The Iranian revolution of 1978-79 was the culmination of popular resentment against prolonged monarchist rule and imperialist influence over the country. The revolution in Iran was not a spontaneous or isolated phenomenon, as it was made out to be by many media 'experts'; it was rather a historically determined expression of a subterranean political reality—a reality of dormant political wrath of the people of Iran in the context of prolonged oppression, deprivation of participatory democracy and the unwillingness and inability of a regime to address to the rising needs of the population at large.1

Ervand Abrahamian, comparing the Iranian revolution with the great revolutions of modern Europe, remarks that like the latter ones, the one in Iran "dramatically changed not only the social composition of the ruling elite, but also the structure of government, the ideology

of the state, and the official concept of what constitutes a legitimate social order." Again, like the great revolutions, the Iranian one "began as a vast protest movement that included most strata of the urban population, from the well-to-do bourgeoisie and intellectuals all the way down to the wage-earners and the shanty-town poor". A. H. H. Abidi stresses that the Iranian revolution "encompasses distinct human, social, religious, economic, political, legal, and constitutional issues which, though not finally resolved, are not peculiar to that country alone". It was due to this precise fact that this revolution caught the imagination of the outside world to such a great extent. The major point of departure of the Iranian revolution from other major revolutions is that here one could see

the triumph of a radical clerical group that propagates its own brand of fundamentalist Shi‘ism, espouses the divine right of the ulama ("clergy"), and insists that the prescription for modern day political as well as socio-economic


ills can be found by looking back into the formative years of Islam.⁴

If the other revolutions produced "leaders who were not only radical but also secular and modern", the Iranian one produced clerical leaders who can be termed "paradoxically as either radical reactionaries or reactionary radicals".⁵

From what is stated above, it becomes clear that, on the one hand, the history of peoples' movement against oppression, exploitation and domination of a monarchist-imperialist coalition and, on the other, the ascendancy of clerical leadership set the contours of the Iranian revolution. In the previous chapter, the need to link the Islamic political discourse with a political economy perspective has been underlined. The history of popular uprising can only be meaningfully grasped with an assessment of the context and the forces that contributed to the development of the oppositional movement, for which, undoubtedly, a political economy perspective is necessary.

In order to formulate a political economy perspective on Iran and its revolution, among other things, an analysis of (1) the nature of class formation and class

⁵. Ibid., pp. 83-84.
struggle in the Iranian society and (2) the nature of Iranian state and its historical transformation has to be undertaken. Since there is an inextricable relationship between both these aspects of society and polity, what is presented in the following pages is not a separate but an interwoven analysis of the two. Those developments in the agricultural and industrial spheres which contributed to shaping classes and their antagonisms are especially dealt with. Such an analysis is followed by an exposition of the political economy factors behind the emergence and activation of the religious leadership in Iran which is crucial for grasping the specificity of the Iranian revolution.

Fred Halliday employs the method of analysing the nature of changes in the structure of Iranian state to bring to the forefront the nuances of the political and economic history of Iran until the revolution. Such a procedure of study is important due to three major determining realms of function of the pre-revolutionary Iranian state. (1) Due to the non-existence of a strong bourgeoisie as in the case of many other post-colonial societies, the state in Iran plays the most significant role of receiving and channelising revenues from major sectors like oil. (2) The Iranian state has been

monopolising force and political power. (3) The state has been mediating external alliances in politico-military and economic spheres, which did play an important role in shaping Iranian developments.  

Halliday identified five major political crises in twentieth century Iran which "contributed to determining the specific way that the capitalist state has been constituted in Iran". These crises include (1) the Constitutional Revolution of 1905-11; (2) the bloodless coup led by Reza Khan and the formation of the Pahlavi dynasty; (3) the Allied invasion during World War II; (4) the Musaddiq interlude (1951-53) and (5) the consolidation of the US-supported authoritarian rule of Muhammad Reza Shah. Halliday also hinted at a sixth development, namely, the revolutionary movement of the late 1970s, which was just unfolding during the writing of his book.  

As a result of the first crisis, Iran became a constitutional monarchy. The second development was instrumental in the creation of a modernising monarchy which paved the way for future capitalist development of Iran. During the third crisis, the Pahlavi state was

8. Ibid., p. 22.  
9. For details of the first five crises see, Ibid., pp. 21-28 and for the sixth, pp. 288 ff.
destroyed but restored with less solidity. The fourth development saw the nationalist forces expelling the monarch from power but the latter being finally restored to power by imperialist intervention. The fifth development resulted in the strengthening of the power of the monarchist state and the establishment of an all-faceted monarchist-imperialist alliance. This phase meant a rapid capitalist transformation of Iran within an imperialist umbrella. It was the sixth crisis that shook the very foundation of the erstwhile Iranian state. Through the Iranian revolution of 1978-79, the state was transformed from a monarchy to a republic. So, with two revolutions in this century, Iran passed from an absolute monarchy to a constitutional monarchy and ultimately to a religious republic.

The era of colonialism had an ambiguous legacy in Iran. The country remained out of the direct colonial rule of Western powers. But its political and economic destiny, for more than a century now, was shaped by colonial and imperialist interests. Until the second half of the nineteenth century, Iran, to a great extent, consisted of villages and towns which were more or less economically self-sufficient and politically autonomous. ¹⁰

¹⁰ For a detailed and perceptive analysis of the history of nineteenth century Iran, see, Ervand Abrahamian, Iran Between Two Revolutions (Princeton, 1982), pp. 9-49.
They were socially knit by tribal and communal loyalties and were basically governed by feudal relations of production.¹¹

In the beginning of the nineteenth century, "the feudal-monarchist state of Iran found itself next to two exploitative European empires--Czarist Russia in the North and the British Empire in the South and East".¹² Domestic realities and imperialist "neighbourliness" generated a specific historical development. Fred Halliday notes:

By the late nineteenth century Iran had become a semi-colony, a state formally independent but in fact controlled from outside by imperialist powers willing to preserve the existing archaic social and political apparatus for fear of losing control if it was destroyed.¹³

¹¹. Some observers point out that what Iran experienced was not feudalism. For example, see what Mohammed Amjad says: "My own view is that Iran did not have a feudal system because the precapitalist social formation of Iran was not preceded by slavery, did not have a manorial system, and peasants were not serfs". Mohammed Amjad, Iran: From Royal Dictatorship to Theocracy (Westport, Connecticut, 1989), p. 12.


As pointed out by Farideh Farhi, unlike the case of Turkey, Egypt and Syria, "the Iranian integration into the world economy came at a relatively slow pace". The tough geography of Iran, the Anglo-Russian rivalry over the country and the weak central authority contributed to this "gradual integration" of Iran into Western capitalism. Said Amir Arjomand's observation is relevant in this context:

The sociopolitical consequences of the incorporation of Iran into the world economy was negligible before the very end of the nineteenth century. By contrast, the consequences of the incorporation of Iran into the modern international system of sovereign states were considerable. The most important of these was the reception of the modern idea of the state.

Thus, the history of twentieth century Iran is one of modern state-building inconjuncturewith the development of capitalism.


15. Ibid.

Mohammed Amjad divides the history of Iranian political economy into three distinct phases: "precapitalism (which lasted until the mid-nineteenth century), the transition to capitalism from 1850s to 1963, and the capitalist period thereafter". Thus, development of capitalism in Iran has not only been a slow but a recent phenomenon. Amjad provides a summary of major features of Iranian political economy vis-a-vis the state in a historical framework:

First, the state controlled the political economy. Second, arbitrary confiscation of private property by the state prevented the growth of genuine and unified landholding and bourgeois class . . . . Third, as a result, the state remained stronger than the civil society, and the social classes did not develop into strong, unified entities. Fourth, tribes played a significant role in the formation and the structure of the Iranian political economy and the state . . . . Fifth, penetration of foreign capital since the nineteenth century and the introduction of European manufactured goods destroyed Iranian crafts and weakened the Iranian

17. Amjad, n. 11, p. 13.
traditional bourgeoisie, and thus obstructed the development of the traditional Iranian bourgeoisie into a modern bourgeoisie. Sixth, as a result of the weakness of the traditional bourgeoisie, the central role of the state in the economy, and the penetration of foreign capital, capitalist development took place under the auspices of the state and foreign capital. . . . As a result, the Iranian modern bourgeoisie (industrial bourgeoisie) from the very beginning had a dependent nature. Seventh, by the late nineteenth century, the penetration of foreign capital and the introduction of industry weakened the state but strengthened the landlords, merchants, and the Iranian clergy (mollahs). Lastly, the combination of all these factors prevented the growth of a genuine capitalist development in Iran.\textsuperscript{18}

It was in the beginning of this century that the urban strata consisting of merchants, shopkeepers and crafts-people, that is the Iranian commercial bourgeoisie, became a political force of any consequence.\textsuperscript{19} "On the

\begin{itemize}
\item \textsuperscript{18} Ibid., pp. 12-13.
\item \textsuperscript{19} Arjomand, n. 16, p. 34 and Jazani, n. 12, p. 5. Arjomand provides the reasons for such a political awakening.
\end{itemize}
whole", says Jazani, "this bourgeoisie had a nationalist character, albeit with comprador elements in it". 20 The Constitutional Revolution of 1905-1911 "represented the nation-wide, concerted political action of the urban mercantile strata, acting as a class for itself". 21 This revolution is characterised as a "bourgeois-democratic" revolution, even though it wouldn’t conform strictly to the classical definition. According to Jazani,

The weakness of the bourgeoisie in tackling the bases of feudalism and its lack of decisiveness in facing colonialism, the absence of a properly formed working class movement as well as the absence of the peasants in the Revolution, do not exclude it from being regarded as a bourgeois-democratic revolution, albeit in its elementary form—as indeed was the case with the Turkish Revolution of 1908 and the Chinese Revolution of 1911. 22

The Constitutional Revolution effected the following significant changes: (1) It was able to destroy the dictatorial rule of the Qajars and to provide the bourgeoisie some say in the government. (2) The

20. Jazani, n. 12, p. 5.
21. Arjomand, n. 16, p. 35.
traditional feudal aristocracy could no longer dominate the bourgeoisie. (3) The bourgeoisie, through the constitutional mechanism, got a lever by which to secure its rights. (4) A proper taxation system emerged so that there could be some guarantee for capital. The state's roles as guarantor of capital, on the one hand, and as an accountable political forum, on the other, were established in principle with this revolution. At the same time, unlike most other modern revolutions, the Constitutional Revolution could not set up a strong state. The absence of a centralised state had obviously been responsible to a great extent for the long period of political chaos and disintegration following the constitutional period. Developments such as the intervention of British, Russian and Turkish forces in Iran during World War I; the end of Czarist rule in Russia whereby the Qajars lost their main support; the Russian Revolution and the consequent rebellion in Gilan, etc. contributed to the political disarray. It was in such a context that Reza Khan staged a military coup on 21 February 1921. In 1925, the Qajars were ousted and the Pahlavi dynasty was established by Reza Khan, who assumed the title of Shah on 15 December 1925.

23. Ibid., p. 7.
Reza Shah's reign was significant in more than one way. It, according to Abrahamian, "saw the founding of a New Order". Reza Shah built and consolidated his power base on "three pillars--the new army, the government bureaucracy, and the court patronage". He, on the one hand, "centralised and modernised the state" and, on the other, initiated policies which "accelerated the pace of economic development, engendering a rising class of commercial and industrial bourgeoisie, and enlarging the size of the modern middle classes". Reza Shah "gave priority to certain development projects that laid the base for the future Iranian economic infrastructure". During his rule, "economics and industrialisation were inextricably bound up with political, nationalistic and strategic considerations".

Reza Shah laid the foundation for the capitalist development of Iran. Projects like the Trans-Iranian Railway and industries of various kinds including several

26. Ibid., pp. 135-36.
29. Robert Graham, Iran: The Illusion of Power (New York, 1980), p. 43. At the same time, Graham notes that Reza Shah "never adopted a coherent attitude towards industry". (Ibid.).
oil installations were commissioned by his government. Communications sector also developed. Along with this, national sentiments, secular values and reformist ideals were encouraged to flourish. As in the case of Mustafa Kemal’s Turkey, Reza Shah embarked upon a modernisation mission and a nation-building endeavour.

In the words of Abrahamian, the "political structure built by Reza Shah was stable in contrast to the political structures of traditional Iran", but, at the same time, "it was unstable in comparison with the political structures of the modern world, particularly those of the West". One major feature of the Reza Shah regime was that it,

despite impressive institutions, had no viable class bases, no sound social props, and was thus without firm civilian foundations. The Pahlevi state, in short, was strong in as much as it had at its disposal powerful means of coercion. But it was weak in that it failed to cement its institutions of coercion into the class structure.

30. See, Abrahamian, n. 10, pp. 140-46 for various social reforms under Reza Shah’s rule and pp. 146-49 for those in the economic field.

31. Ibid., p. 149.

32. Ibid.
This explains why in spite of the state laying the foundation for Iran's capitalist growth could not sustain itself once a major political development like World War II entered its doors from outside. Reza Shah abdicated his throne in 1941 and his son Muhammad Reza assumed power as the monarch on 1 September that year. As Gholam Afkhami indicates, the Reza Shah's abdication of power had "created a political vacuum, into which were now released a host of frustrated forces, previously held under his control". He says:

Traditional power groups--landlords, tribal khans, clerics and bazaar leaders--and the few, but increasingly vociferous, representatives of modernism--intellectuals, professionals, bureaucrats, technocrats--began to compete for power in a political arena wanting in institutional capability... In these years of conflict, power tended to gravitate to those whose base were either traditionally sanctioned (crown, clergy), organizationally efficient (army, Tudeh), or socio-economically commanding (landlords, tribal chiefs, bazaar leaders).33

The invasion of Iran by the Anglo-Russian forces in August 1941 to ensure supplies to the Russian front in the wake of the German invasion of Russia and the consequent political changes in Iran contributed to the disintegration of the Pahlavi state. The state was "politically discredited by the failure to resist the foreign armies and was undermined by the political freedoms allowed to the opposition by the occupying forces".\(^{34}\) The Communist Tudeh Party was formed and strengthened during this period. The Kurdistan and Azerbaijan republics emerged with the support from the Soviet occupying army. With the Soviet troops pull-out in 1946 the communist-backed networks suffered politically. The American military and economic assistance to the Shah enabled him to restore some order by the late 1940s.

In the meanwhile, by 1949, the National Front, a coalition of different political parties, emerged under the leadership of Dr. Muhammad Musaddiq. The National Front, according to Abrahamian,

represented two divergent forces: the traditional middle class--the bazaar--formed of small merchants, clerics, and guild elders; and the modern middle class--the intelligentsia--composed

\(^{34}\) Halliday, n. 6, p. 24.
of professionals, salaried personnel, and secular-educated intellectuals.\textsuperscript{35}

The Front challenged monarchist rule and its capitulation to imperialist interests. It argued for nationalisation of strategic resources like oil and limiting the emerging power of the Shah. Thus, when in 1951, Muhammad Musaddiq became the Prime Minister, nationalisation of oil industry, especially the Anglo-Iranian Oil Company, was undertaken. He was able to keep the Shah out of effective power for some time. The Shah was fully reinstated by ousting Dr. Musaddiq through a CIA-sponsored coup in 1953 and thereby monarchist as well as British and American imperialist interests in Iran were protected.

Farideh Farhi provides the following explanation for the downfall of Musaddiq and his National Front:

While the structural imperatives set the stage for the downfall . . . , it was the internal class struggle that ultimately finished him. Mossadegh's social base had always been organized around contradictory interests. The deteriorating economic conditions amplified these contradictory interests and undermined Mossadegh's original base of support. The major split was

\textsuperscript{35} Abrahamian, n. 10, p. 259.
between the parties representing the modern intermediate class and the national bourgeoisie. Disagreements led to defections of the parties representing the bazaar. 36

At the political level, the Musaddiq era asserted the supremacy of the majlis and its Prime Minister over the excessive powers of the monarch, the Shah. When the latter became successful in the ensuing struggle, the monarchist-imperialist coalition was fully established and strengthened. This repressive imperialist-sponsored rule of the Shah became the target of the revolutionary movement of the late 1970s, which drew inspiration from the Musaddiq experiment. 37

What follows is an analysis of the political economy of agricultural and industrial growth, on the one hand, and the corresponding class formation, on the other, during the period of consolidated monarchist rule in Iran following the overthrow of Musaddiq. The intention here is not to provide a narrative on all the important developments during this period, but to note those factors which shaped the society and polity of Iran and those which ultimately contributed to the revolution of 1978-79.


37. For the interconnectedness of the Musaddiq interlude and the revolutionary movement of the late 1970s, see, Abidi, n. 3, pp. 133-34.
After regaining power in 1953, the Shah tried to evolve a repressive state apparatus aiming at insuring against any possible repetition of the sort of crisis the monarchy had to face during the Musaddiq interlude. The SAVAK, Sazman-e Amniyat Va Ittilaat-e Keshvar (National Security and Intelligence Organisation), aimed at intelligence gathering and repression was set up in 1957. Gholam Afkhami observes that the power of the Shah depended to a great extent on the military and bureaucracy. In fact, both were admirably suited to the crown’s requirements. For one thing, these organizations were constitutionally under the Shah’s command in his capacity as head of state, head of the executive power, and commander in chief of the armed forces.38

While concerted growth of authoritarianism was ensured at one level, at another level there were attempts at socio-economic transformation. As Dilip Hiro describes,

by the late 1950s the Shah had laid the necessary political-economic infrastructure for rapid economic development under state-dominated capitalism: a process set to expand the size of the modern middle and upper classes--white collar

38. Afkhami, n. 33, p. 47.
professionals, and commercial and industrial bourgeoisie—and diminish the size of the traditional upper and middle classes: feudal lords, tribal chiefs, clerics, bazaar merchants and craftsmen.

He further comments that in order to "facilitate rapid growth of capitalism, the Shah needed to break the shackles of feudalism, the strong feudal element being the landed gentry". The nature of transformation in land and agriculture along capitalist lines and the various inputs that have gone into such a transformation are discussed below.

The White Revolution and Land Reforms

Muhammad Reza Shah initiated a series of reforms during the early 1960s. The Third Five Year Development Plan was launched in September 1962, which according to Amin Saikal, "represented the first serious attempt at comprehensive and consistent national planning in Iran". It "called for speedy development of agriculture, industry, and the social sector". On the basis of this

39. Hiro, n. 27, p. 41.
40. Ibid., pp. 41-42.
41. Saikal, n. 28, pp. 82-83.
plan framework, the Shah came forward with his much-publicised reform programme called the "White Revolution". The Iranian state, located in a "developing capitalist" country, is required to promote "the growth of capitalist social relations, and the expansion of the productive forces, along capitalist lines" and it is in line with this intention, Fred Halliday suggests, that these reforms were launched.\textsuperscript{42}

To begin with, the White Revolution contained six points, which were adopted after a national referendum on 26 January 1963. These were: (1) land reform, (2) nationalisation of forests and pastures, (3) sale of state-owned factories to private parties to finance the land reform, (4) amendment of electoral law and enfranchisement of women, (5) profit-sharing for workers in industry, and (6) formation of a literacy corps.\textsuperscript{43} By late 1960s, the White Revolution also was referred to officially as the "Shah-People Revolution" by adding a number of new points to the reform-programme. They include (1) creation of a Health Corps, Development and Extention Corps, and Houses of Equity; (2) nationalisation

\textsuperscript{42} Halliday, n. 6, pp. 43-44.

\textsuperscript{43} See, Nikki R. Keddie, \textit{Roots of Revolution: An Interpretive History of Modern Iran} (New Haven, 1981), p. 156; Graham, n. 29, p. 71; Saikal, n. 28, p. 82; Arjomand, n. 16, p. 72; and Halliday, n. 6, p. 44.
of water; (3) national reconstruction; and (4) administrative reforms. By 1977, five more points were added: (1) expansion of ownership of industrial and manufacturing units; (2) price stabilisation; (3) free education; (4) free nutrition and care for children up to two years of age; and (5) health insurance to the general public.44

As K. R. Singh puts it, the White Revolution "symbolized the sum total of the efforts from above at the socio-economic transformation of the society" in Iran.45 The symbolism apart, in practice, of all the above reform points initiated from above by the Shah, only the land reform could achieve significant results. Other reform programmes could produce only limited results. Before going into an analysis of the land reform efforts, some observations on the White Revolution are worth-mentioning. The White "Revolution", despite its long list of reforms, notes Halliday, "avoids any reform of the most important feature of Iranian life, the distribution of political power and the position of the Shah itself". According to him, it "is not, of course, a revolution at all; it is rather a reform programme put into effect in order to prevent a revolution, and to strengthen the position of

44. Saikal, n. 28, p. 82 and Halliday, n. 6, p. 44.
the monarch and the state". The Shah could prevent the revolution only for a short period. The Shah-People Revolution of the 1960s, according to Arjomand, "did set in motion a revolution of the Shah and the people . . . . The Shah did his revolution first, completing it by 1978. Then the people began theirs".47

Coming to land reforms, a series of policy measures were adopted in the 1960s. The Shah stated that one of the major goals of the land reform was "to break up the big estates in the interests of farmers, to abolish for ever landlord and peasant system, and to enable the latter to benefit both in terms of human dignity and by direct participation in the fruit of his labours".48

The political objectives of the land reforms, in Bryan Turner's opinion, were "(1) to reduce the potential for agrarian unrest; (2) to weaken the power of the large landlords in order to provide the state with wider social base in the villages; (3) to diminish the political power of the tribal chiefs": The economic objectives, according to Turner, were "to increase the purchasing power of the

46. Halliday, n. 6, p. 44; emphasis in the original.
47. Arjomand, n. 16, p. 73.
peasantry in order to expand the home market for industrial goods and to increase agricultural productivity to provide further labour for capitalist industry". 49

There was tremendous pressure on the Shah for undertaking reforms from the US administration under President Kennedy. There was promise of American assistance for reforms. The Americans insisted that Ali Amini should be made the Prime Minister to steer the proposed reforms. The Shah had to accept the American insistence and appointed Ali Amini as his Prime Minister in May 1961. Before Amini, the Iranian government passed a law in April 1960 urging for distribution of excess land. All private landholdings above 400 irrigated hectares and 800 non-irrigated hectares were to be redistributed under this law. This law was poorly implemented and it did not affect the landlords in any considerable manner.

The Shah’s government under Ali Amini’s Prime Ministership initiated a comprehensive Land Reform Law on 9 January 1962. In spite of the 1963 movement against the Shah and the resignation of Ali Amini, the reforms were undertaken in different stages. The Law of January 1962

marked the first phase of the reforms. This Law contained the following four main provisions:

(1) Ownership of land was limited to one village or to six dangs in separate villages. Orchards, tea plantations, etc. were exempted.

(2) Landowners were to be compensated by the state over ten years (later extended to fifteen) on the basis of the taxes they had been paying. The peasants who received the land were to repay the value plus ten per cent over a period of fifteen years; and those who defaulted for three years running were to be dispossessed.

(3) Land was to be redistributed to those who were already farming land, priority being given to those who provided inputs like oxen, etc. over and above their labour. Then came nasagh-holders, and finally labourers. All those receiving land had to become members of cooperatives.

(4) Where no distribution of land took place (in villages retained by landlords), arbitrary dismissal of peasants was to be ended. Share-cropping rates were raised by five per cent of the crop on irrigated and by ten per cent on non-irrigated land.50

50. See, Halliday, n. 6, p. 110; Amjad, n. 11, pp. 81-83; Saikal, n. 28, p. 84; Turner, n. 49, pp. 181-82; Graham, n. 29, p. 41 and Jazani, n. 12, pp. 53-54. Some authors classify the phases of land reform differently.
According to estimates, out of the 50,000 Iranian villages over 13,900 villages were affected by the first phase of reforms. Only 5,000 entire villages were sold to the peasants. Around 6,90,000 families, which comes to about twenty per cent of the rural population, benefited from these reform measures. Many landowners evaded redistribution of land utilising the loopholes in the programme, which is one reason why the reform could affect only one fifth of the Iranian peasants.

The next stage of reforms (1964-1968) was a watered down version of the earlier stage. During this phase, the landlords were given five alternatives to tackle the land they continued to hold. The options were:

(1) To rent land to peasants on thirty-year leases;

(2) To sell the land to peasants at mutually agreed price;

(3) To divide the land in proportion to the prevailing crop-sharing distribution of the harvest;

51. See, Amjad, n. 11, p. 82. Halliday provides different figures which more or less tally with those provided in Amjad (Halliday, n. 6, pp. 110-11). An altogether different estimate for the first phase of reforms has been provided by Amin Saikal. According to him, a total of 16,000 villages (about 19.5 per cent of the arable land) were purchased by the government from landowners and were transferred to around 7,43,406 farm families. (Saikal, n. 28, p. 84).
(4) To set up joint stock companies in which landlords and peasants were to be shareholders; and
(5) To purchase the land from peasants.  

According to Halliday, the percentages of peasants affected by these five measures are 80.08, 3.67, 10.04, 5.35 and 0.86, respectively. According to another estimate, during the second phase, 40,000 villages and 15,56,480 families were affected by the reforms. The measures enabled 57,226 peasant families to purchase land; 1,56,279 families to acquire land through the division option and 1,10,126 peasant families to get land through shares in agricultural cooperatives. The remaining 12,32,849 families received land on lease. Thus the major feature of the land reform during this stage has been the renting of land to peasants. This phase, according to Mohammed Amjad, "shows how the 'radicalism' of the first phase was replaced by conservatism and the reinstitution of the sharecropping system".  

52. Halliday, n. 6, pp. 111-12. See also, Graham, n. 29, p. 41 and Saikal, n. 28, p. 84.

53. Ibid.

54. Amjad, n. 11, pp. 82-83. In Saikal's estimates, during 1965-69, a total of 9505 publicly endowed lands were leased to farmers; 2,11,822 small landowners leased their land to farmers; 54,480 villages were affected by the land reform and 5629 rural cooperatives were established (Saikal, n. 28, p. 84).

55. Ibid., p. 83.
The next two phases (1968-1971) aimed at, not the distribution of land among peasants but the creation of large-scale agribusiness with Iranian and foreign capital. These agribusiness corporations strived for transforming "traditional Iranian agriculture into a modern, capitalist sector". These farming corporations failed to produce targeted results; the effects of which were decline in agricultural production, dislocation of peasants and mass peasant migration to cities.

The net effects of all the three phases of land reform are the following:

(1) the expansion of mechanisation and agricultural investment;
(2) a growth in the class of small landlords;
(3) a rapid increase of landless wage-labourers;
(4) the growth of money relationships and of a bureaucratic financial bourgeoisie;
(5) an extension of orchards; and
(6) a growth of class consciousness among villagers.57

In effect, feudal relations of production were giving way to capitalist relations in the countryside. Fred Halliday in his *Arabia Without Sultans* points out that

56. Ibid.
57. Turner, n. 49, pp. 182-83.
some revolutionaries opposing the Shah's rule initially argued that "the land reform was a fake designed to deceive the Iranian people". According to him, this was not the case: "a real shift in class forces had taken place" due to the land reform programmes. 58 These changes resulting out of land reforms are summarised by Assef Bayat in the following way:

By the 1970s, the land reform programme had accomplished its task of altering the socio-economic structure of the countryside, integrating it into the capitalist market. It transformed the class structure of rural areas. A rural bourgeoisie and proletariat were created; land became a commodity, production tended to be carried out not for subsistence but for sale, exchange relations between town and country and in the rural areas expanded. The pre-capitalist organizations of production were transformed into individual petty production and a few agribusiness. . . . [The] unequal allocation of land, together with the privatization of farming water, the rising need of the peasant family for cash (because of its integration into the market)

and the forceful expropriations of peasant land for agribusiness started a massive urban migration, and proletarianization of migrant peasants.\textsuperscript{59}

At the political level, domination of the state and its machinery in rural areas became a significant feature in the post-land reform phase of the 1970s. On the other side, the cities—containing the shaken bazaaris and the newly migrated lumpen proletariat—began stirred with social tension and revolutionary fervour.\textsuperscript{60}

\textbf{Capitalism and Industrial Development}

Maxime Rodinson observes that "industrial capitalism appeared in the Muslim East as an imitation of the West".\textsuperscript{61} If Muhammad Reza Shah Pahlavi was instrumental in bringing about an industrial capitalist development in Iran, whatever be the level at which such a development was achieved, he could do so by taking off from the basis


\textsuperscript{60} Theda Skocpol, the social revolution theorist, explains the urban community basis for political resistance in Iran in her recent book \textit{Social Revolutions in the Modern World} (Cambridge, 1994), pp. 240-58.

laid down by his father before him. For embarking upon such a path of development, as Rodinson points out, in countries like Iran, "the ideal so far as the rulers are concerned is the private capitalist enterprise".\(^6\)\(^2\) In such an endeavour, rulers like the Shah have found themselves up against the low propensity of native private capital to invest in modern industry, because no model is available to it for such activity; because the attitudes of modern capitalism have not developed spontaneously, . . . and because it was in fact a question of importing, by a conscious decision from above, structures that were foreign to those countries, alien to them in origin.\(^6\)\(^3\)

Thus, the Iranian state under the Shah played the crucial role of deciding, directing and assisting from above the private capital investment in various sectors of the economy.

Fred Halliday asserts that the "most fundamental point about the Iranian state is that it is a capitalist one, i.e., one that guarantees the conditions for the reproduction and expansion of capitalist ownership and  

\(^6\)\(^2\). Ibid.  
\(^6\)\(^3\). Ibid.
production". In his analysis, capitalist development in Iran was accompanied by,

on the one hand, substantial expansion in productive forces of the country, evident in output and income terms, a process linked to the destruction of pre-existing productive forces; on the other hand, the accelerated growth of an Iranian capitalist class, a bourgeoisie that has developed through the economic expansion of the period since the mid-1950s.

One interesting feature of the institution of state in Iran has been, as Halliday puts it, that it "guarantees the reproduction and development of capitalism without being directly responsive to the influences of the Iranian bourgeoisie". The relationship between the state and the bourgeoisie is discussed by him by pointing out the nature and functions of the bourgeoisie. To him, the Iranian state reflects the existence of the bourgeoisie, as this class

a) provides the social basis of the state, the sector on whose cooperation it rests and without which it could not remain in existence,

64. Halliday, n. 6, p. 38.
65. Ibid., p. 39.
66. Ibid., p. 41.
b) organizes the distribution of wealth in such a way that this class benefits disproportionately from it, and
c) manages accumulation and investment in accordance with the interests of this class.67

The Pahlavi state strived to defend the interests of this bourgeoisie. This class consisted of three categories of Iranians: (1) the higher-ups of state employees, (2) capitalist landowners, and (3) those entrenched in the fields of finance, trade and industry.68

M. H. Pesaran argues that "owing to the predominance of oil revenues in the Iranian economy the role of the state vis-a-vis the industrial bourgeoisie differs markedly from that in many other developing countries". He focuses on "the 'dependence' of the capitalist class first on the state and second on foreign technology, managerial skills and, to a lesser extent, on finance for its existence and survival". He refers to this "tripartite relationship among state, local industrialists and foreign vested interests as the system of dependent capitalism".69

67. Ibid.
68. Ibid.
A detailed analysis of 'dependent capitalism' in Pahlavi Iran is available in the writings of Bizhan Jazani. He enumerates main features of Iranian dependent capitalism in the following way:

(1) The growth of a comprador bourgeoisie and the consequent rule of this class. This has come about as a result of the channelling of the national bourgeoisie towards comprador capitalism, the dissolution of feudalism, the fragmentation of the small bourgeoisie, and the polarisation of the petty bourgeoisie. The comprador bourgeoisie has achieved qualitative and quantitative growth in five sectors (financial, commercial, industrial, agricultural and bureaucratic).

(2) With the end of feudalism, capitalist relationships are being established in the villages and in the agricultural sector generally. This fragments the peasantry into various sections and forces them to join the reserve army of labour.

(3) Foreign capital investment in various sectors is expanding in an unprecedented fashion and foreign exploitation will assume immense dimensions under neo-colonialist relations. The system of production will become directly or indirectly dependent on the economic and
production system of the imperialist monopolies.

(4) A minority consumer class is forming, consisting of the bourgeoisie and the better-off section of the petty bourgeoisie, as a complementary element of the new economic system and as a base for the neo-colonialist culture.

(5) Dictatorship is consolidating itself organisationally as the most fundamental feature of the ruling apparatus and the anti-popular regime; it is leaning heavily on imperialism. 70

Saeed Rahnema is of the opinion that Iran, even by the 1970s, failed to achieve a substantial level of industrialisation, in spite of the availability of massive financial and labour resources and a large domestic market. According to him, the "industrial/financial bourgeoisie of Iran, despite being powerful compared to other factions, was in a subordinate role in the development strategy of the Shah’s regime". 71 On the one hand, due to internal and external constraints, "the economic structure of Iran was historically less developed than that of other industrializing Third World countries"

70. Jazani, n. 12, p. 78. It should be noted that Jazani was writing this in the early 1970s.

and "its systematic industrialization process had begun relatively late"; and on the other hand, "in the absence of a strong indigenous industrial bourgeoisie and of a vigorous state industrial policy oriented toward national industrial development", the multinational corporations played an influential role "in directing the process of industrialization in Iran". 72

Economic development experience of Iran has been characterised by the "bankrupt development strategy of the 1950s and 1960s with its undue emphasis upon maximal growth, industrialisation and foreign technical assistance at the expense of better income distribution, more balanced growth and greater economic self-reliance". 73 At the core of such a strategy lies the role of the Iranian state. I. Haddad notes:

Given that ownership and exploitation rights belong to the state, it is not surprising that the growth of the oil industry led to an increasing role of the government in the economy. Indeed the state, in the person of the Shah, became the chief architect of structural

72. Ibid.

transformation. This institutional feature of the Iranian economy had . . . significant impact on the decision-making process and the performance of the economy. 74

Assef Bayat observes that after the overthrow of Musaddiq, the Pahlavi "state played a major role in integrating Iran into the world economy" and industrial growth gathered momentum from that period. 75 Oil revenues played the pivotal role in Iranian industrial development. As another author puts it, while "capitalist development everywhere has been financed through the extraction of surplus from the rural areas, . . . oil revenues . . . relieved the Iranian state . . . from resorting to such measures". 76 It should be pointed out that the oil factor in industrial development was both a liability and an asset: an asset because the country was not squeezed hard, and a liability because industrial development was conditioned by the fluctuation of oil prices in the international market and the demand for Iranian oil. 77


75. Bayat, n. 59, p. 23.

76. Amjad, n. 11, p. 86.

77. Ibid.
Iran could not move away from this dependence on oil in any considerable degree even though industrial diversification was attempted at different points of time.

The industrial policy of the Pahlavi state was centered around three sectors: (1) oil and petrochemicals, (2) heavy industry, and (3) consumer durables.78

Ever since oil production started in 1908, it remained a major economic actor. Since most of the oil industry was controlled by foreign interests until the early 1950s, much investment could not be made through oil revenues. But in the second half of this century oil became "the lifeblood of the whole development efforts" or the "backbone of the economy" of Iran.79 If oil production in 1950 was 6,35,000 barrels/day it increased to 10,20,000 barrels/day in 1960 and 38,45,000 barrel/day in 1970. Corresponding inflow of oil revenues has been $45 million in 1950, $285 mn. in 1960 and $1093 mn. in 1970. The oil boom of the first half of the 1970s increased oil revenues to very substantial levels. If the revenues were $5600 mn. in 1973 the increase was to the tune of $18,523 mn. in just one year (1974), this being the peak of oil boom. It should be noted that oil production did not increase substantially during the boom;

78. Ibid.
79. See, Ibid., p. 87 and Graham, n. 29, p. 34.
58,96,000 barrels/day in 1973 and 60,21,000 in 1974. The cumulative oil revenues between 1964 and 1974 came to $13 billion. It was $38 bn. between 1974 and 1977.80 Even while a large sum of money was channelled to royal extravagances, military build-up, corruption, etc., a substantial sum went to the economy through the annual budgets and Five Year Plans and through the government subsidised Industrial and Mining Development Bank of Iran, which provided loans to private entrepreneurs at low interest.81

The petrochemical industry also grew especially in the 1960s and 1970s. It aimed at diversifying the oil industry, increasing exports and reducing the reliance on crude oil export alone. The petrochemicals sector manufactured products such as ammonia, detergents, urea, polyvinyl chloride (PVC), etc. for both domestic use and exports.82 The aims set by the industry could not be completely achieved, but undoubtedly it added upto the industrial production.

80. See, Halliday, n. 6, p. 143 and Graham, n. 29, p. 36, for both production and revenue figures. For revenue figures see also Abrahamian, n. 10, p. 427; Amjad, n. 11, p. 87; and Suroosh Irfani, Iran's Islamic Revolution (London, 1983), p. 149.
82. Amjad, n. 11, p. 87.
A heavy industry sector also developed. With the assistance of the Soviet Union and East European countries, the Pahlavi state was able to develop steel mills, machine tool factories, and assembly plants in the 1960s. Infrastructure development such as building port facilities, dams generating electricity, roads and communication facilities, railway system, etc. got priority in the development plans. All this was being done at state initiative. Obviously, the comparatively weak Iranian bourgeoisie could not have undertaken such a massive task.

From the 1950s onwards, the Iranian state adopted three strategies of industrialisation: (1) the encouragement of foreign capital investment, (2) import substitution, and (3) state capitalism.

Foreign capital investment increased rapidly from 1953 onwards. It came "mostly in the form of investment in subsidiaries of multinationals, in partnership with state or with indigenous private capital". In 1955, the Iranian government set up the Centre for the Attraction

83. Ibid.
84. Bayat, n. 59, p. 23.
85. Ibid.
and Promotion of Foreign Investment (CAPFI),\textsuperscript{86} through which tax exemption and other incentives were offered to foreign capital investors. It is estimated that by mid-1970s more than 200 foreign firms invested in Iran.\textsuperscript{87} Most of these investments were in joint ventures, whether state-owned or private.

The import substitution strategy of industrial growth was basically oriented towards providing the domestic market with consumer goods. The import substitution firms grew in the private sector, which received heavy government subsidies. As Amjad writes, "the oil money was injected into the private sector to enable it to compete with foreign goods".\textsuperscript{88}

The central role played by the Iranian state in industrial development created the following phenomenon:

Domination of the capitalist relations of production was made possible by direct investment by the state and state subsidization of the private sector. As a result, the modern capitalist class of Iran was composed of a

\textsuperscript{86} In 1974, CAPFI was renamed the Iran Investment and Economic Technical Assistance Organisation and it came under the Economic Affairs and Finance Ministry.

\textsuperscript{87} Halliday, n. 6, p. 153.

\textsuperscript{88} Amjad, n. 11, p. 87. On import substitution, see also, Halliday, n. 6, p. 159.
bureaucratic capitalist class and also a private sector that was totally dependent on the state for subsidies and loans. This situation enhanced the dependence of the modern bourgeoisie on the state. 89

State-directed industrial growth was stressed in the Fourth Development Plan (1968-72) and the Fifth Development Plan (1973-78). There has been a 15 per cent annual industrial growth between 1964 and 1975. There were 2,50,000 industrial establishments in Iran by 1977. Of these 6000 were large industrial units. 90

According to Amjad, the aims of industrialisation, namely self-sufficiency and the growth of the export sector, could not be achieved due to several factors, "particularly the absence of a strong bourgeoisie, the overgrowth of the service sector, mismanagement, and an insufficient infrastructure, neglect of the agricultural sector and low productivity". 91

L. Haddad notes the following on the nature of economic activity in the 1970s:

The massive accumulation of wealth during the peak of the oil boom, 1973-76, encouraged the

89. Amjad, Ibid., p. 89.
90. Ibid., p. 88.
91. Ibid.
Shah to engineer the fastest economic boom in Iran's history, and subsequently led him to adopt an ill-conceived and misguided strategy of social and economic engineering. The main thrust of the Shah's strategy was to displace rural labour by introducing capital intensive methods of production to be used by new rural organisations and agribusiness, and then re-employ the displaced workers in modern industries located in urban centres. At the same time it was expected that the industrialisation and modernisation of Iranian agriculture would boost productivity to generate the required surplus to feed the growing industrial labour force.92

His conclusions on the Shah's industrialisation endeavour in the 1970s are as follows:

In short, the decade of the oil boom witnessed a great deal of "industrialisation" and enormous waste of resources resulting from the logic of haste and violation of economic principles. Unlike the previous decade, when government support to private enterprise was motivated by the need to encourage private investment in

92. Haddad, n. 74, pp. 85-86.
industry, in the 1970s state intervention largely served the purpose of transferring massive amounts of oil resources to the private sector without generating lasting economic benefits. In fact, the Shah’s vision of making Iran a great industrial power turned out to be a disaster.93

Class Configuration and Revolution

Coming to the class configuration in pre-revolutionary Iran, Ervand Abrahamian, adopting a social class approach, observes that in rural Iran there were three distinct classes: absentee farmers, independent farmers and rural wage earners; and in urban Iran four classes: the upper class, the propertied middle class, the salaried middle class and the working class.94 In Mansoor Moaddel’s analysis, classes in Iran consisted of (1) the dependent bourgeoisie which controlled key economic sectors and closely associated with and dominated by international capital; (2) the property-owning class consisting of the petty bourgeoisie, the merchants and the landowners,

93. Ibid., p. 88.

94. Abrahamian, n. 10, pp. 429-30 and pp. 432-35. He provides necessary details on these class categories in a lucid manner. For a perceptive analysis on class politics in Iran and for a critique of Abrahamian, see, Sami Zubaida, Islam, the People and the State (London and New York, 1989), pp. 64-82.
(3) the rural bourgeoisie consisting of a capitalist landowning class, rich peasants and rural capitalists; (4) the new middle class consisting of civil servants, teachers and school administrators, engineers, managers and white-collar workers; and (5) the working class consisting of wage earners employed in different industrial sectors.95

According to Abidi, "the one single variable which activated diverse segments of the population" towards the revolutionary movement "was the economic imbalance which developed in Iran during 1973-77", since it affected everybody.96 To put it more precisely, the imbalance affected every segment except the dependent bourgeoisie, numbering only around one thousand individuals, and their foreign collaborators. In class terms, then "the dependent bourgeoisie and international capital faced opposition of the indigenous social classes".97 This happened at two levels:

On the market level, their increasing dominance over the national market provoked the hostility

97. Moaddel, n. 95, p. 318.
of the petty bourgeoisie, the merchants, and the landowners. On the production level, the contradictory process of capitalist development and the intensification of economic difficulty in the mid to late 1970s brought about capital and labour conflict. These overlapping conflicts constituted the major underlying objective basis of the revolutionary conjuncture of 1977-79.98

Assef Bayat talks about the widespread support-base of the Iranian revolution:

A section of the bourgeoisie (notably the bazaar merchants), a range of urban traditional and new petty-bourgeoisie (tradesmen, small producers and civil servants), the newly proletarianized masses (including the migrant poor) and the richer working class (including the relatively well-paid oil workers) all wanted to get rid of the Shah.99

In the words of Mohammed Amjad, the causes of the Iranian revolution could be found

in a variety of complex socioeconomic factors such as class conflict, the arbitrary use of power by the Shah, economic mismanagement, the

98. Ibid., pp. 318-19.
decomposition of agriculture, the migration of the indigenous village population to the cities, and the sharp economic decline after a period of prosperity. Besides these domestic factors, the international pressures on the Shah since the mid-1970s to liberalize his policies provided favorable conditions for the opposition to challenge the Shah without fear of a heavy reprisal . . . . The liberalization policies of the Shah starting in early 1977 emboldened the opposition to come out and organize itself against the regime. The combination of these factors resulted in the overthrow of the monarchy.100

Ervand Abrahamian, again, convincingly traces the long-term causes of the revolution by stressing on the uneven development of different sectors of the society and polity of Iran. To him,

the revolution came because the Shah modernized on the socioeconomic level and thus expanded the ranks of the modern middle class and the industrial working class, but failed to modernize on another level—the political level; and that

100. Amjad, n. 11, pp. 104-5.
this failure inevitably strained the links between the government and the social structure, blocked the channels of communication between the political system and the general population, widened the gap between the ruling circles and the new social forces, and, most serious of all, cut down the few bridges that had in the past connected the political establishment with the traditional social forces, especially with the bazaars and the religious authorities. Thus by 1977 the gulf between the developing socioeconomic system and the underdeveloped political system was so wide that an economic crisis was able to bring down the whole regime. In short, the revolution took place neither because of overdevelopment nor because of underdevelopment but because of uneven development. 101

Valentine Moghadam brings forth the objective condition of the Iranian revolution in terms of three factors: the autocratic and authoritarian rule of the Shah, Western hostility toward nationalist and socialist movements, and more importantly the internal class factor.

101. Abrahamian, n. 10, p. 427. See Farhi, n. 14, also for a discussion on the politics of uneven development.
Incomplete modernization and partial industrialization did create modern social classes, but the proletarians were exploited and the salaried middle class increasingly subjected to economic pressures. The type of development also uprooted precapitalist social strata who were unable to be fully absorbed in the modern sector, creating a huge pool of urban poor; this in turn led to the formation of a massive informal sector, resulting in the reproduction of traditional economic activities and their accompanying cultural practices and ideological orientations.102

The Islamic political practice, its mobilisational techniques and discourses, developed in such an objective milieu.

Authors like Brian May suggested that the "proletariat which had no political organization of its own, played an insignificant role in the fall of the monarchy, which would have taken place had the workers done nothing at all".103 But most writers accept the role


of the working class, especially oil workers, in the revolution and they view that the final blow to the Shah's regime came from the oil workers' strike. Mohammad Ja'far and Azar Tabari acknowledges its role and provides the following explanation on the point where the progressive forces failed to assert:

The public sector employees and the working class, whose prolonged general strike halted the very functioning of the Shah's regime, were fighting for improved social conditions and democratic rights such as freedom of press and association, freedom of trade unions, and the right to strike. But given the overwhelming hegemony of the clergy in the anti-Shah movement, these progressive struggles and tendencies could have come to fruition only if they had broken from the clergy and come forward as an independent pole of attraction.  

They failed to do so. Shi'i Islam with all its institutional and discursive strategies and orientations could operate in a major way in the revolutionary process.

The role played by the Shi‘i ulama in the Iranian revolution is beyond doubt, even though there are differences of opinion on the extent to which the religious factor could determine the conditions and processes of a revolutionary movement of such a massive scale. As noted in the preceding chapter, one cannot explain the context of the revolution and its historical and social determinants on the basis of a religious explanation per se. Political economy factors analysed above provided the condition and religion provided the mobilisational discourse and ideology for the revolution. In order to arrive at any comprehensive view of the making of the Iranian revolution, an analysis of the linkages between class, state and religious elements of Iranian polity has to be undertaken.

The Shi‘i ulama have been playing a significant role in Iranian politics for a long time now. During the Safavid dynasty (1502-1722), Shi‘ism was made the state religion. H. E. Chehabi notes that a powerful clergy emerged during this time and due to "the vagaries of subsequent Iranian history, Iran’s Shi‘ite clergy acquired a degree of independence from the state that allowed individual clerics to play an important role in the
country’s affairs". This role increased to a considerable extent from the nineteenth century onwards.

The role of ulama in Iranian politics has been studied from two different standpoints or explanatory models: an ideological model and a modernisation model. Authors like Hamid Algar, writing in the former mould, consider "the Shi’i ideology to be the main determinant of ulama politics" while Nikki Keddie, Shahrough Akhavi, Said Arjomand and others, belonging to the latter model, address "the question of the politics of the ulama within the context of modernization processes, and the resistance of the ulama to these processes". Mansoor Moaddel points out two major weaknesses in these two models of explanation:


Firstly, no one has presented any systematic discussion of the ulama's relations with existing social classes, and how changes in ulama political behavior could be produced by changing class relations and class politics. Secondly . . . virtually all scholars have treated the ulama as a homogeneous category, ignoring persistent political divisions with the ulama. 108

Considering these weaknesses, Moaddel provides a third alternative explanatory model, a class conflict model, which he grounds on the following propositions:

(i) the question of ulama politics should be posed within the framework of class and state formation. (ii) Changes and divisions in ulama politics should be understood and explained in the context of class struggle, changing class alliances, and bases of different segments of the ulama. (iii) The ulama as a whole do not constitute a class. 109


109. Ibid.
The ulama rather "constitute a social category defined by their distinctive unifying religious and occupational functions that set them apart from the rest of the society". Based on the above propositions, Moaddel makes the following three important historical claims:

(i) The ulama have politically been a heterogeneous category consisting of various factions. These factions tended to ally with the "feudal" landowners, merchants, and the traditional petty bourgeoisie. That is to say, the ulama tended to act as the political representatives of each, or a combination of some or all, of these classes. The unity of politically diverse factions among the ulama has historically been associated with the convergence of the interests of, and political unity among, the members of the classes--"feudal" landowners, the merchants, and the traditional petty bourgeoisie--they were representing. (ii) The constitution of the ulama into a social category and the establishment of their systematic ties with these classes occurred primarily in the early nineteenth century. (iii) The specificity of capitalist development in Iran and the state policies under the late Shah were the main factors in providing the class bases for unity
among the politically divergent factions of the ulama.110

If this is how authors like Moaddel try to show the historically contingent character of ulama politics in Iran, another mode of explanation provided by writers like Soraya Afshar concentrates not so much on the history of political economy of Iran but on that of Islam proper. According to Afshar,

Islam reflects certain values and social relations which are in the interest of the merchant class. Therefore, the economic conditions that promote the interest of the merchant class inevitably generate Islamic ideals in a society in which Islam has survived, in this case, Iran.111

She adds that the "mercantile based focus of Islam means that it ignores the question of production and to some extent resists the transformation of mercantile capitalism to production capitalism".112 To her, "this inadequacy is

110. Ibid., pp. 520-21.


112. Ibid.; Soraya Afshar uses the term "mercantile" to mean things concerning the merchant class.
the missing link in the chain of Islam's system of logic and reveals a crucial contradiction when economic progress dictates this transformation". 113

Maxime Rodinson has convincingly shown that there is nothing inherently incompatible between Islamic way of life and capitalist development. 114 Following Rodinson, a group of authors state that

Islam not only does not rule out economic progress, but that it clearly endorses several of the basic factors cited frequently by Western commentators as essential in historic economic transformation--private property, recognition of the profit incentive, a tradition of hard work, a link between economic success and eternal reward. Thus Islam seems unlikely to rule out rapid economic growth or even the construction of a strong system more or less capitalist in essence. 115

As noted in the last chapter, the clerical leadership of Khomeini did not offer any meaningful criticism of

113. Ibid.; emphasis in the original.
114. Rodinson, n. 61.
private property and of the capitalist system of production. Ali Shariati's critique notwithstanding, the economic logic of capitalism has not been alien to the worldview of the Shi'i ulama. The socio-political space occupied by the ulama in Iran falls, not outside, but well within the contours drawn by the dominant capitalist mode.

The very logic of the mutuality of interests between the bazaar class and the ulama has to be viewed in the above context. Farideh Farhi points out that harmony between the bazaar and the ulama has been based on the fact that Shi'i Islam never questioned the sanctity of private property.116 This, along with the merchant-class-based orientation of Islam mentioned before, explains the long-standing relationship between the bazaar elements and the clergy. If Islam provided the "ideological leadership" for the Iranian trading class, the latter "exerted a moderating influence on the economic outlook of the ulama" to such extents that no fundamental questioning of the laws of private property was forthcoming from the clerical hierarchy of Iran.117 Further, as some commentators put it, sectors of the bourgeoisie and the bazaar supporters of the Islamic plank and its plans for establishing an Islamic Republic "hoped for a

117. See, Ibid.
'rationalisation' of capitalism and 'democratisation' of the dictatorship". These sections also "yearned for access to state power and a larger, 'more just' share of the internal market and its investment opportunities".

The comparison between the Constitutional Revolution (1905-1911) and the movement of the late seventies on the question of the alliance between bourgeois nationalists and the clergy brings certain notable contrasts to the forefront:

In the Constitutional Revolution, it was the bourgeois nationalists who enjoyed mass support

118. Ja'far and Tabari, n. 104, p. 87.

119. Ibid. Most of the above-mentioned points on the alliance between the bazaaris and the ulama proved to be right if the political economy of the Islamic Republic is considered. Reza Ghaffari points out,

firstly, that after coming to power of the Islamic regime, a process of mass immiseration amongst the working class of Iran took place, accelerated through a huge transfer of wealth from the mass of the population, in particular wage-labourers, to the merchant bourgeoisie or bazaaris. Secondly, that the class nature of the Islamic regime has facilitated the process of capital accumulation by the merchant bourgeoisie, and not, as the regime claims, the improvement of the conditions of the oppressed. Thirdly that the predominant form of capital accumulation is one which has benefited national merchant capital and has handicapped industrial capital.

[Reza Ghaffari, "The Economic Consequences of Islamic Fundamentalism in Iran", Capital and Class, No. 56 (1995), p. 91].
for their concepts of political democracy and constitutional reform; they succeeded in outmanoeuvring the clergy, and introduced a constitution that declared that 'the national government is derived from the people'. Seventy years on, the popular imagination, disappointed by the bourgeois nationalists, disenchanted by what they knew as 'socialism', and repelled by the record of the Tudeh Party, was gripped by the clergy. Betrayed by earthly doctrines, the masses put their trust in heavenly promises.\footnote{Ja’far and Tabari, Ibid., pp. 87-88.}

As described in the previous chapter, the religious elements were able to function and expand their activities since networks of religious institutions, mosques, and the clergy’s communication with the people survived and proliferated even during the period of Shah’s oppressive policies and state surveillance on oppositional activities; while left and democratic forces and their institutions were not only not allowed to function but were subjected to torture and silencing.

The Shah’s political war against the Left and the liberals had resulted in a diminution of secular political discourse, left-wing organizational
resources, and democratic institutions; hence, the dominant language of protest and opposition against the Pahlavi state was religious. 121

Thus, one can find that even though almost all sections of the Iranian society participated in varying degrees in the revolutionary movement, the leadership of the revolution, in class terms, was assumed by the traditional petty bourgeoisie. This class, contrary to other sections in the liberal and nationalist lines, "was both class conscious and organized". The traditional petty bourgeoisie had a network of 80,000 mosques and 1,80,000 mullahs, which worked as its political organisation. 122 The ideological legacy of Islam and the leadership of Ayatollah Khomeini provided the rallying identity for this class.

Michel Foucault finds that conventional notions of a revolution were not holding good for the Iranian phenomenon:

Now we recognize a revolution when we can observe two dynamics: one is that of the contradictions in that society, that of the class struggle or of


122. Amjad, n. 11, p. 122.
social confrontations. Then there is a political dynamics, that is to say, the presence of a vanguard, class, party or political ideology, in short, a spearhead that carries the whole nation with it. Now it seems to me that, in what is happening in Iran, one can recognize neither of those two dynamics that are for us distinctive signs and explicit marks of a revolutionary phenomenon.\(^{123}\)

But he goes on to add that he is not denying the class factor:

Iranian society is shot through with contradictions that cannot in any way be denied, but it is certain that the revolutionary event . . . which is at the same time an inner

experience, a sort of constantly recommenced liturgy, a community experience, and so on, all that is certainly articulated into the class struggle: but that doesn't find expression in an immediate, transparent way. 124

For Foucault, what was visible in Iran and what could characterise the revolutionary event was "an absolutely collective will" of the people; and "this collective will has been given one object, one target and one only, namely the departure of the Shah". 125 He observes that the people of Iran were literally demonstrating their will. He found in the streets, like in Greek tragedy, "an act, a political and juridical act, carried out collectively within religious rituals--an act of deposing the sovereign". 126 Religion, according to Foucault, "has been the vocabulary, the ceremonial, the timeless drama into which one could fit the historical drama of a people that pitted its very existence against that of its sovereign". 127

125. Ibid., p. 215.
126. Ibid., p. 216.
127. Ibid., p. 214.
As Georg Stauth points out, it is Foucault's argument that there was a convergence of the individual need for subjective change with traditional Islamic religion emerging as revolutionary practice. This convergence may have secured the people's identity in such a way that they could live religion as a revolutionary force. In this final instance, Foucault based the forms of expressing the collective will as dependent on an inherent meaning of religious representations. 128

Foucault utilises Marx for emphasising his point on the revolution in Iran:

People always quote Marx and the opium of the people. The sentence that immediately preceded that statement and which is never quoted says that religion is the spirit of a world without spirit. Let's say, then, that Islam, in that year of 1978, was not the opium of the people precisely because it was the spirit of a world without spirit. 129


129. Foucault, n. 123, p. 218.
In short, it is important to note Foucault’s idea of a revolutionary subjectivity in terms of Islam and his theory of collective will in the analysis of the Iranian revolution. At the same time, the context created by socio-economic and political factors, especially state, classes and their struggles has to be recognised in order to even delineate the construction of revolutionary subjectivity. That is why, an attempt is made in the previous chapter at analysing the Islamic political discourse which enables Iranian individuals to take up revolutionary subject positions and in this chapter at deciphering the historical and politico-economic context which produces the religious and secular revolutionary practice.