Chapter II

THE POLITICAL, SOCIAL AND ECONOMIC BACKGROUND OF IRAN (1900-1941)

2.1 Iran Before Constitutional Revolution:

Industrialization and growth of capitalism in Europe, followed by their rivalry for capturing over the world market from one side and Iran's strategic location from other side made her a bone of contention and brought the country under the influence of the world powers. Iran was under the influences of European colonial powers in the mid-19th century. This was the time when British became interested in Iran as a means of protecting their possessions in India.

During the 19th century Iran was ruled by the Qajar Dynasty (1794-1925). As of 1900, Iran was decentralized tribal society with over 1/3rd of population living as nomads, this was due to dryness of the country much of which is desert and conducive to nomadic pastoral life. Population was 6 million in 1800 and about 10 million in 1900 (0.5 per cent growth rate per year).
Agriculture was followed by traditional land tenure system. Most and the best land belonged to the Shah, Court nobles, tribal leaders, religious institutions and other large landowners such as traders who had gathered lots of wealth out of trade with foreign countries. This in turn had made them to have polo-economical influence due to their strong economic condition. Sometimes the government and other officials had to ask for financial assistance from them.

Isswai (1971) notes that complete indifference to improvement of agricultural techniques and the high cost of transport was a strong drag on economic development.

The fact that, Iran previously was a net exporter of cereals, had by 1900 become a net importer (food constituting about 30 per cent of total imports).²

Towards the end of Qajar dynasty, because of several agreements between Iran and other countries, the Iranian trade expanded rapidly. Specially after the construction and improvement of certain roads, installation of communications and establishment of
certain banks by U.K. and Russia who were trying to bring Iran under their economic and political influence.³

Though Iran's close contact with foreign countries, made her economy to grow but in terms of agriculture it did not change much the nature and system of product relation between landlord and the peasant.

Mechanization was neglected and Asiatic mode of production was in practice. During this period 'Toyuldari' was flourishing which brought more domination of land-lords over peasants.

Toyuldar was in fact representative of Shah in a region or province. He had the right to collect taxes from people and send it to the treasury of central government (The Shah). Most of the time Toyuldars were trying eagerly to convert toyuls into the personal property.⁴

During this period the pressure on peasants and farmers increased. Most of the Toyuldars (they were supported to do) were imposing much more taxes than what it was to be collected, apart from the regular taxes, they were taking additional amount also as a military
expenses. The major part of which was spent for their own entertainment.

The condition of the labour class at the end of Qajar dynasty was more critical. There was no health service (not even primary health service). The working people were affected by different diseases such as Tuberculosis and Rheumatism. No medicine and Doctor was available to them. Under the hard work conditions, most of these workers were getting addicted to Opium smoking. Among the mine labours in the north Maleria and dysentery could be seen very often.

The labour class had to go long way in the search of job on neighbouring countries such as Russia and Turkey.

The condition of Iranian workers in Russia and Turkey was extremely hard. Their salary was not exceeding beyond 10 Tomans (100 Rls) per month out of which they had to save some for their families.

In some occasions due to shortage of place, over 200-300 workers had to live in one small room. Also the practice of child labour and women was common in the country. For example, in the Carpet Weaving
factory of Mahmod in Tabriz, about 500 children between 6-16 years of age were working. During the same period the Silk factory of Rasht was run by about 150 women.

In 1906 under the pressure of religious leaders, the working of child labour under age of 12 and women was abandoned in foreign companies and institutions.

Between 1901-1907 the daily wage of labour was about 30 Shahi to 3 Rials. At the same time the daily wage of working women was 10-15 Shahi and a child labour was getting 10 Shahi per day. This too depend on seasons, in general he gets no employment in winter and his main food was a loaf of bread.

Critical financial condition had forced them to accept any sort of job, for which they had to work from early sunrise to sunset. This was the condition of working class at the time of constitutional revolution (1905-1911).

The continuous growth of commercialization in agricultural economy led to increase in production followed by rise of price for agricultural lands. Traders and landlords started capturing lands by different means. This in turn led to more unfavorable conditions of life for peasants family.
During this time the poor farmers had to pay heavy taxes to government agents, khans, religious institutions, etc. This was the time when peasant was left without any social, economic and political protection in the society.

In general, the poor condition of farmers was due to concentration of lands in the hands of the rich class such as big landlords, tribal leaders, merchants, kings and government officials followed by their struggle over the capturing of new lands\textsuperscript{10}.

B. Momeni comes to conclusion that "absence of effective industrial labour force, absence of peasants participation in constitutional revolution and leadership of commercial capitalism were the main causes for recognition of large landownership at the time of Constitutional Revolution (1905-1911).\textsuperscript{11}

Here, we shall present the prices of certain essential commodities in the major cities of Iran during the last decade of 19th century until the Constitutional Revolution of 1907 as a trend of increase in prices during that period.
Table 2.1
Retail Prices of Basic Commodities in Mashad, Various Years 1889-1905/6 (Current Prices, qn/kg.)

<table>
<thead>
<tr>
<th></th>
<th>1889 Average</th>
<th>1890/1 Average</th>
<th>1891 March</th>
<th>1891 Dec.</th>
<th>1897 Average</th>
<th>1897/8 Average</th>
<th>1899/1900 Average</th>
<th>1901/2 Average</th>
<th>1903/4 Average</th>
<th>1905/6 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>-</td>
<td>-</td>
<td>1.40</td>
<td>1.02</td>
<td>0.68</td>
<td>1.26</td>
<td>1.53</td>
<td>1.70</td>
<td>1.68</td>
<td></td>
</tr>
<tr>
<td>Bread</td>
<td>0.16</td>
<td>0.14</td>
<td>0.17</td>
<td>0.19</td>
<td>0.15</td>
<td>0.24</td>
<td>0.35</td>
<td>0.51</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Milk</td>
<td>-</td>
<td>-</td>
<td></td>
<td>0.45</td>
<td>0.20</td>
<td>0.34</td>
<td>0.51</td>
<td>0.51</td>
<td>0.68</td>
<td></td>
</tr>
<tr>
<td>Ghee</td>
<td>-</td>
<td>-</td>
<td>1.10</td>
<td>0.34</td>
<td>2.04</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Mutton</td>
<td>0.87</td>
<td>0.55</td>
<td>0.49</td>
<td>0.59</td>
<td>0.68</td>
<td>2.04</td>
<td>1.36</td>
<td>1.70</td>
<td>1.87</td>
<td></td>
</tr>
<tr>
<td>Firewood</td>
<td>-</td>
<td>-</td>
<td></td>
<td>0.07</td>
<td>0.04</td>
<td>0.08</td>
<td>0.08</td>
<td>0.12</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>Charcoal</td>
<td>-</td>
<td>-</td>
<td>0.08</td>
<td>0.08</td>
<td>0.17</td>
<td>0.24</td>
<td>0.24</td>
<td>0.24</td>
<td>0.23</td>
<td></td>
</tr>
</tbody>
</table>


As per table 2.1, the price level did not change much until 1897, the main increase in price level started between 1897-1905/6. In 1905/6 the average rate of increase in prices of above seven commodities was about 3.0 times.
Table 2.2

Retail Prices of Basic Commodities in Tehran,
Various Years (1880-1908) (Current prices, gn/kg.)

<table>
<thead>
<tr>
<th></th>
<th>1880 Average</th>
<th>1900 March</th>
<th>1900 April</th>
<th>1908 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>0.25</td>
<td>1.57</td>
<td>1.36</td>
<td>0.54</td>
</tr>
<tr>
<td>Bread</td>
<td>0.14</td>
<td>0.79</td>
<td>0.68</td>
<td>0.27</td>
</tr>
<tr>
<td>Milk</td>
<td>0.17</td>
<td>-</td>
<td>0.68</td>
<td>0.54</td>
</tr>
<tr>
<td>Ghee</td>
<td>1.02</td>
<td>-</td>
<td>4.08</td>
<td>4.59</td>
</tr>
<tr>
<td>Mutton</td>
<td>0.54</td>
<td>2.56</td>
<td>2.38</td>
<td>1.22</td>
</tr>
<tr>
<td>Firewood</td>
<td>0.04</td>
<td>-</td>
<td>1.10</td>
<td>-</td>
</tr>
<tr>
<td>Charcoal</td>
<td>0.10</td>
<td>0.45</td>
<td>0.30</td>
<td>-</td>
</tr>
</tbody>
</table>


Table 2.3

Retail Price of Basic Commodities in Shiraz 1877 and 1900
(Current Prices, GN/KG.)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1877 Average</th>
<th>1900 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>0.98</td>
<td>1.68</td>
</tr>
<tr>
<td>Barley</td>
<td>0.05</td>
<td>0.12</td>
</tr>
<tr>
<td>Rice</td>
<td>0.23</td>
<td>0.52</td>
</tr>
<tr>
<td>Bread</td>
<td>0.15</td>
<td>0.26</td>
</tr>
</tbody>
</table>


42
According to above table the price of four mentioned goods had increased by an average of 100 percent between 1877-1900.

2.2 The Beginning of Uprising:

In the beginning of 1905, there was era of political awareness in the country's major cities (Tehran, Isfahan and Tabriz). Several committees were formed and representatives were sent to different parts of Iran for giving political education to people, followed by the illness of Mozafar-el-din Shah at the end of 1906.\textsuperscript{12} Eyen-el-doleh (The governor of Tehran at that time) became incharge of country's affairs. It was him who gave his word to Syed Tabatabai regarding the opening of 'House of justice'. But it never came true because in reality he was very much against it. This was so because when Syed Tabatabai did not get a positive answer from him, he directed a letter to Shah explaining him about what was happening in the country and to people. At end of his letter he requested shah for formation of 'House of Justice'. This letter went to hands of Eyen-el-doleh, in return he had replied on behalf of shah, refusing his proposal and blaming him for his action.\textsuperscript{13}
2.3 Events of Constitutional Revolution:

After Mozafar-ed-Din Shah came to power, the treasury of the country was completely empty. At this time shah ordered the sale of all government lands (Khaliiseh).\(^14\) This was followed by heavy taxes on peasants and huge amount of borrowing from Russia and United Kingdom. For example, before 1906 Iran had to pay 22 million menats of gold to Russia with the interest rate of 5 per cent for the period of 75 years.\(^15\) Two years later another 10 million was added to it by Russian Bank. British Royal Bank provided 200,000 pounds and another 100,000 pounds a year after, in return they asked for revenue from fishery in Caspean Sea.\(^16\)

British-Russian intervention in country's internal affairs from one side and brutality, ill treatment of government officials specially Tehran's governor Eyen-el-doleh from the other side had made strong public opposition against them, ending with several revolts in different parts of the country. In 1905, as a result of war between Russia and Japan, the prices of certain commodities such as sugar had gone up.\(^17\) This made a good excuse for Tehran's governor to punish some of Iranian sugar merchants who were against
Mr. Nouz who was incharge of Iran's Custom office. This act was followed by several popular strikes and demonstrations resulting to closing shops and commercial centres in some parts of the country. Finally it was during 1906-1911 when the opposition movement was established as a democratic form of a government. This period was called Constitutional Revolution.

2.4 Aims of the Constitutional Revolution:

The basic aim of the constitutional revolution was to establish law and orders as well as democratization of government power in the country. People wanted a government who will not have absolute power. There was a need of people's representatives who control and check the activities of government officials. In a framework of law people were trying for the minimum of social justice. According to Katouzian: during constitutional revolution people did not want equality before law, because, there was no law existing.

The 'law' was the personal desires of ruling class according to their posts and wish. They could behave with different people at different times in different ways, says Katouzian, for which monarch himself was responsible. Law in Iran has historically
been the instrument of the monarchy and of the ruling elite, defined by their conception of what is good for society. As a Asiatic State, the monarch's absolute power was the only point where all the people of country were treated equally. The uncertainty regarding social, economical and political life among the people was so high that no individual was taking for granted for any kind of insurance, not even a official of government would have been sure about his post and status for next day. What would was given to him as a form of Toyul could have been taken without any reason. The monarch as absolute power was the only one who had the people's life in his hand. As far as Iranian society was concerned, monarchy was ruled by fiat rather than by law. The aim of Constitutional Revolution therefore, was security of life, security of wealth, security of social status for people.

Constitutional Revolution was followed by the first National Assembly of Iran (parliament) meeting on 26 September 1906. Exactly after four days, the first constitutional law of Iran was signed by Mozafar-el-din Shah and his son (Mohammad-Ali Shah), who came to power 10 days after his father's death (8th January, 1906).
This period was the most critical time for country's socio-economic-political life. It had to study about all the borrowings of government from different sources and concessions given to different countries. This period was followed by 3 million pounds loan from Russia, and 800,000 pounds from United Kingdom and 10 million pounds from local merchants, that the government could not pay back.\textsuperscript{21}

During this time the parliament refused to accept loan of 10 million from U.K. and Russia because the revenue of customs in north would have been taken by Russia, and U.K. would have control over Post and telegram department. This situation was getting tensed for the progressive members in the parliament because they were under the pressure of other reactionary forces such as Russia and U.K. and their supporters in Iran, the king and his associates.

Finally the draft of law supplementary to constitutional law was sanctioned and presented to the parliament.

According to this law, all the people, regardless to their religious belief and class had equal rights before law. There was abolition of all aristocrat
and religious rights. Freedom of speech, freedom of press, freedom for parties as well as individual freedom was officially announced. According to new law three organs of a) Legislative Power, b) Judicial Power and c) Executive Power were considered as people's state powers.

According to this act the religious organs had no more right of judgment and the judges would have complete freedom of action within the framework of new law.

The religious leaders who were trying for implementation of revolution, were not aware of new democracy being completely indifferent with religious matters.\(^{22}\) It was after the abolition of certain religious concessions that they went against new law enactment. Finally the conflict between religious leaders and constitutionalists reached its climax. This was followed by sending telegrams and letters to different parts of Iran by Shaikh Fazlolah Norie and his alliance. He believed that Constitutional Revolution would be a cause for harming the Islam.\(^{23}\) The fear of any harm to religion definitely had a great effect among the some of religious leaders.

48
But there were leaders such as Syed Tabatabai and Syed Bahbahani who did not give up their support unit the end of revolution. The main points of disagreement by religious leaders were:

1. Article No. 8 of constitutional law, considering all the people to have equal rights before law. They were saying "this is against religious canons".\(^{24a}\)

2. Article No. 19, compulsory education was against religious law of Islam.\(^{24b}\)

3. Article No. 20, freedom of press had to be under supervision of Ulma(spiritual leaders).\(^{24c}\)

Another important factor of disagreement between Ulma and supporters of constitution was right given to perform as a legislation power whereas the Ulma wanted the parliament accept the Koranic law as a constitutional law of country.\(^{24d}\)

Also hands of the shah was cut off from being the absolute ruler of the country under the article 45 which was saying Shah’s orders regarding country’s affairs would be put in practice or considered legal only when it is signed by the concerned minister.
Finally, the law supplementary to constitutional law including 108 articles was approved by parliament, inspite of disagreement of Shah and other opposition groups. Before approval of it, M.Ali Shah tried his best to stand against revolution by creating fraction in the parliament. It was him who had raised the question of 'Mashroah (according to law of Islam and refer to Koran for all country’s affair) instead of 'Moshroteh' (constitution), among the Ulma who had close association with constitutional leaders.25

At last, M.Ali shah could not tolerate any more the situation. Therefore, with the backing of Russian troops he made a coup d’etat. On 23rd June 1908, he ordered to bombard the new born parliament, Colonel Leyanakhof (Russian) was incharge of this act. This was followed by suppressed of constitutionalists in different parts of Iran, such as Isfahan, Rasht and Shiraz, but, this was not the end of revolution. By the unity of people specially from Tabriz, Gilan and Isfahan under leadership of Satar Khan and Bagher Khan, the Tabrizians fought against central forces. Once more in 1908 the constitutionalists succeeded to occupy Tehran and M.Ali Shah was sent to exile in Russia and his son Ahmad Shah was chosen as new shah of Iran.26
Finally, one of the major issues of the Constitutional Revolution was the abolition of state ownership of land and the establishment of private property of land. The life of Constitutional Revolution came to end by 1911. At this time most of the seats in the newly created parliament were occupied by landlords.

Constitutional Revolution created a socio-political atmosphere by which there was question of reducing the power of landlords and their influence in the country. But, it did not come true and peasants of Iran did not gain anything from it. On the contrary, the landlords class who had joined in Constitutional Revolution were obstacle in changing the old socio-economic system of Iran and therefore after Constitutional Revolution, the political power was left in the hands of big landlords and the newly created parliament (Majlis Shora-ye Melli) as a representative of different classes of the country became a means in the hands of big landlords (Feudals), and they used every means to force the peasants to vote in favour of them during the election. Their influence in ruling elite was another obstacle to any kind of socio-economic reform. According to Dr. H.Pourafzal, the power of central government was concentrated in few cities and
villages and majority of people were left under no effect of central authorities. Few hundred khans and big landlords had a representative in the central government and government officials were normally under their complete command and influence.

2.5 Iran, After Constitutional Revolution:

There was a period of anarchy in the country. Different political groups were fighting against each other to capture more seats in the newly created parliament. National unity was in danger as a result of British-Russian rivalry intervention. These two countries actively were trying to bring the country under their colonial power by every means. There were uprising of local khans and tribes under the influence of these two countries.

In 1909 the central government sent its troops under the leadership of Yepremkhan to suppress those who had revolt against the central government.28

On December 1911 Anglo-Russian troops were sent to Iran. This was followed by forced dissolution of 2nd Majlis and the occupation of Azerbaijan province by Russian troops. It was the period when tribal leaders and government officials (governors), stoped sending any tax revenue to Tehran.
Between 1914-18, Iran was under the political and military influence of Russia and U.K. During this period the economical condition of people was more critical as a result of 1st world war. Scarcity of food stuff was very common partly due to hoarding by traders, also great amount of food was purchased by British and Russian Armys.\textsuperscript{29} Central government had become more and more weak and in turn foreign loans had been left unpaid. Government revenue had reduced as a result of reduction in the volume of export. For example, between 1914-1918 export of cotton by Iran had reduced from 83 million to 25 million Khran, rice from 41 to 20 million Khran and dry fruits were reduced from 70 to 48 million Khran.\textsuperscript{30} There was the time when poor people in Tehran were eating grass and crops of animals because rice, wheat and barley were not easily available.\textsuperscript{31} The German had become very active in the country. There were several German Consulates in different cities of country. In 1916, German had not only succeeded to gain popularity among urban masses but also they had extended their influence among tribes such as Bakhtiyaries.\textsuperscript{32}

During the same period there was formation of new organization in Gilan as an opposition to foreign colonial intervention. In a short time many
revolutionaries from all over the country gathered around them.

Mirza Kochak Khan, who was a local religious leader, joined this movement and after sometime he took a leadership of the group which was called ‘Jangle Movement’ (this name was used because they used the dense forest of the Alborz Mountains as a cover).

At this time, there were revolts in Gilan, Khorasan and Azerbaijan. Mirza Kochak Khan’s group was struggling against current central government as well as British-Russian colonial power. In 1920 by coalition of diverse forces, Mirza succeeded to establish the ‘Gilan Republic’ followed by formation of Iranian Communist Party in ‘Bandar Anzali’ under the leadership of ‘Hayder Khan Tariverdiev’.33

Jangle Movement was very important specially because of it’s active involvements on behalf of peasants. As noted by Hoogland: They increased the share cropper’s portion of the harvest, lightened labour services, abolished dues in kind, investigated complaints against landowners, recruited peasants into their bands, paid for the food they obtained in the villages and even forced wealthy collaborators to distribute some of their estates among the peasants”. 34
In February 1921, there was a Coup d'etat in Iran by which Reza Khan came to power. A few months later by suppressing all the revolutionary forces of the region he succeeded to bring everything under his control. His success was due to fraction between Jungle Movement and communist party leaders. Because communists wanted to implement radical changes as quick as possible regarding redistribution of all large estates in the province. This idea was refused by Mirza and eventually the situation led to open war fare between these two. Hayder Khan Tariverdiev was killed in jail and Mirza's head was brought to Tehran for public-display. That was the end of uprising in 1921.

Another revolt which was ended at the same time was in Azerbaijan began in 1917 by 'Shaikh Mohammed Khiabani' who accused the government discriminatory policy against the provinces in the parliamentary election. This movement reached peak when these rebels established the autonomous government of Azerbaijan (land of freedom). Khiabani as a leader of opposition against government took the power in Tabriz for about 6 months. This movement soon after Khiabani's death in September 1920 was ended and his supporters scattered.
Khorasan was another revolution centre where Colonel Mohammed Taghikhan Paseian centralized armed forces and created his own Khorasan Army.

After October Revolution of 1917 in Russia, Major Clerji (pro-Russian revolution man), became the chief commander of Kazzack brigade. This in turn, created unrestful atmosphere for British because they thought he may extend the revolution inside the Iranian borders. Therefore, they decided to replace him with pro-British officer. Negotiations for their plan took place with Major Straveslsky and Filartef (incharge of Atryad division of army in Hamadan), as well as Reza Khan (Major, having infantry of Atryad under his command). At the end they asked Moshir-el-doleh's government for Clerji resignation. He rejected it and in turn he resigned from his post. Finally Nasser-el-din Shah agreed with British proposals because, they pretended that British army between Manjil-Ghazvin was to protect Iran from Russian aggression. This made the Shah to believe that British were his crown saviors. Moreover, apart from above reason, they had treated the Shah that, they will cut of the monthly allowance of Kazzack, if he did not respond to British proposals.
Finally, Mairir Clerji submitted his resignation by appointing Straveslsky on his post who later on became the chief of Kazzack brigade in Iran.

At this time British found themselves in more restful position because they had became the main foreign power in the country, since Russia was very much involved in her internal matters as a result of October Revolution of 1917. This in turn made British government to think of bringing Iran into more favourable condition for their own interests. Hence, they wanted a government who had to be pro-British. An active state with a strong army to extend the central power into the extreme borders of Iran.  

Furthermore they wanted to take the northern part of Iran under their command for protection of their interests from Bulshwicks. Their ultimate aim was to destroy all the anti-British forces from within the country. With such conclusions the British ministry of foreign affairs (Lord Kurzon) came forward for 1919 agreement with Vosough-el-doleh cabinet. The two major points of reactionary agreement were:

a. Payment of 2 million pounds for the construction of railroad.
b. The use of British civil and military advisors in re-organizing Iranian army and administration. At the same time, the treasury of country fall in the hands of British, this policy was brought to rule the country internally as well as externally.

This agreement was rejected strongly by different political bodies supported by mass media considering it as a political slavery of Iran. Since, everything was going to be under the direct control of British colonial power. This in turn was the cause of several revolts at different parts of the country, until the coup d'état of Reza Khan in January 1921 was staged. Malek Olshoarai Bahar has called this as the first coup d'état of Pahlavi's dynasty in Iran.  

2.6 Commercialization of Agriculture:

At the end of 19th century and beginning of 20th century foreign trade was growing slowly and textiles had leading position in country's foreign trade which, in turn was followed by adverse effect on local handicraft productions. Agricultural products such as wheat, barley and rice were the main items of exports during this time so also cotton, opium and tobacco had great share in Iran's foreign trade.
Between 1900-1905 the size of lands under cultivation of cotton in Khorasan raised to double due to increase in the demand in the world market. The production of opium poppy increased year by year eventually. Dried fruits such as pista (in Kerman), date in south of Iran was a major part of the country's exports.

Syed Mohammed Ali Jamalzadeh in his famous book "Economical Situation of Iran" confirms that the commercialization of opium in its real terms started in 1901 and production of opium in 1918 was maximum. In 1923 the total output was 1,900,000 kgs (400,000 mann), out of which about 240,000 mann was exported and the rest was for local consumption. Isfahan, Yezed, Khorasan, Kazeroon were the main centres of opium production.

In the last quarter of 19th century opium production and its export was the main source of income for government. In 1900 the production was 1000 tons per year out of which 40 per cent was for domestic consumption. Also its exportation raised to 875,000 pounds with the value of 815,000 pounds in 1914-1915.
At the end of 19th century Iranian villages had gone under certain changes. During this time urban sector was getting in contact with the trading centres in the country as a result of the commercialization in agriculture with the entry of Iranian economy into foreign market relation.52

There were also occasions where farmers were getting paid in advance for the cultivation of a particular agricultural product which had high demand in the market such as opium and cotton53. Some of the Iranian and Russain traders were providing seeds and cash to farmers in the region of Khorasan for the plantation of American cotton.54

They also used to send their men to tribal regions for the purchase of wool and other livestock products (the demand for wool had increased due to increase in demand for carpet). In 1900 carpets were the major Iran is export item, Tabriz and Isfahan where two main cities in carpet weaving industry.55 In the year 1874 the value of exported carpet from Tabriz was 28000 pounds, in 1879 it came to 65000 pounds and by the beginning of 20th century it was 100,000 pounds (1/8th of total foreign trade)56.
In case of tribes, due to permanent migration nature (pastoralism), they could not have much contact with commercial centres but while passing near by areas, they could sell their products or exchange with some other goods such as tea, tobacco, cloths, etc. There were centres such as Brojen (a village near Isfahan) where tribes could have their transactions with traders or with local men during summer time.\textsuperscript{57}

2.7 Grant of Concessions by Qajar Dynasty:

The weak administration of central government during Qajar dynasty was followed by granting several exclusive concessions to foreign countries and institutions.

The Iranian government during this period was unable to bring the country under a single administration authority. There were revolts taking place in different parts of the country by several tribes some of which had the backing of foreign powers. The country was falling apart and the situation was getting tensed in every direction including shortage in food stuff and non-availability of financial resources.
On the other hand the Qajar kings wanted to preserve more of their crown rather than to improve country’s situation, therefore they granted several concessions one after the other to foreign powers.

The following concessions were made by Qajar king to foreign countries and companies for the exploitation of Iranian resources.

To the British:

1) Rights to explore and drill for oil in the south in 1884, and again in 1901 William knon D’Arcy’ was given the monopoly to explore and drill for oil in all parts of Iran, except for provinces of Azarbaijan, Gilan, Mazandaran, Khorasan and the region of Esterabad by Nasser-ed-din Shah Qajar.

2) Right to Operate the Royal Bank in Tehran.

3) Right to printing and distribution of currency(bank notes).

4) Contract to construction of Telegraphic lines in South.

5) Contracts for the construction of Commercial ports on the shores of Persian Gulf.
6) Contracts for the construction of Khoramshahr-Khoramabad railway.

To the Russians:

1) Right to Operate and profit from the savings and loan Bank was conceded to Jaon Yalyakov in 1890.

2) Right to exploit the national fisheries on the Caspean sea was given to lianaz in 1884.

3) In 1891 Savla Khan was made to grant a 99 years contract viewed as entorsion in exchange for 'protection' to the Russians for construction of the Julfa-Tabriz and Julfa-Hamedan roads. The same contract entitled the Russians to the proceeds from all commercial navigation on Eroumieyeh lake, mining and deforestation in north. Furthermore, according to this contract, no restrictions were imposed on Russian commercial dealings in Iran and goods imported from and exported to Russia were free from taxation.

5) Seventy years, contract for the excavation and mining in Gharachdag.

6) Exploitation of Mazandran forest.

7) Contracts for the construction of telegraphic lines in northern Iran.

8) Rights to explore and drill for oil in northern Iran (Azerbaijan, Gilan, Mazandaran & Khorasan provinces and Esterabad area)

In 1899, Russian banks loaned Mozzafar-ed-din shah 120 million rials (equivalent to 24 million roubles) and charged 6 percent interest. Again in 1909, 10 million roubles were loaned to Shah and the proceeds from custom taxes (except for the Persian Gulf region), the fisheries and telegraphic lines were kept on collateral. Also the equivalent of 48 million roubles were loaned to noblemen and dignitaries and their lands held as collateral.

To Turkey:

Contract for the export of Tobacco to Iran.
To Belgium:

1) Contract for the construction and rights to the proceeds from the Tehran-Rey railway.

2) Rights to the proceeds from the Iranian national customs.

3) Rights to proceeds from the Kahrizak sugar refinery.

4) Contract for production & sale of wine was given to the Philipaert company.

5) Contracts to build candle & match producing factories.

6) Contract to establish gas refineries to provide light for the street of Tehran.
To France:

The rights to consulate archeological excavations in Iran was given to Delcass in 1900.*

* Foot Note: Sources of all the concessions


7. Dr.Mir-Ahmadi M., Contemporary History of Iran 1900-1950, A Conflict of East and West in Iran, Astan Ghods Rasavi-Press, Mashad-Iran.
In 1914, in addition to the above mentioned companies, 14 commercial agencies and 21 industrial institutions, all British, had representatives in Iran. The Russians kept up with their British rivals and reportedly, there was 23 Russian agencies active in Iran at the same time.58

2.8 Coup d'etat of 1921 and Emergence of Modern State :

Reza Khan seized power by coup d'etat in 1921 by overthrowing the last monarchy of Qajar dynasty.59 Ahmad Kasravi an Azeri historian has noted that "The existance of many autonomous power centres in Iran, which had led to a complete lack of security and virtual disintegration of the country, was the chief reason that the people of Iran supported the establishment of a dictatorship as the only means of stopping the disintegration of the country and establishing security".60 Reza Khan was the leader of Russian trained Persian Kazzack brigade. After his coup, he appointed Syed Ziya-el-din Tabatabai (a journalist) as his prime minister who in return resigned from his post after 3 months and went to exile.61 His ideas of economic
reform in the agricultural sector as an important key to the country’s prosperity was rejected by Reza Khan. He was in favour of transferring all the state lands (Khalisheh) to cultivators. But, it was not favoured by Reza Khan hence he was forced to leave his post. There was no more question about agriculture. By consolidation Reza Khan then became Minister of War in the cabinet and was from that time until 1941, the dominant political figure in the country.

Reza Khan succeeded to built a powerful state machinery in a short time. It was during 1921-24 that, there was strong shift of balance of power in Majlis in favour of Reza Khan, who exerted absolute control over the country. Though opposition leaders like Modares tried to prevent Reza Khan from becoming more and more stronger but his attempts remained unsuccessful.

In the mid of 1923 the parliament which was combination of clergy, landlord, merchant and coalition appointed Reza Khan as a Prime Minister. Two years later Reza Khan became the 1st king of Pahlavi dynasty.

In a short time he started reforms to unify the country. His first attempt towards modernization was creating a strong army and pushing for political
centralization. He fought against the local feudals and certain tribal chiefs. He forced tribes for their integration into modern life by destruction of tribal organizations through forced settlement and prevention of seasonal migration as mentioned by Abrahamian. The policy towards tribes was closely related to long-range ambition of transforming the multi-ethnic empire into a unified state with one people, one nation, one language and one culture.66

Shaikh Khazal of Khuzistan was another chief military force in the oil producing province, claiming for independency by the help of British support.67

On 2nd November 1924 Reza khan succeeded to subdue Shaikh Khazal by destroying the Khazal autonomy and after a month, he almost completed the unification of Iran.68 By 1925, the army was the most powerful and centralized institution in the whole country.

By the time of 5th parliamentary elections, Raza khan managed to replace the parliamentary majority of the conservative forces who had opposed his modernization policies, by using the military to manipulate the elections. From 1921 to 1930 Reza khan brought the whole country under his rule and from 1930 to 1940 as a result of increase in oil revenue, he built
a modern army, developed education and health services and undertook the construction of roads and communications. In brief, he centralized the administration and regained control over the country. For the successful centralization was the creation of modern army that was achieved by uniting the Kazzack corps of north, the police of the south and remainder of the Gandarmerie. And several new ministerial branches started emerging and effective measures were taken to regulate the civil services.

2.9 State and Industry (1921-1941):

There was a remarkable political stability, essential for securing investment of local as well as foreign traders, followed by fundamental changes in socio-economic structure of Iran at that time. In this field the revenue of oil used by state led to strengthen its position. Before Reza Khan, most of the capital was coming from individuals and that too was basically in the capital city of Iran. The reason for it, was the absence of security and non-availability of means of transportation, necessary for essential infrastructural growth of industry.
Reza Khan was convinced that infrastructure such as roads, railroads, communication, education and public administration were Iran's foremost basic needs for which priority was given through government expenditure. For example, the average expenditure for communication (Post-Telegram-Telephone) was increased from 6.2 per cent in 1928 to 6.8 per cent in 1933. During the same period average expenditure for education raised from 6.5 per cent to 9.3 per cent, which was a remarkable amount. Private companies started growing rapidly in the country. Their number which was 136 in 1931 increased to 2431 by 1950. At the same time the total capital of these private companies increased from 276 million rials to 17,344 million rials. Local market at this time was growing by new and small industries, followed by increase in private as well as public administration and services.

Though oil revenue did not exceed from 530 thousands pounds in 1928 to 550 million pounds in 1938, but no foreign loan was taken and all the policy was adopted of financing all development from the country's own budget. For the financing construction of railway which took 11 years to complete, the Shah established a special fund, which was a revenue from a tax on sugar.
and tea. This too resulted in a distinct reduction of general living standard since sugar and tea were for most Iranian, the two important items of every day use for which they had to pay cash. Another major source of revenue for government was coming from cotton, sugar, tea and opium which was monopolized by government. The revenue from these items was about 400 million rials in 1937. Further important change in the country's policy was foreign trade monopoly law of 1927 by government. According to new law, traders had to import a certain quantity of goods to balance the country's export. This was followed by taking the control of foreign exchange by government agents. Government activities over mobilization of new economic resources was in progress by 1930's. Government expenditure in real terms had risen from 392 million rials, to 810 million rials in 1935 and by 1939 it was already 977 million rials. Since the major part of the capital and its revenue was under the control of government through which there were investments in several industrial projects in public sector as a result of which the state had became the biggest capitalist of the country by 1930's.
Table 2.4
Sources of Government Revenue 1928-37
(Figures in Million Rials)

<table>
<thead>
<tr>
<th></th>
<th>1928 Value Percent</th>
<th>1935 Value Percent</th>
<th>1937 Value Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Taxes</td>
<td>227 71</td>
<td>693 65</td>
<td>1173 71</td>
</tr>
<tr>
<td>State monopolies</td>
<td>64 16</td>
<td>320 30</td>
<td>340 21</td>
</tr>
<tr>
<td>State industries</td>
<td>27 2</td>
<td>24 4</td>
<td></td>
</tr>
<tr>
<td>State customs</td>
<td>112 29</td>
<td>170 16</td>
<td>362 22</td>
</tr>
<tr>
<td>Other indirect taxes</td>
<td>101 26</td>
<td>176 17</td>
<td>397 24</td>
</tr>
<tr>
<td>Direct Taxes</td>
<td>50 12</td>
<td>89 9</td>
<td>142 9</td>
</tr>
<tr>
<td>Public domains</td>
<td>22 6</td>
<td>27 2</td>
<td>41 2</td>
</tr>
<tr>
<td>Oil royalties</td>
<td>28 7</td>
<td>173 16</td>
<td>206 12</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>15 4</td>
<td>77 7</td>
<td>84 5</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>392 100</td>
<td>1059 100</td>
<td>1646 100</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>392 c</td>
<td>1238</td>
<td>1916</td>
</tr>
<tr>
<td>(at 1928 prices)</td>
<td>(392)</td>
<td>(810)</td>
<td>(977)</td>
</tr>
<tr>
<td><strong>Deficit financing</strong></td>
<td>179 16.9</td>
<td>270 16.4</td>
<td></td>
</tr>
</tbody>
</table>

Source: UK Dot Reports, 1930, pp 16-17, 6-7, 3-5 Whole Sale Price Index from Bahrier, 1971, p 46.

Notes:
- a - State monopolies.
- b - Includes road taxes, post and telegraph.
- c - Deflated by wholesale price index.
As per the above table the government expenditure rose from 392 million rials in 1928 to 810 million rials in 1935 and by 1937 it was 777 million rials which shows an average rate of growth of 11 per cent per year. This was the period when radical changes or restructuring of Iranian economy was undergoing through state-owned or state-centred policy of economic development. The later years was followed by reduction in imports of capital goods and large increase in domestic production of substitutes.

The share of investment goods from 1930-1936 rose from 10 per cent to more than 40 per cent.\textsuperscript{78} Prior to this, there was establishment of National Bank by Reza Khan in 1927 (Bank Meli Iran), by having the note-issue privilege under Bank’s control. During 1932-41 Bank Meli provided credit to private (mainly commercial) borrowers as well as the central government 8 to 10 times. By 1941, government credit was several times larger than private credit.\textsuperscript{79} The main sources of government revenue were, income from the customs duties, indirect taxes and income taxes. But, the revenue from the oil was the main source. In 1933, 1/3 of total public expenditure was covered by oil revenue.\textsuperscript{80} Inspite
of high rate of capital accumulation, no foreign loan was taken, it was completely financed by domestic sources.

This in turn gave rise to higher investment in public sector followed by industrial expansion of the country. Value added to industrial investment had reached to 58 million pounds out of which 28 million pounds had been contributed by government, invested in light industries such as textiles, sugar, matches etc. Between 1931 to 1941 the following state industries had started: two cotton mills, several cotton gins, a knitting factory, 7 sugarbeet refineries, a cement plant and 3 small chemical plants.

Table 2.5
Manufacturing Plants Established During 1930-40.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Plants</th>
<th>Value of Capital (in Million Rials)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>72</td>
<td>1,160</td>
</tr>
<tr>
<td>Sugar</td>
<td>8</td>
<td>582</td>
</tr>
<tr>
<td>Drinks</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td>Chemicals</td>
<td>11</td>
<td>632</td>
</tr>
<tr>
<td>Soap</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Glass</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>Leather</td>
<td>11</td>
<td>65</td>
</tr>
<tr>
<td>Matches</td>
<td>26</td>
<td>50</td>
</tr>
<tr>
<td>Flour &amp; Rice milling</td>
<td>37</td>
<td>89</td>
</tr>
<tr>
<td>Cotton ginning</td>
<td>29</td>
<td>53</td>
</tr>
<tr>
<td>Tea</td>
<td>9</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>265</td>
<td>2,798</td>
</tr>
</tbody>
</table>

Source: Extracted from Ministry of Labour Statistical Survey of Iranian Industries, 1924.
2.10 Oil Industry (1921-41):

Prior to this, in 1901 the exploitation of oil in Iran was granted to William Knox d'archy, British subject. The grant of right was for exploration, production and refining of the oil in all parts of Iran except the five northern provinces. This agreement was made for 60 years. It was covering a total area of 480,000 square miles. Also the Iranian government was to receive pounds 20,000 in cash as well as 16 per cent of the company's annual net profit.

In 1908 the Anglo-Persian (later on Anglo-Iranian oil company AIOC) was established. From 1911 to 1919 royalties paid to Iran was about 335,000 pounds and from 1920 to 1930 it came to 10.5 million pounds.\textsuperscript{82}

Whereas the profits of the AIOC during 1919-30 rose from 200 million pounds, which was equal to four times the total fixed investment in the Iranian industrial sector during the entire 1930-1941 period.\textsuperscript{83}

One of the important events in the history of Iranian oil company during this period was the new agreement of 1933, as a result of conflict between the Iran's government and AIOC over the distribution of oil income.
Prior to this new agreement, though the production of oil was increasing but, there was rapid decline in its revenue. This is shown in the following table 2.6.

Table 2.6
Annual Production and Revenue from Oil, 1926-32.

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Figures (Production in '000 tons)</th>
<th>Revenue (in '000 pounds)</th>
<th>Annual Variation (Production in '000 tons)</th>
<th>Revenue (in '000 pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926</td>
<td>4556</td>
<td>1400</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1927</td>
<td>4832</td>
<td>500</td>
<td>276</td>
<td>-900</td>
</tr>
<tr>
<td>1928</td>
<td>5358</td>
<td>530</td>
<td>526</td>
<td>30</td>
</tr>
<tr>
<td>1929</td>
<td>5461</td>
<td>1440</td>
<td>103</td>
<td>910</td>
</tr>
<tr>
<td>1930</td>
<td>5929</td>
<td>1290</td>
<td>468</td>
<td>-150</td>
</tr>
<tr>
<td>1931</td>
<td>5750</td>
<td>310</td>
<td>-179</td>
<td>-880</td>
</tr>
<tr>
<td>1932</td>
<td>6446</td>
<td>1530</td>
<td>698</td>
<td>1220</td>
</tr>
</tbody>
</table>

Source: Katouzian I., p 66.

As per the table, except for the year 1931, there has been continuous increase in production of oil but at the same time, there is sharp decline in its revenue. The agreement of 1933 was the outcome of unfavourable condition for Iranian government which was expected to raise the revenue for the government by more favourable terms of trade.
According to new agreement (in brief):

1- Area of concess was reduced to 100,000 sq.miles or 1/4th of the original D'arcy concession.  

2- The agreement period was extended from 27 to 60 years.

3- A flat royalty rate of 4 Shillings per ton of oil sold in Iran or exported, replacing the royalty rate i.e. 16 per cent profit.  

4- Also the company had to train and employ Iranian personnels for higher positions.

5- A minimum annual payment of 750,000 pounds was granted by the company. 

All together the company paid 2 million pounds for new agreement, as well as for the year 1931. The new terms of contract in the view of Iranian government officials and the Reza Khan (in particular), it represented a set back for Iran.

In 1933, the revenue from oil was covering more than 20 per cent of Iranian budget, though the new agreement did led to some increase in the oil revenue per unit of production. From 1931 to 1940 approximately
26.90 million pounds was received by Iranian government. The following table shows the crude oil production by AIOC and annual direct revenue from it during 1920-1941.

Table 2.7

Crude Oil Production by AIOC and Revenue from it (1920-41).

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (in '000 longton)</th>
<th>Percentage increase</th>
<th>Annual direct revenue from AIOC (payment in millions pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>1,385</td>
<td>25</td>
<td>0.59</td>
</tr>
<tr>
<td>1921</td>
<td>1,743</td>
<td>26</td>
<td>0.59</td>
</tr>
<tr>
<td>1922</td>
<td>2,327</td>
<td>33</td>
<td>0.53</td>
</tr>
<tr>
<td>1923</td>
<td>2,959</td>
<td>27</td>
<td>0.41</td>
</tr>
<tr>
<td>1924</td>
<td>3,714</td>
<td>25</td>
<td>0.83</td>
</tr>
<tr>
<td>1925</td>
<td>4,334</td>
<td>-16</td>
<td>1.05</td>
</tr>
<tr>
<td>1926</td>
<td>4,556</td>
<td>6</td>
<td>1.40</td>
</tr>
<tr>
<td>1927</td>
<td>4,832</td>
<td>5</td>
<td>0.50</td>
</tr>
<tr>
<td>1928</td>
<td>5,358</td>
<td>-2</td>
<td>0.63</td>
</tr>
<tr>
<td>1929</td>
<td>5,461</td>
<td>2</td>
<td>1.44</td>
</tr>
<tr>
<td>1930</td>
<td>5,929</td>
<td>8</td>
<td>1.29</td>
</tr>
<tr>
<td>1931</td>
<td>5,750</td>
<td>-3</td>
<td>1.34</td>
</tr>
<tr>
<td>1932</td>
<td>6,446</td>
<td>-12</td>
<td>1.53</td>
</tr>
<tr>
<td>1933</td>
<td>7,087</td>
<td>10</td>
<td>1.81</td>
</tr>
<tr>
<td>1934</td>
<td>7,537</td>
<td>6</td>
<td>2.19</td>
</tr>
<tr>
<td>1935</td>
<td>7,488</td>
<td>-1</td>
<td>2.22</td>
</tr>
<tr>
<td>1936</td>
<td>8,198</td>
<td>9</td>
<td>2.58</td>
</tr>
<tr>
<td>1937</td>
<td>10,168</td>
<td>23</td>
<td>5.55</td>
</tr>
<tr>
<td>1938</td>
<td>10,195</td>
<td>0</td>
<td>3.31</td>
</tr>
<tr>
<td>1939</td>
<td>9,583</td>
<td>-6</td>
<td>2.77</td>
</tr>
<tr>
<td>1940</td>
<td>8,627</td>
<td>-10</td>
<td>4.00</td>
</tr>
<tr>
<td>1941</td>
<td>6,605</td>
<td>-23</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Source: Quoted from table Nos. 3&4: Bharier, p 157-159.

Note: Years between 1939-41 was period of world war during which the oil production reduced but royalties did not drop below 4 million pounds since agreement had ensured the said.
2.11 Agriculture Between 1921-1941:

During 1921-1941 though landlord-peasant relation, considering it to be essentially semi-feudal system along with several factors such as outdated methods of production, shortage of water, lower rainfall, absence of proper irrigation facilities, the nomadic nature of certain tribes and etc. the Iranian agriculture was influenced by capitalist relations. In fact it was during the last decade of 19th century where agriculture found its way to foreign market. Among several factors the traders (local and foreign) were the first people who related Iranian agriculture through certain profitable products to foreign countries. Though, they did not bring real structural changes in between the productive relations but it had great effort in changing the traditional rural economy through commercialization of agricultural sector. Peasants were subject to exploitation by landlords through the share cropping patterns of production which was mainly 1/5th of total production out of which the poor peasants had to pay tax to government officials and others such as money lenders. At the end he was left with the nothing in his hand except his labour force. 89
From 1921 onwards as a result of several changes in the country such as construction of roads, dams, establishment of banking institutions the agriculture sector too went under certain changes without bringing any changes in landlord-peasant relation. On the contrary by legalization of private property of land it supported the big landlords class.

From 1921 to 1930, Raza Khan approved few laws regarding registration of ownership of land in the so called office for registration documents and property, under the Ministry of Justice. Prior to this any subject matter regarding land would have been according to Urf or Islamic rule. According to the law of 1929, every land after two years of registration would be considered as personal property. Several tribal leaders, big landlords and government officials took the advantages of new rule by bringing several hectares of land (belonging to state, tribes and other institutions) under their control. This in turn gave them the right of ownership of land. Lambton noted that many Khaliseh villages specially in Mazandaran had fallen into private hands and the ownership of other villages which had been confiscated by the government was disputed by individuals.
In 1930's, it was followed by implementation of new law regarding the use of water for irrigation purpose. During this time the registration of water came under four heads:  

1- Banat (underground irrigation channels)  
2- Springs  
3- Irrigation channels  
4- Rivers  

There were several rules and regulations about the right of water user and it was basically referring to the size of the land or the time for the user of water.  

Prior to this there was 5 per cent tax on the owners revenue.  

September 1931's, law was granting the land ownership to those who had paid 10 years of land tax. Followed by the law of 1934, there was sale of state and for which every buyer had to pay minimum of 10,000 rials cash in advance. Since it was a big amount for the peasants of the country, it went all in favour of big landlords and rich merchants class to increase the size of their property by adding new agricultural lands to their old ones. During the last decade of 19th century (end of Naser-d-din Shah’s monarchy), there was issue of law by which it permitted the sale of state land.
except for the province around Tehran. After which in a period of 10 years a huge amount of state lands were sold. From 1930 to 1940 few laws regarding the sale of state land were passed, for example in 1937 the sale of state lands around Tehran had started.

Prior to this there was distribution of state land in other parts of the country such as Baluchestan and Khuzistan in 1932. During the same time new law states that the government recognizes as owner only that person in whose name the property is registered or the person to whom the property has been transferred.

Establishment of Agricultural Bank in 1930 for the purpose of providing credit facilities to farmers fail to serve its purpose and in turn most of it was taken by landlords for their personal purposes.

In December 1935, the law concerning village headmen (Kadkhuda) was passed followed by another law in 1937 regarding division of the country and duties of the governors (Farmandars) in each village or group of villages. Kadkhuda was to be appointed, depending on size of village or ownership. For example, in large landed property he was appointed by the landowners, in small villages owned by several person, by those who had
the greater part of the property. In Khalisheh (state owned land) appointed by local officials and in Vagif land (lands belonging to religious organization) it was done by motevali or his representative.102

According to law the Kadkhuda was representative of the landowner and had to check the agriculture affairs in accordance with the orders of land owner. Kadkhuda was also to prevent disputes breaking among the people. What was more evidence regarding the role of kadkhuda was the protection of landlord class by him under the influence of state rule, this in turn was granting the power of landlord class in Iranian villages.103

According to article 11, kadkhuda would have been dismissed on the demand of landowner or landlords if he had shown less interest in agriculture affairs.104

Lambton comes to the conclusion to say that: he (kadkhuda) was in no sense, therefore the representative of the people, and there is no provision in the law in the case of a landlord village, for consultation of the wishes of the local inhabitants other than the landowners or landowner in the matter of his appointment.105
Agricultural Activities:

One of the major agricultural plans which started in 1935, was the Khuzistan Scheme in the southern province of the country. It was followed by introduction of new settlement of peasants under state controlled administration. There were two dams constructed on 'Karun' and 'Karkheh' rivers to provide sufficient water for the social plan, and it was estimated that about 175,000 to 250,000 acres of uncultivated land would be under plow. But, by the time of Reza Khan's abduction in 1941, a total of about 37,500 acres were actually being cultivated. In 1937, the law for agricultural development was passed.106

As far as agricultural production is concerned, in 1926 the total agricultural production in the country was divided into two major parts.

a. Export oriented products, including cotton, opium, tobacco and dried fruits.

b. Food products for local consumption such as wheat, barley and rice.

Tea and sugar were the major imports of Iran during this time.
From 1930 onwards certain agricultural products and its distribution came under government, control, e.g. tea, sugar, tobacco and opium. 107

Followed by 1931-1940, more than 8 sugar factories totally state-owned were established in different parts of the country, which led to increase in sugarbeet (beetroot) production and its production reached to a maximum of 234 thousand tons by 1940. 108

2.12 Summary:

From last 3 decades of Gajar dynasty, where agriculture had found its ways to foreign market and certain agricultural products had become very profitable business for traders. The high demand for some agricultural products in the world market was the main cause for raising certain agricultural products according to the needs of foreign market. This was under influence of foreign capital market. When rich traders went to villages for purchase of big lands along with this, the tribal leaders and the government officials specially had taken the advantage of weak central authorities. This in turn gave them chance to turn lots of Khaliseh lands into their private property,
this was how during Reza Khan regime some of his high ranking officers had several acres of land holding on the top of which the Raza Khan himself, was the biggest landlord of the time by having over 2000 villages as his royal property. It was him who had 62 per cent share of rice crop in Mazandaran province. His share from dry farming was 7 per cent and cotton 20 per cent. This in such chronic condition, which there were many farmers who had left their lands to save their lives.

Of course, it was not only on his land that peasants were getting exploited, it was common practice throughout the country which, led to uprising of peasants in different parts of Iran. It was during this time that, Reza Khan, had passed new laws which were in favour of landlord class and against the peasants.

Also in 1931, the law of preventing the occupation of inherited lands of landlords was sanctioned in which any kind of revolt against rich class was subject to punishment by law. In general from 1921 to 1940, the government succeeded to have complete control over the country, it brought several new changes in Iranian rural society. First of all, landownership was recognized by the government followed by several laws, which were in favour of landlord class. Secondly,
by new division of country into different states, the motive behind it was to have better control over each state by different administrations such as army, courts, Gandarmari etc. Thirdly, the central government succeeded to bring all the tribal leaders under his direct control, also all the big landlords and religious organizations. This in turn reduced their socio-economic and political power in the country.

However Reza Shas policy of agricultural development did not come true during his regiem. The fact that this sector, constituting 80-90 per cent of GNP at the beginning of 20th century, fail in its contribution in 1930 to 1940 to the level of 50 per cent, followed by further decline in later years.
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