war and the death of Ayatollah Khomeini is almost a certainty. The present Islamic Republic is as stifling to the westernized bourgeoisie and the transnational bourgeoisie as the Shah, and its economic record is much more dismal. The question that remains is what will the new balance of power look like?

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