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“If I deserve it, it should be paid to me”: a social history of labour in the Iranian oil industry 1951-1973

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CHAPTER TWO

THE STAFF, THE WORKER,

AND THE “NON-COMPANY WORKMEN”:

LOCATIONS IN RELATIONS OF PRODUCTION

“The whole idea of drawing a contrast between the company workmen and the non company workmen seems to me a little dangerous,” noted Sgt. MacNeill from the Staff Department of the Anglo Iranian Oil Company in his commentary on the Company’s Minimum Wage announcement posters in 1948.

It is the pink poster that causes me some concern. (...) In this poster two graphs are shown, 1) the cost of the Minimum Wage basket for the Company workman and 2) the cost of the Minimum Wage basket for the non-Company workman.

Dealing with item 1), it will be seen from the graph that this cost in March 1947 was about 44 Rials per day and that only at two points on the graph, namely, May last year and the present time, has the workman on the Minimum Wage received enough to meet the cost of the Minimum Wage basket.

The graph also shows that when prior to May 1947 we were paying 35 Rials per day to our labour the “daily cost of living” was of the order of 40 to 45 Rials per day. *Why tell the world?*

(...) In the second poster we say “the Government has decided that the Minimum Wage in Khuzestan must remain at [R]ials 40 per day”. In the first poster, our opening remark

is that “the A.I.O.C. is in constant co-operation with the Government of Iran.” Linking the opening remarks of each of the two posters the ordinary workman is quite liable to say “*Yes, we know about this constant cooperation and that is why the Minimum Wage has been fixed at 40 Rials per day!*”²⁴⁷

The two strategic problems that MacNeill points to in his review of the propaganda posters of the Oil Company, namely the emphasizing of the difference between the employees on the payroll of the Company and other workers in the town in terms of making ends meet, and the revelation of the cooperation between the Company and the Iranian State, sets the ground to discuss the concerns of this chapter.

This chapter zooms into the first two levels that shape the working class experience: first, the organisation of production at the production level, and second, workers as the seller of their labour power in the labour market at the circulation level. The third determining level, the level of reproduction, is scrutinized in the following chapter. However, both at the analytical level and at the level of actual experience, these levels are enmeshed and build up to the making of a social system altogether. Therefore, the reader will recognize traces of the level of reproduction in this chapter as well.

Both before and after the nationalisation of oil, all the employees of the oil company, including the people working at high managerial posts, were paid by the company; either in the form of wages or in the form of salary. The managerial and supervisory employees of the oil industry did not own any shares in the industry; they were all salaried. Workers of the oil industry were kept exempt from the profit sharing principle for industrial workers introduced with the state-sponsored reform program named the White Revolution.²⁴⁸ Therefore, with respect to ownership of

247 BP Archive, ArcRef:68236. Emphasis added. Also see Picture 9 and Picture 10 in this chapter.

248 See the following chapter for White Revolution.

means of production, in terms of having nothing but their labour power to sell, all employees of the oil industry were workers. However, despite constituting the core determinant of class relationship, ownership of means of production does not, yet, cover all factors that have an impact on class composition and class experience.

In this chapter, the organisation of labour in the Iranian oil industry is mapped to show the varying degrees of autonomy the workers had in the life-choices they made, and the links between strategies of labour management and the reproduction of social inequality. The operation of stratification and grading mechanisms, linking the minimum wage for white and blue collar workers with the minimum consumption basket necessary for the reproduction of the labour force, and differential job security and legal protection for workers occupying various locations in the organisation of labour in the Iranian oil industry, are the fields to study the mentioned concern.

Even the most succinct observation of labour relations in the Iranian oil industry before the 1979 Revolution displays the collar line being the salient axis of distinction among employees of the Company. A detailed chart of grades and entitlements accompanied the collar line. The main axes of hierarchy were skill and experience in this chart. The contours of the map of labour relations in the oil industry were sketched by a legal framework involving Labour Laws, Minimum Wage Regulations, Collective Agreements, and Company regulations; as well as the power dynamics of the social setting. Some workers in the oil producing community were not covered by this legal framework or were barely regulated. Therefore, they were excluded from these main regulatory documents to a large extent, and occupied the marginal locations in the map. The laws and regulations that formed the contours of the employees' locations in the relations of production were neither immutable nor fully implemented. Nevertheless, in as much as they provided the ground for conflicts and conciliations among the agents of this history to take place, they constitute one of

the most important tools to analyze social relations of production in the Iranian oil industry of the period under study. Furthermore, the making of this legal framework and the discussions around it illustrate once more the embeddedness of the economic and the political, which was central to the organisation of relations of production but often ignored or seen as a bug in the system. I show that far from being a residual category, the political was in fact embedded in the organisation of the relations of production.

The agents involved in this story were the Oil Company (OPCOs), the Iranian State (embodied at times as the Ministry of Labour, the cabinet, or the National Iranian Oil Company), and the workers, who were seldom organized and most of the time divided across various axes. They all had their tactics and strategies, and employed various means to extend their spheres of control, hence extend their autonomy.

Conceptualizing Class and Its Locations in the Iranian Oil Industry

British Marxist historian E. P. Thompson articulates the principal characteristic of class eloquently. Class is a relationship, which cannot be “stopped dead” and analyzed at any given moment claims Thompson. “We cannot have love without lovers,” it is not possible to have two distinct, each independent, classes and then bring them into relationship with each other.

Class happens when some *men*, as result of common experiences (inherited or shared) feel and articulate the identity of their interests as between themselves, and as against the other men whose interests are different from (and usually opposed to) theirs.²⁴⁹

This relationship aspect of class is ingrained at all levels of its determinants. It is essential to the antagonism between the owners of

249 E. P. Thompson, *The Making of The English Working Class* (New York: Vintage Books, 1966), 9. Emphasize mine.

the means of production and the dispossessed at the production level, it is deep-rooted in the differential access to the labour market and the composition of the reserve army of labour, and it is enacted and sustained at the level of reproduction.

If class is a relation and is based on the basic antagonism of the owners of the means of production and the dispossessed, each actor occupies a certain location in this relation, according to his/her proximity to the nodes of power. The literature produced by Erik Olin Wright, Doreen Massey, and Gibson-Graham is constructive to understand how class relations operate in the field, producing more than two positions. Intersectionality of various forms of domination in the society and the hierarchies that organisation of labour creates contributes to workers' occupation of differential locations in class relations. Building on his work on social stratification, Erik Olin Wright introduces organisational assets as a part of the means of production. In his analysis, the organisation of production and control over this organisation is a constructive determinant of class relations. Wright argues that employees who have access to organisational assets and use this control to dominate other workers to exploit their labour power further occupy contradictory class locations. The contradiction is based on their sharing the position of the dispossessed with workers, and the interest in intensifying exploitation with capitalists.²⁵⁰ At the production level, employees occupying such contradictory locations in relations of exploitation, represent the face of the capitalist. They are the everyday contact of workers who give the orders, supervise the process and control the outcome.

Production relations do not happen in a vacuum. They do not only make the social reality but also are products of the social reality that is shaped by economic exploitation of the dispossessed by the owners of the means of production; but that is not the end of the story. There

250 Erik Olin Wright, "A General Framework for the Analysis of Class Structure," in *The Debate on Classes*, ed. Erik Olin Wright (London: Verso, 1989), 24–28.

are other social processes that take place simultaneously that effect unequal distribution of power among various social groups. Moreover, emphasizing that class is a relation and that class relations are processes, sheds light on the time dimension of the phenomenon. There is a history to the simultaneous operation of various forms of accumulation of assets, relations of domination, and marginalisation on the basis of race, ethnicity, gender, and other differential attributes.

Erik Olin Wright argues that in his analysis, the principle antagonism lays yet in property relations. Domination is not introduced as an alternative to exploitation as a determinant of class but as a factor that deepens the analysis of exploitation relations. Therefore he argues that he is not taking economic exploitation as just one form of domination, as developers of “post-Marxist” radical theory do. He claims that a society “characterized by a plurality of oppressions each rooted in a different form of domination” renders class’ centrality for social and historical analysis contingent.²⁵¹ Looking back on the struggle of black American feminists who raised the issue of intersectionality of race and gender in the 1970s, and the pioneering study of Kimberle Crenshaw coining the term in 1989²⁵², refutes this claim.

Reviewing second wave feminism in the US in the 1970s, Johanna Brenner argues that its dominant political feminist discourse was social-welfare feminism. The demand was for an “activist state to address problems of working women, to ease the burden of double day, to improve women’s and especially mothers’ position on the labour market, to provide public services that socialize labour of care and to expand social responsibility for care.”²⁵³ One of the prominent social actors of this movement,

251 Wright, “A General Framework for the Analysis of Class Structure,” 6.

252 Kimberle Crenshaw, “Demarginalizing the Intersection of Race and Sex: A Black Feminist Critique of Antidiscrimination Doctrine, Feminist Theory and Antiracist Politics,” *The University of Chicago Legal Forum* 139 (1989).

253 Johanna Brenner, “21st Century Socialist-Feminism,” *Socialist Studies/Études Socialistes* 10, no. 1 (2014), 34.

the National Welfare Rights Organisation pioneered by black feminists, demanded a minimum income for single mothers, and fought against single mothers' training for "traditionally female, low paid, pink collar jobs," as a part of a state led project of war against poverty.²⁵⁴ Kimberle Crenshaw's study on the intersection of race and sex was built on court cases filed by black women with respect to employment discrimination based on race, color, religion, sex and national origin. Brenner defines intersectionality as "an analytical strategy to address the interrelation of multiple, cross cutting institutionalized power relations defined by race, class, gender, and sexuality."²⁵⁵ From its historical roots in black feminist struggle, to Crenshaw's study that gave birth to the term, to its widespread contemporary definition in feminist theory emphasizing institutional power relations, the concern of intersectionality has been to deepen the understanding of the *systemic* unequal distribution of privileges and the institutional exclusion mechanism that is in effect in its reproduction. It is about now and here, in the prevailing relations of exploitation, and does not compose an alternative to class analysis, but strengthens it.

Both Wright's argument on class locations, and feminist theory's introduction of intersectionality helps us conceptualize class as a plane of relations that is laid on a *place*. Geographers have contributed to develop this approach. British geographer Doreen Massey argues that social phenomena do not have an independent spatial dimension, but that social phenomena and space are made of social relations.²⁵⁶ Massey argues that "the geography of social structure is a geography of class relations," which is formed through interrelations of classes in the regime of uneven development.²⁵⁷ She writes about *places* where social interactions, which are

254 Ibid., 35-36.

255 Johanna Brenner, *Women and the Politics of Class* (New York: Monthly Review, 2000), 293.

256 Doreen Massey, *Space, Place and Gender* (Minneapolis: University of Minnesota Press, 1994), 2.

257 Ibid., 22.

not static in themselves, are tied together.²⁵⁸ For Massey, place is a particular articulation of those relations; a particular moment in those networks of social relations and understandings.²⁵⁹

Accordingly, feminist economic geographers Gibson-Graham note a broader notion of relations of production, which involves proximity to power and relation to exploitation as well as property ownership. In their conceptualisation, power refers to exercise of control over labour process and/or other mechanisms of domination, and relation to exploitation focuses on the question of producing or appropriating surplus labour.²⁶⁰

The feminist heads-up to domination based on gender in the capitalist relations of production can be read together with historians' effort to demystify the notion of "free labour", taken as one of the pillars of capitalism by classical and neo-classical economists. There is no discussion among historians that coercion was central to the feudal mode of production. Either the threat of coercion, or the guarantee of protection from coercion, was the main motivation for peasants of the feudal regime to give a part of their produce to the state, landlord or the warlord. There is no doubt that extra-economic attributes like race, gender, and ethnicity played an important role in the way this coercion was exercised, either. One of the main differences between capitalism and the feudal mode of production has been articulated as the lack of this interpersonal coercion. However, both studies on the origins of modern labour management and workspace ethnographies disprove this assumption.

Marcel van der Linden demonstrates that the origins of modern capitalist labour management, which involves direct supervision and standardisation, can be traced back to the sugar plantations of 17th century

258 Ibid., 155.

259 Ibid., 5.

260 Katherine Gibson and Julie Graham, "Rethinking Class in Industrial Geography: Creating a Space for an Alternative Politics of Class," *Economic Geography* 68, no. 2 (1992), 111.

Barbados. On this colonized Caribbean island, indentured servants and slaves carried out the production. By late 17th century, servants had a monopoly of overseer functions, while black slaves constituted the unskilled and semi-skilled labour force. Linden argues that modern labour management, which is based on transforming the labour process to produce more surplus labour in a given workday, was invented in these sugar plantations, where coercion was a part of the supervision, and not in the post-industrial revolution factory regime in Britain.²⁶¹ Linden's intervention is important to break the assumption that free or freed labour is a constructive pillar of capitalist relations of production and that interpersonal domination and modern labour management are mutually exclusive. Writing on intermediate forms between wage labour and slavery, Marcel van der Linden elaborates further on the varying forms of coercion that are present in contemporary relations of production. Apart from debt bondage and physical compulsion, which do persist in modern production relations, Linden presents social security provisions and special benefits by the employer, and social or economic connections between the employee and employer outside the production level as determinants of un-free binding of the employee to the employer.²⁶²

Vivek Chibber articulates that interpersonal domination is central to capitalist relations of production. While in feudalism coercion was used to compel the peasants to work and not to control the labour process itself, in capitalism its location changes, and moves to the production process itself.²⁶³ Profit maximisation requires a decrease in costs and increase in production, which is translated into employers' interest in extracting

261 Marcel van der Linden, "Re-Constructing the Origins of Modern Labour Management," *Labour History* 51, no. 4 (2010), 511-12.

262 Marcel van der Linden, *Workers of the World: Essays Toward a Global Labour History (Studies in Global Social History)* (Leiden: Brill, 2008), 24-25.

263 Vivek Chibber, "Developments in Marxist Class Analysis," in *Critical Companion to Contemporary Marxism*, ed. Jacques Bidet and Stathis Kouvelakis (Leiden: Brill, 2008), 360 and Vivek Chibber, *Postcolonial Theory and the Specter of Capital* (London: Verso, 2013), 115 .

maximum effort from the worker at the shop floor and reducing his/her autonomy over the labour process. Increasing the intensity of work and fighting against workers' resistance to this increase of intensity requires domination at production level. Chibber argues that social hierarchies and divisions are channels of interpersonal domination in capitalist relations of production. These divisions can be manipulated against collective action and the deference and obeisance produced by the social hierarchies can be used to reinforce the authority of the employers over the employees in the production process.²⁶⁴

Acknowledging different locations in class relations shaped by economic and extra-economic power relations is not necessarily a sociological concern to group and categorize segments of society to predict or understand their behavior. Building on the unfinished chapter 52 of the 3rd volume of *Capital*, Daniel Bensaid points to "sources of revenue" as a determinant of class relations in Marx's writing, which would bring forth the argument that "doctors and government officials would also form two classes, as they belong to two distinct social groups, the revenue of each group's members flowing from its own source."²⁶⁵ However, as Bensaid relates, in the very same text, the reference to sources of revenues brings forth the argument that there is no end to categorisation of social groups according to the locations they occupy in the network that is knitted with the relations of production in capitalist mode of production and various forms oppression present in the society.²⁶⁶

If there is so much difference between various segments of the working class what is there in common? Borrowing philosopher Cornelius Castoriadis' concept, Linden argues that all subaltern workers exist in a state

264 Vivek Chibber, *Postcolonial Theory and the Specter of Capital* (London: Verso, 2013), 115-19.

265 Marx in Daniel Bensaid, *Marx for Our Times* (London: Verso, 2002), 110.

266 Ibid.

of “instituted heteronomy,” which is the opposite of social autonomy.²⁶⁷ As Linden quotes, it presents “a mass of conditions of privation and oppression, as a solidified global, material and institutional structure of the economy, of power and of ideology, as induction, mystification, manipulation and violence.”²⁶⁸ If nobody is totally free in entering and exiting production relations in the contemporary social and economic order, without recessing to a Robinson Crusoe life, then the degree of this heteronomy matters in understanding the dynamics of the society and survival strategies of the working population.

Job Classification

The oil industry in Iran was not only composed of the extraction activity in the Southern oil fields and the refining in Abadan refinery, which was the biggest refinery in the world before the nationalisation of the oil. Production of oil, in its narrow sense, might have only involved extraction, refining, marketing, and the maintenance of these activities. However, actually, it involved almost the whole community living in the oil fields and Abadan; and entailed a wide range of activities that depended on the labour of this community.

When a consortium of oil producing and refining companies stepped in to take charge of the oil production in Iran, which was run by the National Iranian Oil Company after nationalisation, the operations it was responsible for ranged from extraction and refining of the oil, to construction of houses, maintaining hospitals, providing teachers to local schools, organizing general and technical education, to operating cinemas, restaurants, clubs, etc. Most of these latter operations were branded as non-basic operations, and were a subject of controversy between the

²⁶⁷ Linden, *Workers of the World: Essays Toward a Global Labour History (Studies in Global Social History)*, 33.

²⁶⁸ *Ibid.*

Iranian state, the National Iranian Oil Company as one of its agents, and the Consortium. Despite the fact that they were named as non-basic operations, they were essential to the existence of workers, as well to the making and the reproduction of the relations of production.

This wide scope of activity also meant that the books of the Oil Company and the internal documents about labour relations in the oil industry involved a wide array of people engaging in various different kinds of work. The payrolls listed electricians, carpenters, cabinet makers, coppersmiths, drivers, book binders, cooks, barbers, bakers, watchmen, riggers, farm workers, fish workers, gardeners, shoe makers, tent repairers, laboratory workers and even driver's mate, and cinema attendants, among others. The detailed classification of the workers involved further differentiation such as cooks and special cooks; fire prevention watchmen and property protection watchmen, various attendants and cable joiners separated along the type of cables they joined.²⁶⁹

In this part, the labour organisation in the oil industry and the taxonomy established by labour legislation is studied. This taxonomy at times intersected with inequalities rooted in the society historically. On one hand, it reinforced and added to the legitimisation and acceptance of some structural inequalities experienced by social minority groups and the social status associated with different forms of labour, among others. On the other hand, it provided a valve, albeit a tight one, for the socially disadvantaged groups to climb over the social and economic barriers by moving up in the taxonomy. The latter was particularly relevant in times of social and political change. However, given the persistence of some forms of domination, social mobility had its limits.

Just prior to the nationalisation of oil in 1951, the strength of labour in the oil industry, registered in payrolls, amounted to 55,000 in the fields and the Abadan refinery. However, workers on the payroll did

269 1954 Oil Report, Dispatch no192, op. cit.

not compose the whole labour force engaged in the oil industry. The Company records state that thirty-six per cent of the workers at the fields, and nineteen per cent of the workers in the refinery were composed of contract workers. When the number of the contract workers registered by the Company, which fluctuated daily and were not recorded minutely, were added to the figures above (approximately 16,000), the modest estimate of the strength of workers directly involved in the oil production just before the nationalisation of oil builds up to 71,000.²⁷⁰

Before the nationalisation of oil, the main axis of distinction among oil employees was demarcated along native/foreigner line. British Staff occupied almost all senior posts and Indians were employed as artisans and foremen or cooks. Three years before the nationalisation of oil, the population of Indian artisans was slightly more than Iranian artisans, but Iranians had occupied most of the foremen positions already.²⁷¹ Nationalisation's first outcome was the eviction of foreign staff and workers.²⁷² In the two years that preceded the formation of the Consortium, no foreigner (except a few who "had gone native" much before) was left working in the refinery or at the oil fields. However, as we had seen in the previous chapter, the elimination of foreigners did not necessarily bring forth an egalitarian management of labour relations in the oil industry. Neither did the labourers seize control of the industry, nor the axes of distinction disappear. The establishment of the Consortium reinstated foreign staff. However, the registered labour force continued to be composed of Iranians only. (See Table 3 and Table 4). The figures point to a downward trend in the total employment figures and a slight increase in employment of foreigners with the institution of the Consortium.

270 Calculated on the basis of the figures given in I.L.O., *Labour Conditions in the Oil Industry in Iran: Report of a Mission of the International Labour Office* (London: Staples Press Limited, 1950), 29.

271 BP Archive, ArcRef:68236.

272 See the Chapter One.

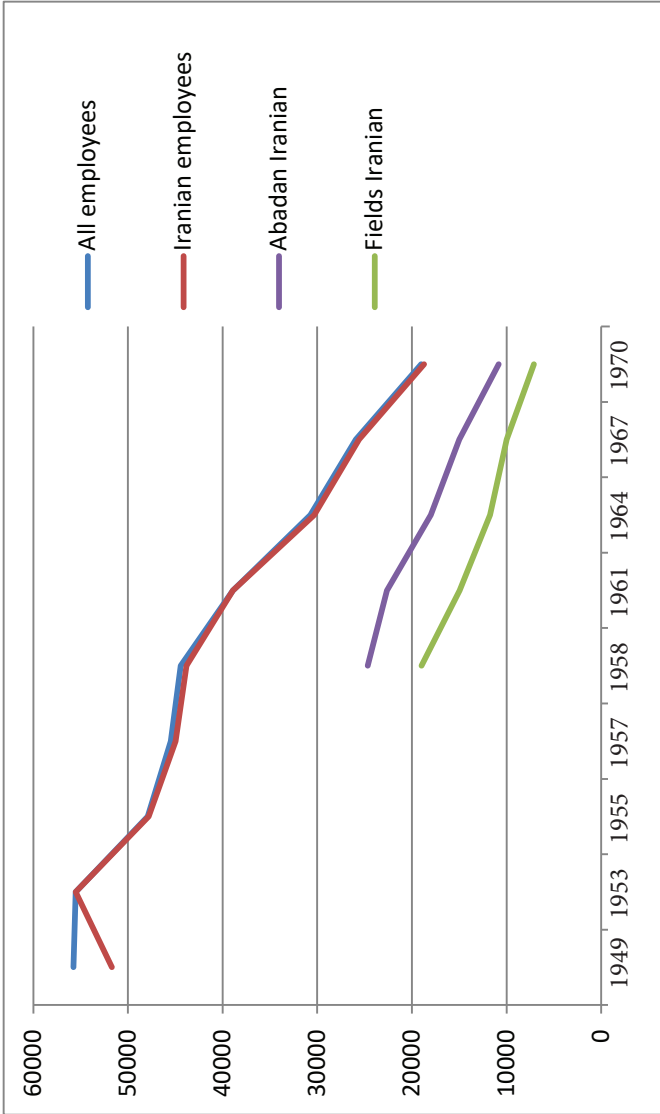
Table 3Employment in the Iranian Consortium in Selected Years¹

Year	Fields		Abadan		Tehran Office		Total*
	Iranian	Foreign	Iranian	Foreign	Iranian	Foreign	
1958	18,977	223	24,661	258	181	110	44,410
1961	14,962	263	22,634	346	428	186	38,918
1964	11,744	181	18,016	112	554	101	30,708
1967	9,983	143	14,979	88	628	97	25,918
1970	7,114	163	10,818	45	766	118	19,024
1972	6,952 No division was made		9,923 No division was made		952 No division was made		17,827

Includes the personnel of non-basic operations. Non-basic personnel amounted to 40 per cent of the Consortium labour force.
Source: Iranian Oil Operating Companies, Annual Reports 1963, 1967, 1972

¹ Table 13 in R.W. Ferrier, "Economics of the Oil Industry- Iran 1901-1976," BP Archive, ArcRef:142646.

Table 4¹



¹ Data in Table 1 and Table 3 brought together. The figures of 1953 involve the NIOC employees in Kermanshah and Tehran as well.

The main axis of taxonomy employed by the Company with regards to the composition of the employees on the payroll was the collar line. Unskilled workers, apprentices, trainees, skilled workers and artisans were in the category of *labour (kargar)*. Supervisory personnel engaged in managerial and technical works and clerks were categorized as *staff (karmand)*. The Company employed different methods in paying its blue (labour) and white-collar (staff) employees. While the blue-collar workers were paid *wages* fortnightly, white-collar workers were paid monthly salaries. Each day the labourer worked or could not work (i.e., due to illness) counted for his fortnightly paid wage, which was presented in an envelope. (See Picture 7)

This taxonomy was framed by Iranian Labour Laws and regulations, which functioned more as a blueprint for the main lines of categorisation to be developed by the industries themselves. Two main labour laws, the Labour Law of 1949 and the Labour Law of 1959 regulated the three decades under study in this thesis. Wages, working hours, working conditions and settlement of disputes in the workplace were the main domains guided by these two laws. The 1949 Labour Law was interpreted to deal only with manual workers, whereas the 1959 Law made it clear that it covered all employees, except those who were covered by other legislation. It stated that a worker is a person who works under any title under the instruction of an employer in return for the payment of *salary* or *wages*, which clearly meant that it involved white-collar workers as well. Moreover, it expanded the definition of the workplace. The Article 5 of the 1959 Labour Law defined workplace as a place where a worker works under instructions of an employer, such as a public place, an industrial, mining, construction, commercial, freight and passenger transport establishment. Premises such as a dining room, bath, dispensary, gymnasium, vocational school, etc.

which belong to the workplace were regarded as parts of the workplace.²⁷³

Picture 7



Clerks at the Abadan Refinery, Filling pay envelope. 1958.

(Charles Schroeder, Charles Schroeder slide collection, Part 1, olvwork597671, Harvard Fine Arts Library, Special Collections AKP236.)

The lowest paid labourers in the oil industry were unskilled casual labourers, postmen and gardeners. Drivers were paid slightly better than them, followed by watchmen and engine room hands on the pay scale. Launch drivers earned approximately twice as much as postmen and gardeners.²⁷⁴ Adjusted pay scales, which take into account the subsidies

273 "Iranian Labor Law," Dispatch no 101, Enclosure 1, Tehran, 12/08/1959 in *Confidential U.S. State Department Central Files. Iran, 1955-1959 Internal and Foreign Affairs*, Harvard University.

274 "Annual pay scales for labour," Dispatch no 230, Annex 3, 1, Tehran, 1954 in *A Guide to confidential U.S. State Department central files, Iran, 1950-1954: Internal affairs, decimal numbers 788, 888, and 988, and foreign affairs, decimal numbers 688 and 611.88*, Harvard University.

given for the various needs of the workers, added quality to this picture. While all these mentioned workers received the same amount of subsidized food and clothing, water, electricity and ice, some workers, such as drivers, would get five times more subsidy for entertainment than basic labourers and gardeners, and three times more than watchmen. Subsidized entertainment involved movies, swimming pools and other recreational activities. All in all, the distribution of fringe benefits added further layers to stratification among the workers who were paid similar wages (horizontal axes of distinction), but it did not change the overall order.²⁷⁵

According to the Minimum Wage Regulations of 1946, workers (blue collar) were divided into six categories. These were: Unskilled, Grade III, Grade II, Grade I, Foreman (*ostad kar*) and Head foreman (*sar ostad kar*). Despite many Collective Agreements, this basic classification would stay valid for twenty years, up until the new job classification scheme was drafted in 1967. There was more to this blueprint in its application though. For example, the Oil Company had placed the *sar ostad kar/ head foreman* category in the ranks of staff. It was argued that this change in the taxonomy was done according to the practices in Iran, “whereby foremen, but not charge-hands were regarded as Staff.”²⁷⁶ The ILO report on the labour conditions in the oil industry in Iran notes that *sar ostad kar* refers to heads of technical departments in the oil industry.²⁷⁷ Up scaling the category of head foreman/head of technical departments from the category of labourer to staff was carried out with a close adherence to strict scrutiny of eligibility for membership in this category; in other words adherence to “gatekeeping.” Moreover, the necessity of keeping this category of staff, composed of foremen, laboratory assistants, and clerks among others, apart from the other staff was clearly noted.²⁷⁸

275 “Adjusted annual pay schedule,” Page 1-2 of Annex 4, Dispatch no 230 op. cit.

276 BP Archive, ArcRef:68236.

277 I.L.O., *Labour Conditions in the Oil Industry in Iran: Report of a Mission of the International Labour Office*, 15.

278 BP Archive, ArcRef:68236.

The *Sar ostad kar* position was not unique in its peculiarity. A close reading of the Company documents and labour attaché reports of the British and American consulates points to a deep concern with the position of the people who occupy intermediary positions in the job classification hierarchy. The lowest staff categories and the highest labourer positions earned similar incomes but benefited from different non-wage emoluments. For example, in 1954 a clerk typist received roughly four times as much in pay, allowances and other emoluments as a postman, and three times as much as a driver.²⁷⁹ The comparatively advantageous position of the staff vis-à-vis the labour was also clear in pre-nationalisation years when it came to their position with respect to their non-Iranian counterparts. While staff at similar grades were paid on the same scale, the Iranian skilled workers were being paid much less than their non-Iranian (Indian) counterparts.²⁸⁰

The Company classified its staff into two: graded and non-graded, which draw the contours of precariousness. Graded staff (also called senior staff) involved either the employees with supervisory functions such as senior operators in the Refinery, or administrators. Non-graded staff of technical and commercial personnel.²⁸¹ Telephone operators, typists, stores clerks, accounts clerks, receptionists, bread distribution supervisors, cinema helpers, and personal secretaries were listed among non-graded staff. Being graded and non-graded brought a distinction between the opportunities for promotion, benefits, and a difference in income among staff. Before the nationalisation, in Abadan and the oil fields in the South, there were 4240 non-graded staff and 3521 graded staff²⁸² and after nationalisation, before the consortium stepped in, there were 5121 non-graded and 1341

279 "Information Concerning National Iranian Oil Company Pay Scales" November 6, 1954. Embassy Dispatch no 228. From Embassy of Tehran to the Department of State.

280 "Wage rates of Iranian labour," 2/05/1948, BP Archive, ArcRef:68236.

281 Dispatch no 192 op. cit.

282 I.L.O., *Labour Conditions in the Oil Industry in Iran: Report of a Mission of the International Labour Office* (London: Staples Press Limited, 1950), 16.

graded staff.²⁸³ There were no promotions for non-graded staff but yearly increments on the basis of good reports of employment. Non-graded staff employees received overtime pay and extra pay if they worked on holidays (i.e., bread distribution supervisors). They received extra payment if they worked on night shifts. Overall, they would earn one fourth of what graded staff earned.

Graded staff employees did not receive extra payment for night duty, overtime or holiday work. The Company paid travel expenses of the graded and non-graded staff when they took their holiday leave. However, the graded staff would be reimbursed for first class travel expenses and the non-graded staff for second-class travel.²⁸⁴ The workers demanded third class travel expenses to be covered by the Company in the negotiations for the Collective Agreement that was signed in 1964.²⁸⁵

An overview of adjusted pay rates of the graded and non-graded staff in comparison with the labourers provides an insight to the impact of this detailed classification system on the daily lives of the working population of the oil industry. The examples I give are not exhaustive but illustrative of this impact. Taking the figures for water, electricity and ice, all being basic necessities for employees' lives in the torrid heat of the South, and easy to compare as they do not vary qualitatively, demonstrates that the amount of water workers deemed worthy of was one third of what the non-graded staff was given, and the graded staff had a right to slightly more water than the non-graded staff. The labourers did better in terms of electricity allowance. They got half of what the non-graded staff were entitled to, while the ration between the graded and non-graded was the same as it was for the water allowance, a slight difference of ten per cent. Figures for ice indicated that workers got half of the ice that non-

283 21/3/1954, Encl.1, Dispatch no1 92 op.cit.

284 "Wage Study National Iranian Oil Company," Dispatch no 228, 6/11/1954, Enclosure no 1. NARA.

285 BP Archive, ArcRef:46762.

graded staff were entitled to, and higher-level graded staff had coolers at their expense.²⁸⁶

After the nationalisation of oil, given the effect of the blockade and the halt on oil production, staff promotions were frozen and there was no new recruitment. Pre-consortium reports pointed to the difference between the attitude of the graded and non-graded staff with respect to their level of satisfaction with their position. It was stated that a number of younger non-graded staff were influenced by “extremist political sentiments,” which was demonstrated by their active participation in the strikes of 1946 and 1951. A post-Consortium US consular report underlined the necessity of keeping an eye on the non-graded staff with the collaboration of the graded staff. It was argued that graded staff should be encouraged to work in cooperation with government officials to maintain control over their non-graded colleagues. Frequent discussions at high level between the Company and government officials were seen as necessary to maintain this collaboration with the graded staff. Strict security checks before new recruitment, control over trainees, and *immediate* dismissal of an employee “who may attempt to obstruct company operations or incite others to do so” were cited as crucial steps to contain non-graded staff’s potential insurgency. It was not only control but also the prospect of upward mobility that was seen as a way of appeasing the non-graded staff to collaborate. Therefore despite the fact that being non-graded meant no prospect for promotion, it was suggested, “loyal and capable members of the non-graded staff should be encouraged by the hope of advancement. They should see that the way to the top is not closed and that most capable members of the senior staff are permitted to progress to positions of real importance.” Engaging the non-graded staff to keep them away from “political conspiracy” was also noted.²⁸⁷

286 “Wage Study National Iranian Oil Company,” Dispatch no 228, Annex 1,1 and Annex 2, Annex 4, 1-2, 6/11/1954, Enclosure no 1. NARA.

287 Dispatch no 192, Enclosure no. 22, 2-3. NARA.

With the development of industrialisation in Iran, the need for skilled workers, technical and managerial staff was gaining momentum, and the Company was aware of the rising competitiveness among employers to recruit these skilled personnel. The dissatisfaction of skilled workers with respect to their position vis-à-vis non-graded staff was one of the threats of losing these workers to the newly flourishing industries elsewhere in Iran. That was one of the reasons why the Company was concerned in creating a balance between the wage and fringe benefits those skilled workers received in comparison with non-graded staff. The extension of the wage rate of skilled workers to higher degrees and introducing intermediate rates into each grade was seen as a solution to pacify the grievances of skilled workers. With the introduction of additional rates into the grades, workers earned more than the minimum wage rates introduced by the State, but were not necessarily promoted to a higher degree.²⁸⁸

Documents pertaining to staff categories underline the lack of clear-cut schemes and assign a great degree of this complexity to the introduction of “domestic politics” into Company administration after the nationalisation. Referring to politics, or more specifically the Iranian State’s negotiation of its legitimacy and rule over the society, as of a source of problems in managing the oil industry is a regular trend in the discourse of the Company and foreign diplomats. However, as demonstrated above in the concern of the Company to contain the insurgency of the non-graded staff, politics, or to define it operationally, the struggle for power and dominance or to expand the realm of influence among the agencies involved in a given “place”, was used and engaged by the Company too. Therefore “politics” was not a defect but a part of the working mechanism of the organisation of the relations of production. In other words, labour relations were embedded in politics.

288 A.G.H. Mayhew, 21/5/1948. “Wage rates of Iranian labour,” BP Archive, ArcRef:68236.

Even before the nationalisation, the Oil Company perceived job classification primarily as an activity of gatekeeping, providing access to promotion and limiting it at the same time. There was a discrepancy between the level of significance of the labour force to the industry and the comparative benefits they were entitled to. The high skilled workers, whose experience was crucial for the industry, earned more than low-level staff who were inexperienced and young but engaged in non-manual work.²⁸⁹ During the discussion on revision of minimum wage scales in the Oil Company, social resentment based on unequal distribution of resources among staff and workers was put on the agenda. While adapting the labour classification scheme designed by the Ministry of Labour to the Oil industry and placing the head of technical departments in the staff ranks instead of high skilled workers as suggested by the Labour Regulation of 1946, the managers of the Anglo-Iranian Oil Company had referred to the experience in Iran, indicating society's perception of the status difference between staff and labour. The Company was well aware of the fact that it was not only the wage that mattered for the workers. The Company study on terms and conditions of the employees of the oil industry just before nationalisation noted *"it is more by the relationship which his salary bears to that of his fellow employee than by the absolute value of his salary that an employee ordinarily measures his standing."*²⁹⁰

When the workers' representative Taheri was speaking in front of the Prime Minister at the Labour Club Abadan in 1959, he claimed arbitrariness ruled the payments workers engaging in same job received. He said:

"They should pay for the work that the work does. For example we are four men who should have a grade of 200

289 In 1948, an average *ostad kar*, foreman, in Abadan Refinery would earn 123 Rials per day, while the monthly salary of lower level technical and commercial staff was 2400 Rials, less than 100 Rials per day. See BP Archive, ArcRef: 68236.

290 "A comparison of the terms and conditions of service of foreign and Iranian Staff and labour occupied in like capacities." BP Archive, ArcRef: 68236.

Rials pay. Three of us receive [200 Rials], one receive 150 Rials. This is not right. Sir, I do the same work that he does. At least my position should be looked into, if I deserve {it}, it should be paid to me.”²⁹¹

US consular reports made similar claims. It was recorded that pay and actual work had a random relationship. From the perspective of the US consulate, this was an effect of wage agreements, which rendered the Company responsible to pay workers according to the rate they occupy without taking into account whether he is “unslotted” or whether he is working at a grade below his pay. The Company pursued a strategy to downsize and did not recruit new, unskilled workers; this made the labour distribution top heavy. However, the jobs that did not require developed skills did not perish. Therefore, workers who occupied higher grades and were “frozen” or “unslotted” would continue doing the jobs that required less skill. This was seen as problematic both by the workers and by the Company (or US embassy). However, it was for quite opposite reasons. For the Company it was solely the type of work that was done mattered. It was claimed that there was a direct, unmediated relationship between the job that was done (or the quality of labour put in it) and payment that workers should receive. So from the Company’s perspective, if a worker had to do a job that could be performed by an unskilled worker, he should be entitled to no more than an unskilled workers’ pay. Given the fact that the no-recruitment policy and the strategy of systematic downsizing formed a top heavy labour pyramid, such an attitude would de facto mean downgrading workers, which was deemed illegal by the Collective Agreements. Workers assessed the very same situation as unfair as they thought their skills were not being used as efficiently as they should be.

In a petition to the Iranian Senate signed by 58 workers in April 1959, workers complained about the Consortium’s closure of the path for promotion by freezing grades, dooming them to stay as unskilled workers

291 FO 371/140893.

for years. Their demands included the improvement of poor workplace hygiene and an end to inadequate numbers of leave days, which continued despite the given promises.²⁹²

Even more than half a century later, when retired workers were sitting in a park in Shahinshahr, while their former white collar colleagues enjoyed the premises of the Association of Retired Oil Staff for their daily recreational activities, what bothered them was not the benefits they enjoyed as retired oil workers or the conditions of their work when they were employed; but the inequality between what they and their white collar colleagues were entitled to. In his discussion on the “collar line” which is based on a much different German example, Jürgen Kocka points to the binary opposition that the white collar and blue collar is constructed upon. He argues that questions with regards to social stratification through collar line can be applied to different settings mainly because of this binary existence of the two categories. Manual or non-manual, white or blue-collar workers are observed in all societies. As a rule, white-collar workers’ work environment is cleaner, they have more job security, have prospects of advancement in their career, and get salaries instead of wages which means that they know how much they will be paid in advance.²⁹³ This stratification is not confined to the working place but merges with the relationship of status groups in society.²⁹⁴

However, the collar line in the Iranian oil industry was not totally opaque. Given the lack of educated employees, a high school diploma or various other trainings that were provided by the Company would render social mobility possible. Workers who were employed in the oil industry in 1960s would refer to a “staff injection” that symbolized this rite of

292 Library, Museum, and Document Center of Iran Parliament, 6/2/1337 (1959), no 5789, Tehran, Iran.

293 Jürgen Kocka, *White Collar Workers in America, 1890-1940* (London: SAGE Publications, 1980), 12.

294 *Ibid.*, 11-13.

passage. The workers who had completed the necessary education would undergo a medical examination to be able to be eligible for a staff position and they would get an injection during this examination. Not knowing the ingredients of this injection, it would be taken as the sign of becoming staff, and thus called staff injection (*ampule karmandi*).²⁹⁵ The distinction based on the collar line was built on a sense of evolution, and thus bore both the possibility of upward mobility, and the uneasiness of lagging behind while others climbed the ladder of hierarchy. A great number of people who got the *staff injection* in their career had either started in their early teens doing manual work or were trained in the apprenticeship workshops. Most of them were coming from working class families, their father being a worker and thus having lived and socialized in the working class neighbourhoods in their childhood.²⁹⁶

Nevertheless, social mobility had its limits. Representing the dominant ethnic group in the local population of the oil producing Khuzestan, the Arab Sheiks were in contact with the British, provided them with labour and prevented tribes from causing problems for the oil company's day-to-day work in the region, starting from the early days of the construction of the Abadan Refinery. According to US sources, Arab Sheiks continued to provide the British and later the Consortium and the National Iranian Oil Company with unskilled labour.²⁹⁷ However, most of them did not have the privilege of *staff injection*. The 1963 report on the political and economic conditions of the Arab minority in Iran prepared by the American consulate in Khorramshahr states that approximately 40 per cent of the labourers employed at the Abadan refinery were ethnic Arabs who worked as manual labourers. The reports state that there was

295 Reza R. Interview by the author in Shahinshahr, May 2012.

296 Interviews by the author in Shahinshahr, May 2012.

297 14/5/1963, American Consulate Khorramshahr, Department of State. Thomas A. Donovan, American Consul Central foreign policy file 1963, Political and Defense box 3941 E1613A. NARA.

only one Arab student among the 170 full time engineering students at the Abadan Institute of Technology, which is the training school for Iranian staff employees of the International Oil consortium and the National Iranian Oil Company; providing one of the few access routes to higher levels of the job hierarchy.²⁹⁸

For women, the picture was the opposite. While there were a few women working in the industry, most of them, particularly in the late 1960s and 1970s, were engaged in lower strata staff positions working as stenographers, telephone operators, clerks, secretaries, and nurses (Picture 8). The few women employed as workers were cleaners, *nanehs*, in the Company hospitals. Most of the household workers in the senior staff houses were men.²⁹⁹ A BP report of 1965 defines the household workers as follows: houseboy, cook, chore boy, nanny and gardener. The report states that almost all cooks and household help, particularly in the fields, were male.³⁰⁰

In addition to the local dynamics that might have been influential in this underrepresentation, which needs further research, it is important not to miss the attitude of the foreign companies operating in the Iranian oil industry in this matter. Since its early days, the Anglo-Persian Oil Company (later BP), employed women only in positions of typists, or operators of comptometers and telephones. The 1931 dated “General Regulations” booklet of the Company, reflecting the trend of the time, noted: “Members of the female staff must be unmarried, or widows. Marriage automatically terminates their engagement in the company’s service.”³⁰¹ The “employment on single status” for women would persist nationalisation and was recorded even in the late 1960s.³⁰² The Anglo-

298 Central Foreign Policy File 1963. Political and Defense box 3941 E1613A. NARA.

299 Confirmed by interviewees in Shahinshar, May 2012.

300 BP Archive, ArcRef: 110926.

301 BP Archive, ArcRef: 30835, 10.

302 Personnel Policy Manual, Iranian Oil Operating Companies, September 1967, in BP Archive, ArcRef: 120587.

Iranian Oil Company's last general procedures booklet before the nationalisation left the employment of local women in the Middle East to the local management, who would "have to due regard to local legislation, local prejudices, customs and aspirations, as well as any concessionary obligations of the Company." For British women, the restriction was clearer. The booklet stated that in the Middle East, and particularly in Iran, Iraq and Persian Gulf areas, British women could only be employed as nurses, radiographers, physiotherapists, teachers or "similar professional capacities." It was emphasised that, according to the Company's policies, the wives, daughters or other female family members of the British staff would not be employed.³⁰³ In 1958, out of 1885 employees working on a hourly-pay rate, there were 68 women in BP's Llandarcy Refinery.³⁰⁴ In the beginning of the Consortium era, in December 1954, the staff figures of the consortium companies recorded 48 women working at staff positions in the consortium (out of 119). A significant portion of these women (15) were employed at the Company stores.³⁰⁵

The underrepresentation of women in the labour scene was beyond the particularities of the oil industry. According to the 1958 Iranian *Manpower Resources and Requirements National Survey* conducted by the Planning Organisation and the Ministry of Labour, Iran's total labour force by October 1958 was 1,370,602 persons, of which 68,322 (five per cent) were women.³⁰⁶ The same survey pointed that there were no women among the 244 trainees or apprentices in the oil industry, either. Apart from junior staff positions, women in the oil towns worked as nannies in the houses of the foreign staff; as housewives doing reproductive labour

303 BP Archive, ArcRef: 62017, 75.

304 BP Archive, ArcRef: 24793.

305 "Staff attached to Consortium Companies as at 1st December, 1954," in BP Archive, ArcRef:4406.

306 LAB 13/1351. The survey excluded agricultural workers, household domestic servants, household handicraft workers, the armed forces, police, clergy and staff of diplomatic missions and foreign agencies.

like shopping, cleaning, cooking and looking after children; and working at their homes as tailors, hairdressers and doing jobs like eyebrow threading and waxing for the fellow women living in the company towns.

Picture 8



NIOC health department nurse giving a seminar to local midwives in the oil fields. 1967. *Yaddashtba-ye rouz*, Library of Oil Ministry, Tehran.

Employees took promotion as a regular representation of the appreciation of their work. They would expect to be promoted as long as they did their job properly. Yearly increments, being an indispensable part of Collective Agreements of wages, were subject to the supervisor's evaluations and practiced more as the norm than the exception. Therefore, not only those whose grades were frozen or were "unslotted", but also employees who did not receive a yearly increment or a promotion would feel offended. Employees wanted appreciation, to have control over the

particular task they engaged in, and to occupy a well-deserved position in the social hierarchy, which brought forth the necessity of legitimate rules of ordering and stratification.

In December 1958, the British labour attaché visited Khuzestan. The visit started in Khorramshah followed by Abadan, Gach Saran and Ahwaz. It involved both talks with officials of the oil companies, government officials and also visits to labour housing sites and installations. The conversation with the head of the Personnel Division of the Refinery, Seyed Khalilallah Kazerooni, was focused on the discontent of the Iranian staff about promotions. Pointing to salary scales of stenographers, Kazerooni argued that the promotion of stenographers to a higher scale took five years according to the salary scales of the Company and that it was not in line with the practice in Iran, in which case it would take much less time. Moreover, the attaché observed that Iranian staff was discontent as they believed that their talents were not being used by the top management. They were not satisfied with the distribution of posts and thought that they worked in positions, which were not related to the training they get.³⁰⁷ In 1958, six out of thirty six of senior posts at IORC were occupied by Iranians. It revealed that the situation had deteriorated in the fields in the last five years. While in 1955 seven of the top fifteen jobs were filled by Iranians, there were only two Iranians at the top posts at IOEPC in 1959.³⁰⁸ The report on Consortium activities penned by the British consul at Khorramshahr in 1958 discloses that this underrepresentation of Iranians at high staff positions was not a necessity stemmed from lack of expertise but from a preference for fluency in English. Giving the example of the employment of an overseas officer to fill in the post of the head of Employee Relations in Tehran emptied by an Iranian, Consul Fearnley wrote: *“there certainly are one or two Iranians with considerable knowledge of employee relations with sufficient qualifications to fill the post during the leave period,*

307 FO 371/140893.

308 A. G. Read. FO371/140892 and FO 371/140857.

which would also have been a good opportunity to bring forward an Iranian. But no, the position, which is regarded as technical, has been filled by an overseas staff with no expertise in this field of work. This I should add is not an isolated case." Fearnley further pointed to the overseas contractors' preference to employ overseas engineers instead of Iranian ones.³⁰⁹ The discrepancy between the salaries of the overseas staff and the Iranian staff, who got between one third and one half of the salary of their foreign counterparts at equivalent grades, escalated staff grievances.³¹⁰

The Company did not share the employees' view with regards to promotions and yearly increments. The job classification scheme that was valid for twenty years was criticized by Company officers as placing more weight on service (read it as experience) than ability. They argued for stronger "gatekeeping" with regards to promotion.³¹¹ While the new job evaluation scheme was being prepared in 1967, the aim of the Company was described as such: *"Our aim is to instill an appreciation of the concept that the reward for the work is the salary paid and not the increase."*³¹² The new job classification scheme replaced the five grade plan with a ten grade classification for labourers (G47). The plan was approved by 1969 Collective Agreement and was introduced in 1970.

Job classification was not specific to the oil industry. It was introduced in the 1946 Labour Regulation and further planning of it was delegated to each industry in the 1959 Labour Law. It was not specific to Iran either. These kinds of "bureaucratic employment relationship" had roots in 1930s' US firms, and have been employed in many industries via their personnel departments since then.³¹³ However, at the time that it

309 FO 371/140857.

310 Memorandum, Enclosure to Tehran, Dispatch no 6, 15/1/1959, FO 371/140857.

311 BP Archive, ArcRef:68236.

312 Annual Review of General Personnel Affairs, Iran Oil Operating Companies 1967-68. BP Archive, ArcRef: 127030.

313 William Finlay, "Hoarding and Fragmenting: The Politics of Job Classification in Two Work Settings," *The Sociological Quarterly*, Volume 31, Number 3, 1990, 389-402.

was implemented in Iran on a national basis, regulated by 1946 and 1967 national job classification schemes, there were not many examples of that scale. Michael Fores, whose article was cited in the British Overseas Labour advisor G. Faggon's report in 1975³¹⁴, noted only the Netherlands as a country with a "partial" national job evaluation scheme. In the Netherlands, it had started in 1945 with the main target of controlling inflation. In other cases, it was employed mostly in single firms or industries.³¹⁵

William Finlay, in his research on job classification schemes in two separate industries in Southern California argued that two phenomena characterized the job classification politics in both of the industries. They were *hoarding*, which meant erecting barriers around jobs, and *fragmenting*, or the erection of barriers among workers. Job classification schemes were used as a control mechanism by offering a career to loyal employees and encouraging them to pursue individual rather than collective interests. Finlay argues that hoarding began when the demand for skilled workers increased. The more competition for skilled workers arose, the more job codes were invented. Erecting barriers around jobs, or "gatekeeping" as it was described in the Iranian case, came with what Finlay called *fragmenting*, erection of barriers between workers. In both cases (also in the Iranian case), fragmenting benefited the skilled and senior employees.

Finlay analyses job classification in the framework of organisational politics. While the supply/demand mechanism is a part of this framework, there is more to it. In the Iranian case of the Consortium years, job classification was characterized by the Company's concern in downsizing, and all the discussions with regards to labour relations were conducted with the "surplus labour problem" in the background. Therefore, the way it was negotiated conveys that fragmenting workers and assigning values to them by codifying varying non-monetary benefits and job security added

314 LAB 13/2798, 1975.

315 Michael Fores, "Job Evaluation and Incomes Policy," *Lloyds Bank Review*, cxiv, October 1974, 38-48.

to the legitimisation of the social inequality and constructed a disposable workers' population at the same time.

Linking Pay to the Needs: Workers' Minimum Wage Basket

“In all other towns the Government is able to prepare bread for men but in this town it can't,” said the workers' representative in his speech at the workers' Abadan Club when it was visited by the prime minister and the cabinet in 1959. “This means that I should be compelled to receive flour from my employer and as the supply thus increases and the demand decreases, I should lose a certain amount of money on my flour ration because I have no means to bake it.”

It was not only the compulsory ration of flour that ended up in the market at times, but also other subsidized items such as legumes. Workers did not like the type of tea that was sold at subsidized prices, and would not buy the vegetable ghee imported from Australia. The decision over the ingredients of the minimum wage basket, which was supposed to cover items necessary for the livelihood of a worker's family with two children; namely expenses for food, fuel and electricity consumption, accommodation, and clothing, was more than a technical calculation. It set a standard for qualification, for eligibility, for worthiness. Therefore, for workers, the struggle for a better life involved eligibility for not only more of the items in the basket, but a basket that covers their actual needs in the daily life. (For minimum wage basket See Table 5)

Table 5
Minimum wage basket for Abadan and the Fields (1946)

Food for one month:

Bread	67 kg. (or 50 kg flour)
Sugar	2 kg
Meat	3 kg
Ghee	2 kg
Rice	7 kg
Tea	½ kg
Cheese	1 ½ kg
Peas and beans	3 kg
Curd	4 kg
Dates	5 kg
Fish	2 kg
Vegetables and fruit	5 per cent of total cost of above items

Fuel, light, etc., for one month:

Charcoal	30 kg (or 24 lt. kerosene)
Matches	10 boxes
Electricity	6 kilowatt hours
Ice	150 kg

Accommodation:

1 room

Clothing for one year:

Winter suit	1
Summer suit	1
Socks	4 pairs
Shoes	1 pair
Ghivers	1 pair
Hat	1
Underpants	2 pairs
Shirts	2
Family clothing	75 per cent of the total cost above
<i>Miscellaneous</i>	10 per cent of the total cost of above

Source: I.L.O., *Labour Conditions in the Oil Industry in Iran: Report of a Mission of the International Labour Office*, 22.

The minimum wage basket assigned to the unskilled worker set a minimum that could be paid to the workers, and codified the taxonomy among workers at the same time. While the minimum wage regulation laid down the main categories for the workers, it also set comparison and relativity as the criteria of job and wage evaluation. Workers were categorized into five groups with three positions for skilled, one position for the semi-skilled and one for unskilled. The minimum wage was settled for the unskilled worker, and the wages of the other four categories of workers were adjusted in comparison with the minimum wage of the unskilled worker. For example, a Grade III worker would be paid 120 per cent of the unskilled worker, Grade II worker 140 per cent, Grade I worker 170 per cent, artisan (*ostad kar*) twice, and the foreman two and a half times of the minimum wage.

However, in addition to this vertical line of differentiation among workers, which involved the axis of skill, there was also a horizontal line that divided occupations.³¹⁶ For example, in the oil industry the unskilled workers were casual labourers, carriers, and watchmen. While the casual labourers got the forty Rials daily wage that was set by the state, carriers and watchmen would get ten per cent more. Apart from these five categories of workers, there were also contract workers who were employed on a daily or temporary basis both as casual workers and carriers.

In 1948, 32 per cent of workers on the Company payroll were paid at the minimum wage rate permissible to their classification. Despite the Company's claim to be the best employer in the country, the wages paid to Grade I workers and foremen were lower than the average wage paid to those skilled workers at other parts of the country.³¹⁷ Despite the regulation that minimum wages would be re-adjusted every year by the

316 The vertical axis of skill differentiated between unskilled, semi skilled (Grade II and III), and skilled (Grade I, foreman and head foreman) workers.

317 A.G.H. Mayhew presents the rates given in the North in comparison. BP Archive, ArcRef:68236

local minimum wage board and approved by the High Labour Council, the minimum rates in 1946 persisted for nine years in the oil industry, even enduring the nationalisation of oil in 1951.³¹⁸

When the minimum wage board convened in the Abadan Refinery and the Southern Oil fields in 1955, no other minimum wage board had ever been convened in Iran. However, this did not mean that the workers were paid according to the pay rates that were set in 1946. While yearly increments due to positive reports on employees and experience increased the workers' wages every year in the oil industry, unskilled workers' wages were raised according to the market prices in industrial centers such as Tehran and Esfahan. However, the pay rates in the oil industry were frozen after the 1951 nationalisation and workers were promised an increase in wages as soon as the blockade ended and the production resumed.

As the pay rates did not change until 1955, the real wage paid to workers was adjusted by means of subsidized goods sold in company stores. The disputed pre-nationalisation posters of the oil company pictured how subsidisation worked vividly. (see Picture 9 and 10)

The Company reports of 1948 indicate that the cost of living in Abadan, with respect to the minimum wage basket, was actually 84 Rials, which was reduced to 40 Rials by means of subsidized products sold in the company shops, which is confirmed by rates given in the aforementioned ILO report.³¹⁹ The 1955 rise in the minimum wages came with a shift in the Company's approach from subsidizing the livelihood of the worker to leaving it to the market.

318 The Minimum Wage Board consisted of the Governor of the locality, the president of the municipal council, the head of the local *Bank Melli* (National Bank) or its representatives, a representative of the Ministry of Labour, two representatives of the management, and two representatives of labour. See "Increased Pay for Labourers of Consortium Oil Companies," Dispatch no 435, 29/3/1955 in *Confidential U.S. State Department Central Files. Iran, 1955-1959 Internal and Foreign Affairs*, Harvard University.

319 The ILO report of 1950 cites 39.13 Rials for subsidized and 76.87 Rials for unsubsidized daily living expenses. ILO, 23.

Picture 9

حد اقل دستمزد

دولت بمقرر داشته است که حد اقل دستمزد در خوزستان بیزاد چهار ریال در روز ثابت میماند .
 برای اینکه هزینه زندگی در آبادان روزانه از چهار ریال تجاوز نکند شرکت قهجد کورده است که تخفیف
 های بیشتری بشرح زود قیمت خواربار یکله در فرومشگاههای خود میفروشد قائل گردد .
 در نتیجه این تخفیف ها شرکت باید بهالغی بیشتر از آنچه تاکنون می پرداخته بفرومشگاهها کمک کند تا اینکه کارفرما
 بتواند خواربار خود را قیمت ارزان تهیه کند .

قیمتهای جدید	قیمتهای سابق	
۲۸۰۰ گرم ۴۵ ریال	۲۸۰۰ گرم ۷۰ ریال	شکر
۷۶۰ گرم ۵۵ ریال	۷۲۰ گرم ۶۰ ریال	چای
۷ کیلوگرم ۳۵ ریال	۷ کیلوگرم ۵۰ ریال	سرنج
۲ کیلوگرم ۱۰۰ ریال	۲ کیلوگرم ۱۲۰ ریال	روغن

چیره
 یکمتر کارگر و
 زن و دو بچه او
 در یکماه



تیمت آرد کافی السابق کیلونی چهار ریال خواهد بود

“Minimum wage: the Government has decided that the minimum wage in Khuzestan must remain at 40 Rials per day so that the cost of living in Abadan may be brought down to 40 Rials. The company agreed to the following reductions of prices of essential items of food in the Labour Food Shops. As a result of these reductions the Company will be obliged to increase the subsidies, which it is already paying to maintain these shops so that workmen can secure food at cheap prices.” (ArcRef:68236)

Picture 10



“The AIOC is in constant cooperation with the Government of Iran with a view to reducing the cost of living of its workmen in Abadan. The difference between the cost of living of a company workman who can buy his essential foodstuffs from the Company food shops, and a non-Company workman who is obliged to buy all his essentials in the free market is revealed in the following diagram.”

Up: “Daily cost of living of non-Company workman and his wife and two children: 84 Rials per day”

Down: “Daily cost of living of Company workman and his wife and two children: 40 Rials per day.” (ArcRef:68236)

However, to avoid labour resistance, the Company did not choose to increase the wages unilaterally and annul the subsidies. From the perspective of the labour management of the Company, convening the minimum wage board and electing the representatives would incorporate the workers to the decision-making mechanism, which would reduce the chances of labour conflict afterwards.³²⁰ The management of the Iranian Oil Refining Company in Abadan and the Iranian Oil Exploration and Production Company in Masjed Soleyman prepared their proposals for new wage scales and consulted the head of the Khuzestan Labour department, who organized the election of labour representatives in divisions of the refinery and the fields. The Consortium companies discussed the matter with NIOC officers in Tehran, the Ministry of Finance, and the Ministry of Labour.

In March 1955, the Abadan Minimum Wage Board met for two days and decided on a minimum wage for unskilled workers of eighty-two Rials per day. The board consisted of two officials of the Iranian Oil Refining Company, and two workers' representatives, the main one being Taheri of the Shipping Division, chosen by the twenty-two elected representatives of various divisions of the refinery. Reporting on the Abadan Minimum Wage Board's meeting, William Koren Jr, the counselor of the US embassy for political affairs in Tehran, claimed that "contrary to previous custom, all the[se] representatives were permitted to observe the meeting and to consult with their two spokesmen during intermissions." He added "this procedure should help prevent the development of rumors that the labour representatives were 'bought' by management in secret meetings."³²¹

The minimum wage board in the fields convened just after the Abadan board meeting. Iranian Oil Exploration and Production Company representatives, the head of the Khuzestan Labour Department and two

320 "Increased Pay for Labourers of Consortium Oil Companies," Dispatch no 435 op. cit., 29/3/1955.

321 Ibid.

workers' representatives chosen by workers in the oil fields in the South as well as Ahwaz and Bandar Mashur comprised the minimum wage board. Life was cheaper in the fields than it was in Abadan. However, living conditions were not as convenient as in Abadan, which was an urban center with quite a number of social amenities at that time. To compensate for the substandard living conditions in the fields, the Company used to pay an "outstation allowance" to some of the workers at the fields. A previous attempt at abolishing this allowance had mounted to the strikes that brought the nationalisation of oil in 1951. This time, increasing the pay rates of the field workers to the level of the refinery workers in Abadan was thought to serve as a good excuse to abolish the allowance. The Company would no longer take the responsibility in subsidizing food and other necessities of the workers, but provided those items at a fixed price equivalent to the market price, which was intended to avoid inflation caused by local merchants' rising the price of goods in parallel with the pay increase.³²²

Moreover, workers' costs of accommodation were in fact increased by charging the Company housed workers a higher maintenance fee and incorporating the rental allowances paid previously to housed and not-housed workers into the new rates. Some other allowances were kept intact. For example, the transport allowance of two Rials per day for each day of basic wage, and increments for meritorious service, which caused an increase in the wages of the workers over time, were maintained.³²³

William Koren Jr., the US Counselor, who reported the minimum wage discussions in 1955, noted Iranian Government's opposition to the pay increase. The Government's main concern was that an increase in minimum wages in the South would trigger workers' demand of higher

322 Ibid.

323 "Correspondence on new minimum wages for oil workers in Abadan." A. G. Read, the Labour Attaché of the British Embassy in Tehran to A. Greenhough, Overseas Department, UK. 13/4/1955. FO 371/114870.

wages elsewhere. The disagreement was resolved with the Consortium's agreement in not announcing the raise in a public manner.³²⁴

The employee relations' manager and assistant coordinator of administration in the IORC, Seyed Khalilallah Kazerooni, underlined workers' demand to receive clean wages in his private letter to E. Monroe of *The Economist* just after the raise took place. He referred to offtake figures from the company shops to make his point. Claiming that the offtake records amounted to one hundred per cent before the nationalisation, he noted the reduction in offtake figures, exemplifying his point by the seven per cent offtake of tea sold at the stores and lack of clothing supply. Therefore, cashing the subsidies seemed to be the appropriate response to workers' dissatisfaction. However, the effect of subsidy-incorporated wages would be much more noticeable for workers in higher grades. Since 1951, due to upgrading and automatic increments, the number of Grade I workers had more than doubled (4500 in 1951 and 11,000 in 1955). Kazerooni's letter reveals the repercussion of the rise in the wages that the government was anxious about. Upon learning about the increase in the oil workers' wage, government officials and civil servants in the region, as well as mill workers in Esfahan were reported to demand higher wages.³²⁵

The second wage increase in the oil industry after nationalisation came with a collective agreement signed between the representatives of the government, the Labour Minister Aqa Khan Bakhtiar and Manuchehr Ariana; labour representatives Taheri, Salehi, Rahimi, and Kiani; and Entezam and Razavi on behalf of the OPCOs and NIOC in 1957. This new agreement increased the minimum wage in the oil industry in the South by twenty per cent. The new minimum wage, 99 Rials, was calculated on the basis of the minimum wage basket that was defined in the 1946

324 "Increased Pay for Labourers of Consortium Oil Companies," Dispatch no 435, 29/3/1955. NARA.

325 Correspondence, S. Kazerooni of IORC, Abadan to E. Monroe of the Economist, London. 8/4/1955. FO 371/114870.

Minimum Wage Regulation. The price of a compulsory ration of 50 kilos of flour and two kilos of sugar was to be taken into account in the payment of the wages. This ration cost four days of work for the unskilled worker. However, workers' demand for better quality tea and rice was taken into account in the new assessment.³²⁶ The Minimum Wage Agreement of September 16, 1957 recorded that the employer undertook to provide foreign tea in the amount used by workers, if it cannot provide domestic tea. The foreign tea should not be inferior to the domestic tea and should be made available to workers at the price of domestic tea.³²⁷

Despite the Company's interest in shifting to a clean wage policy, the scope of subsidized household items and foodstuffs rather expanded by the opening of new Company shops in Abadan and the oil fields. In addition to the basic foods taken into account in the assessment of the minimum wage basket such as legumes, rice, ghee, flour and sugar; these shops stocked more than a hundred items of food, clothing, kitchenware, school supplies and the like.³²⁸

The 1957 Collective Agreement of wages in the oil industry did not emerge out of the blue. The previous agreement of 1955 was already out of date. Grievances over the minimum wage across industries had been expressed in various forms from petitions in Tehran to strikes in the oil fields in 1956. Strikes for new pay rates did not only take place in the oil industry, or in Tehran, but were also carried out in Esfahan and Mazandaran by textile workers.³²⁹

The rise in the minimum wage of the oil workers in 1957 was the product of the collective agreement, which was going to be in force for a year, to be reviewed on March 20, 1958. It was mainly composed of an

326 Collective agreement of September 1957 in review of labour affairs in Iran for the period July-December 1957. LAB 13/1092.

327 LAB 13/1092.

328 Ibid.

329 See Chapter 4 on labour activism.

update of the prices in the minimum wage basket, a leaning towards clean wages by incorporating annual increments, and assuring better quality in the provision of a couple of items in the basket such as tea and rice. However, such an increase was not satisfactory for the workers. They argued for the revision of the Minimum Wage Regulations that were introduced in 1946. When the revision of the wages was negotiated in 1958, workers prioritized the structural improvement of the minimum wage basket. For workers, an increase in the wages was not the only issue; they also claimed a better standard of living. Not only did they propose a substantial increase in the amounts of almost all items in the basket, but also new items were asked to be included. For example, workers demanded that the minimum wage basket should include six kilograms of meat instead of three kilograms per month, and seven kilograms of rice instead of five kilograms. They challenged their share in the allocation of resources, claiming for items, which they, unskilled workers, were not seen as fit to consume. British Labour Attaché A. G. Read, in his report on his visit to Khuzestan related that workers “proposed the inclusion of four items not previously regarded as consumable by the families of unskilled workers, namely eggs, milk, butter, and potatoes.” Workers’ suggested a minimum wage basket costing 156.38 Rials, as opposed to the Ministry’s proposed basket of 94.18 Rials.³³⁰

The other substantial criticism of the minimum wage rate was that it was meant to cover the minimum daily expenses of a workers’ family of four. However, the reality of a workers’ household involved more than four members. It was not unusual for workers and staff to have more than two children. For example, the Company’s own documents would point to calculation of travel expenses of Iranian staff employees, including up to five of their children in 1948.³³¹ Moreover, it was a common practice to

330 Report on visit to Khuzestan, December 12-21, 1958. FO 371/140892.

331 “A Comparison of the Terms and Conditions of Service of Foreign and Iranian Staff and Labour occupied in Like Capacities” in BP Archive, ArcRef:68236.

have at least one elder member of the family, such as an old aunt or uncle, living with the family of the oil worker/staff.³³² The working conditions and the income of the workers of the oil industry were seen to be more favorable by workers at other industries and in other cities. Therefore, the hope of future employment in the industry, despite the non-recruitment policy of the Company in the 1950(s), rendered Abadan a popular destination for migration. Between 1943, when the first population survey by the Company was done, and 1956, the first National Census, Abadan's population grew from 120,000 to over 226,000.³³³ Therefore, the average wage earner in Abadan had to feed at least seven persons, and not four as was covered by the minimum wage basket.³³⁴

The negotiations, which took more than a year on the substantial revision of the minimum wage regulation itself, once again exemplified the operative mechanism of the network between the Iranian state, the Oil Company and the workers in the period under study. The Company's argument for not revising the minimum wage scale in a way that would introduce a salient improvement in the living standards of the workers was the number of "redundant workers" on the payrolls. Indeed, what is interchangeably called the problem of "redundant workers" or "surplus labour" in the Company documents marked the discourse of the Company vis-à-vis the organisation of its labour relations since the beginning of the Consortium in 1954 up until late 1960s, and established the context of Company's stance in almost all negotiations with its workers and the Iranian State.

The Ministry's take on the issue had multiple aspects. One of the self-proclaimed roles of the Ministry was "meeting extremes," extremes being at one side the Company's unwillingness to introduce any change before the number of workers in the payroll was reduced, and at the

332 Interviews with retired oil workers in Shahinshahr, Iran. 2012.

333 Dispatch no 124, Tehran. 28/08/1958. LAB 13/1318.

334 Ibid.

other side, workers' claim to an improved living standard. Second, the Government had the concern of maintaining the comparative well-being of the skilled workers and staff employees, as well as keeping the junior staff members, or staff at lower segments of the vertical job classification scheme under control. In this latter concern, as elaborated in the previous section, the Company and the Iranian State had a mutual interest. The third concern that characterized the State's position in almost all negotiations that involved an improvement to the oil workers' living and working conditions was the reservations about the likelihood of such a change triggering labour demands elsewhere. However, stability could not at all times be established by refuting labour claims. On the contrary, as we will see in proceeding pages, the practice of the state, which was pejoratively termed "political" by the Company, was composed of measures that were meant to keep workers away from questioning the legitimacy of the order. The Iranian State's post-nationalisation, but also post-coup years of governance did in fact provide a good example of the centrality of hegemony in establishing political and economic control.

On January 6th, 1959, while the negotiations on the new minimum wage rates were still going on, the Iranian Prime Minister and the cabinet visited Khuzestan for ten days. They arrived in Ahwaz, and then visited Abadan and the oil fields. In Abadan, they first met the Board of Directors of NIOC and the Operating Companies, the Refinery Managers, staff and labour representatives. Then, they paid a visit to the Government House in Abadan and visited Ahmad-Abad and Kofaishe at Bahmanshir, all being workers' residential areas. The visit to the refinery, the Abadan Institute of Technology and the Red Lion and Sun Society was followed by visits to the Labour and Staff clubs. At the Labour club, *Bashgab-e Abadan*, Taheri, the representative of workers (who was a signatory to the 1957 agreement) presented them with a petition signed by workers about their grievances. Lack of job security, lack of incentives for education and training of the workers and thus lack of prospects for upward mobility, lack of upgrading

and promotion, the quality of the items in the minimum wage basket and lack of eating facilities in the refinery for workers were listed as workers' complaints. The workers' representative argued:

I would say that when the employer prevents from leaving the refinery and says when I entered in the morning I should exist in the evening, I say according to the law, he should build numerous restaurants in the refinery and give me sufficient and hot food. There is a restaurant here that feeds 500 workers. But this 15,000 or 20,000 or 10,000 workers in this huge industry; how should they feed?³³⁵

The workers targeted not only the Company but also the government and the Abadan municipality in their complaints. Lack of accommodation and the quality of it, the deficiency of medical services, high prices at the market and the dirtiness of the city were recorded by Taheri. He demonstrated his knowledge of the state of negotiations over the minimum wage rate and the fact that the practice of the government and the Company was not compatible with the agreement, which was to be valid for eight months. His reference to the law was not only confined with the 1957 agreement. Taheri mentioned the "law that is universally enforced through country" in determining the wages, the circular that was issued by the Ministry of Education to exempt the children of workers from paying school fees by mentioning that the circular was in his pocket, and that he "also knows" international laws when referring to regulations concerning sick leave.³³⁶

The visit to the labour club in Abadan was followed by a visit to the staff club, *Bashgah-e Iran*, where the cabinet received complaints in written form as well. The staff's complaints involved "threatening circulars" sent by the Company suggesting immediate dismissal in case of being found guilty of theft, robbery or sabotage. Not only theft but also smoking in the refinery, and challenging superiors in the job hierarchy were listed as

335 14/1/1959. British Consulate Khorramshahr, FO371/140893.

336 Ibid.

reasons for dismissal.³³⁷ Bad housing, high prices at company stores, price of meals in company restaurants, freezing of promotions, overseas' staff taking the jobs of the resigned Iranians were listed in the complaints.³³⁸

The grievances in Masjed Soleyman were similar. Employment of foreign contractors instead of Iranian ones, lack of housing and lack of land to build their own houses, insufficient medical facilities, up grading and job evaluation, inadequate education, and pensions were among the labourers' complaints. The staff also listed the lack of housing, restrictions on buying land by installments, low salaries, the pension scheme, inadequate leaves, lack of opportunities for younger generation, and inadequate medical services in their petition.³³⁹

The negotiations were finalized by incorporating some of the workers' demands, i.e., increasing the amounts of some of the food items, kerosene, electricity and family clothing, but rejecting the introduction of new items in the minimum wage basket. The Ministry's "concession" involved announcing the establishment of pricing committees in Abadan and the oilfields. These committees started to work in April 1959, and workers did not show much interest due to their dissatisfaction over the previous negotiations.³⁴⁰

The April 1959 wage increase involved:

- a) 10 Rials flat increase per day to workers.
- b) An allowance of 5 Rials for non-housed workers.
- c) An allocation of 30 million Rials for the payment of increased

337 Ibid.

338 An example of this is demonstrated in the 9/12/1958 report of the British Consulate in Khorramshahr. It is stated that the Iranian head of employee relations in Tehran went on leave and he was replaced by an overseas officer who did not have sufficient experience required for the post, although there had been one or two Iranians that could have filled the post. It is argued that Consortium prefers overseas staff over Iranians due to the former's knowledge of English. FO371/140893.

339 28/1/1959, Dispatch no 3 in FO371/140893.

340 FO 371/140891.

wage rates to “top skilled” workers selected by the Operating Companies.

This revision was seen to be inadequate to resolve the grievances of the workers. Moreover, the concern to improve the wages of the highly skilled workers was seen to intensify the discontent of the semi and unskilled workers.³⁴¹ As the concessions did not meet workers’ expectations, the announcement of the new minimum wage was met with brief strikes in Agha Jari and Bandar Mashur.³⁴² Following the practice of the Operational Companies, NIOC implemented the flat rise of ten Rials on its wages, which brought up an equal minimum wage for all the oil workers everywhere in the country, irrespective of the climate conditions, for the first time in Iranian history.³⁴³ This would change in following years, with separate Collective Agreements signed in the Oil Industries of North and South. All in all, the non-graded, lower paid staff and the higher paid workers were the employees who benefited most from this wage increase.³⁴⁴

Just around the same time, on the 25th of April 1959, a new labour law became effective. The previous 1949 law was initially made to be reviewed in one year and adjusted according to the needs of the country. However, not only did that review not take place, the law itself was hardly enforced. Some workers wrote petitions to the parliament to complain about the inadequacy of the 1949 Labour Law. One of them, written in 1958 and signed by eleven workers working at Agha Jari Exploitation and Production Plant, claimed that the 1949 law not only did not solve labour problems but also created disputes among workers and the employers. Workers demanded the immediate revision of the Labour Law, alongside a new law on social insurance.³⁴⁵

341 5/5/1959, J.W. Russell, Charge d’Affairs UK. FO 371/140891.

342 “Review of labour affairs in Iran from January to June 1959,” FO 371/140891.

343 Ibid.

344 Ibid.

345 Library, Museum, and Document Center of Iran Parliament, 19/7/1337 (1958), no 5793, Tehran, Iran.

This 1959 Labour Law was based on a draft prepared by the Ministry of Labour in collaboration with ILO supervision. The Article 22 of the new labour law recorded the revision of the minimum wage, which was to take place biannually. Classification of occupations in the workplaces was rendered obligatory for employers in order to determine minimum wages.³⁴⁶

Following the provision of the new labour law, a new minimum wage regulation was introduced in January 1961. This regulation did not institute a new minimum wage regime but provided detailed guidelines for the convention of the minimum wage board and its working mechanisms. In this new regulation, the Ministry of Labour was entitled to an active role as the chairman of the board. However, this regulation was only implemented in the oil industry. In June 1961, just before the July 1961 Minimum wage agreement in the oil industry, A. G. Read of the British Embassy in Tehran, in his dispatch to the British Ministry of Labour, referred to the threats of strike actions among field workers in Masjed Soleyman unless the minimum wage for the industry was soon increased. A recently formed National Iranian Oil Company's Tehran Oil Depot Workers' Syndicate had also declared their support to workers in the fields, and had declared that they would go on strike in fifteen days unless the minimum wage revisions took place. Read claimed that, at least for the oil industry, the regulation had to be revoked soon.³⁴⁷ Read was correct in expecting a minimum wage revision in the oil industry soon, which took place in July 1961, not necessarily because he was a farsighted man, but because workers of the oil industry had been vocal about the revision of minimum wages upon the expiry date of agreements at least since minimum regulations were issued and the Consortium took over.

As the negotiations for a new collective agreement were not

346 "1959 Labour Law," in FO 371/140891.

347 A. G. Read, "Iran: Minimum Wages," 5/6/1961. British Embassy. LAB 13/1501.

reaching an accord, the Prime Minister himself felt the urge to intervene. The workers' representatives were called before Prime Minister Entezam, who "delivered some pungent remarks about the country's economic situation, industry's inability to meet marked increases in wage levels and the inflationary trend which would inevitably follow, especially in Khuzestan, if their demand were met."³⁴⁸ The Company documents record that two days before this meeting took place, NIOC representatives and OPCO representatives had met to discuss the maximum they could offer to the workers, and that they presented a report to the Prime Minister to avoid him making promises that would exceed that amount (122 Rials). However, after his meeting with workers, Prime Minister Entezam replied to the Company calling for a minimum wage of 125 Rials plus subsidies.³⁴⁹ A few days after this intervention, an agreement was reached, which was reported not to be satisfactory for any party. The minimum wage was raised to 125 from 109 Rials. Given the lack of any salient increase in the market prices of Khuzestan since the last agreement, workers seemed to gain more from this agreement than the Company, which did not want to increase the minimum wage of the unskilled worker by more than three Rials per day. According to this agreement, the allowance for rent and transport, and the compulsory ration of flour and sugar would be kept intact.³⁵⁰

Upon the expiry of this agreement in July 1963, negotiations restarted again. The Company wanted to introduce a Nowrouz bonus and a wage increase to highly skilled workers instead of a general increase. The Ministry of Labour chose to have a less active role this time, leaving the Companies, NIOC and OPCO's, to negotiate with the workers themselves. However, the OPCO's would rather have the Ministry of Labour as a mediator. When the Ministry retreated, OPCO's pushed the NIOC to

348 A. G. Read, "Minimum wage in the Oil Industry," 12/9/1961 British Embassy. LAB 13/1501.

349 J. Addison. "Minimum Wage Discussions," 1/8/1961. BP Archive, ArcRef:46762.

350 A. G. Read, "Minimum wage in the Oil Industry" 12/9/1961 British Embassy. LAB 13/1501.

initiate dialogue with workers. Mr. Warder, the Managing director of the Operating Companies, argued: “Workers have not yet reached the stage at which true bilateral negotiations can take place. They start with completely unrealistic demands but eventually accept whatever the Government is able to persuade them is the maximum they can hope for.”³⁵¹

The Ministry of Labour considered that negotiations should be carried out on a bipartite basis. The representatives of the workers were from Abadan and the fields. With the substitutes and advisors, they amounted to twelve men. Ramazan Nia, Mirzaie and Shahid Saless represented the employers. Together with their substitutes and advisors they amounted to ten. Workers demanded:

- a) A 100 % increase in wages, building up to 250 Rials per day
- b) A house procurement loan for all workers
- c) Increase in food rations of flour and ice based on the size of the family
- d) A longer leave period
- e) Traveling expenses for workers and all members of their families when on vacation (3rd class)
- f) Profit sharing or bonus
- g) Emergency loans
- h) Annual Nowrouz bonus of one months’ wages

The employers’ representatives responded to these demands by presenting the cost of living index to refute the basis for 100% wage increase. The employers grouped the demands of workers in four main headings:

- 1) Wage increase plus increase in rations
- 2) Nowrouz bonus and profit sharing
- 3) Loans (emergency and house procurement)
- 4) Leave (additional leave and travel expenses)

351 9/4/1964. BP Archive, ArcRef:46762.

The main disagreement was about the amount of increase in the wages. While the workers started demanding a one hundred per cent increase, which meant 125 Rials; the Company offered three to eight Rials. In the end, the negotiations reached an agreement of an increase of five Rials, a bonus of fourteen days, an additional fifteen kilos of flour and two kilos of sugar. Annual leave was extended by three days, and an annual wage bonus was added, it was recorded.³⁵² The agreement did not satisfy the workers. The American Consul, Thomas Donovan, reported that in fact the additional rations would increase the take home pay, as workers sell their rations in the market. The contact of the SAVAK chief of Khuzestan with workers towards the end of the negotiations was also noted as a factor that could have been influential in workers' cessation in bargaining further.³⁵³ The 1964 agreement re-introduced workers' retail cooperatives. The cooperatives would be initiated by the Company (providing the place and infrastructure), would complement company owned shops, and would be managed by workers themselves.³⁵⁴ (See Picture 11 and 12)

352 BP Archive, ArcRef:46762.

353 Donovan. 3/6/1964 "Labour Developments at the Abadan Refinery," Khorramshahr no: A-56, LA Central Foreign Policy files 1964-66, NARA.

354 LAB 13/2138, 1965.

Picture 11



The opening of company cooperative in the workers' quarter of *Ab Shirin, Gach Saran*, 1967. (23 Khordad 1346) *Yaddashtha-ye Rouz*, Library of Oil Ministry, Tehran.

Picture 12



Chesme Shour, Oil Employees' Consumption Cooperative, 1968 (5 Ordibehest 1347).
Yaddashtha-ye Rouz, Library of Oil Ministry, Tehran.

The biannual collective agreements that became a rule after the 1959 Labour Law continued to provide a ground for bipartite agreements between the workers' representatives and the Company, with varying degrees of state intervention in the late 1960s. The formation of labour unions in the oil industry in 1965, and the preparation of a new labour classification scheme that would replace the 1946 classification, laid the setting of the 1966 and 1969 Collective Agreements in the oil industry. The 1966 agreement was the first collective agreement in which the labour side was represented by registered trade unions. The agreement increased the Nowrouz bonus to the equivalent of thirty days of wage, increased the fifteen days of annual leave to twenty days, doubled the dirty work allowance, doubled the amount of literacy award given to workers obtaining official certification and kept the increased flour and sugar ration, among others.³⁵⁵

The 1969 agreement was the first agreement that incorporated the planning of the new ten grade classification scheme's implementation that was drafted in 1967 and replaced the 1946 classification. In addition, it endorsed the benefits that were noted in the previous agreement and increased the housing allowance paid to non-housed workers from ten Rials per day to thirty Rials.³⁵⁶

The subsequent 1972 agreement increased the minimum wage to 165 Rials for the unskilled worker. The striking difference between this agreement and the previous ones was the gap between the wages of the highest and lowest grade worker. While, according to the previous classification scheme, the foreman, belonging to the highest skilled worker category in the oil industry, earned twice the minimum wage of the unskilled worker, the new classification scheme rendered the highest skilled worker eligible to more than three and half times the wage of the lowest paid worker. In 1946 the minimum wage for the highest-level worker was eighty

355 BP Archive, ArcRef:120588.

356 BP Archive, ArcRef:120587.

Rials while the unskilled worker earned forty Rials, but by 1972 the highest-level worker earned at least 588 Rials while the unskilled worker earned 165 Rials.³⁵⁷ (See Table 6) Another striking difference in the distribution of wages in these three decades is the percentage of workers that were paid at the minimum rates. While 32.4 per cent of oil workers were paid at the level of unskilled workers in 1949, the composition of workers took a top-heavy form in mid 1960's. In 1964, the American Consulate argued that half of the workers of the oil industry were paid at rates of the highest skilled worker.³⁵⁸

Taken together with the previous observation of an increased gap between what the workers at the highest and lowest level of grading hierarchy earned, I argue that three factors have caused this increase in the worker's average income. First, claiming high levels of workers' redundancy in its payrolls, the Company pursued a no-recruitment policy at workers' level and reduced the number of workers in its payroll drastically. In addition to the yearly increments, the workers' composition took a top-heavy structure. Second, the remaining workers were encouraged to improve their skills with opportunities and awards. Third, given the competition with the other, newly developing industries in Iran, the Company prioritized the well-being of the skilled workers and pursued this policy openly.

357 Weekly Review of Iranian Press and Radio, Iranian Oil participants limited, No 893, BP Archive, ArcRef:63787.

358 LA Central policy files 1964-66 Labour Box 1303 Entry 1132A.

Table 6

Minimum wage rates in the oil industry 1946- 1973
(for unskilled workers) in Rials

1946 ³⁵⁹	1955 ³⁶⁰	1957 ³⁶¹	1959 ³⁶²	1961 ³⁶³	1964 ³⁶⁴	1966 ³⁶⁵	1969 ³⁶⁶	1972 ³⁶⁷
40	82	99	109	125	130	136	145	165

“The Right to Hire and Fire”: Who is the surplus worker?

When the 1949 Labour Law was being reviewed, a parliamentary committee had several meetings together with representatives of trade unions. One of the issues that raised questions both for the trade unions and for the employers was the condition on which workers could be dismissed. The Labour Law gave the employer permission to discharge any worker guilty of “acts against his employer” without notice. The trade unions claimed that under this clause many employers would dismiss workers for the most trivial offenses, and have accordingly requested the deletion of the clause.³⁶⁸

For the employers, the most problematic proposal in the new bill was that the agreement of the local labour department or the local governor

359 I.L.O., Labour Conditions in the Oil Industry in Iran: Report of a Mission of the International Labour Office.

360 William Koren Jr., “Increased Pay for Labourers of Consortium Oil Companies,” Dispatch no 435 op.cit., 29/03/1955.

361 Collective agreement of September 1957 in review of labour affairs in Iran for the period July-December 1957. LAB 13/1092.

362 A flat 10 Rial increase, in LAB 13/1418.

363 “Minimum Wage in the Oil Industry” September 1961, LAB 13/1501, the flat increase of 1959 was withdrawn.

364 Attachment to Note no. 2958 , Copy of Message from Mr. Warder, 19/5/1964. BP Archive, ArcRef: 46762.

365 Collective Agreement South Iran, BP Archive, ArcRef:120588.

366 Collective Agreement South Iran, Personnel Policy manual- daily rated employees, Iranian Oil Operating Companies, Chapter 3 Appendix IV, BP Archive, ArcRef:120587.

367 Weekly Review of Iranian Press and Radio, Iranian Oil participants limited, No 893, BP Archive, ArcRef:63787.

368 Labour Attache’s Report December 1950, LAB 13/518.

should be obtained before “surplus workers” could be dismissed. The Ministry of Labour introduced this clause to prevent wholesale dismissals by employers in times of temporary depression. Several employers’ representatives including those of the Anglo Iranian Oil Company strongly objected to the proposal on the grounds that it would interfere with their normal right to “hire and fire.”³⁶⁹

The reporting British labour attaché stated that the introduction of this clause was for the special purpose of preventing the bulk discharge of workers by textile employers in Esfahan, who made huge profits during the war and when faced with lower profit rates after the war threatened to reduce their labour force. The reporter argued that the Government feared any serious increase in the numbers of the unemployed would lead to political unrest. ³⁷⁰ For the Company, keeping “surplus labour” on the payroll was seen as “unemployment insurance” at the expense of the employer. ³⁷¹

The number of workers becomes important particularly when it is articulated as a problem by the authorities. After the settlement of Consortium, the first phenomenon that was discovered was the problem of “surplus labour.” The ILO report of 1950 pointed to 33,004 wage earners and 7,649 contract workers in Abadan. In the fields, there were 15,328 wage earners and 8, 716 contract workers. The total number amounted to 64,697. While already in 1950, the problem of redundant workers was mentioned in the reports, its scope was much more limited compared to after the Consortium debates. The August 1950 report of the British Labour Attaché notes that five hundred workers had been

369 Ibid.

370 Labour Attaché’s Report September and October 1950, LAB 13/518.

371 Memorandum to Grant E. Mouser, Economic Section. From Rolland H. Bushier, Labour Reporting Officer, “Labour as a factor in Foreign Investment in Iran,” 22/06/1955 in *Confidential U.S. State Department Central Files. Iran, 1955-1959 Internal and Foreign Affairs*, Harvard University.

discharged by AIOC on the basis of redundancy.³⁷² When the industry came under NIOC control from 1952-1954, apart from contract workers, no workers were discharged systematically. Even during the blockade years, they continue to be paid regularly, despite the fact that the refinery worked with a rather limited capacity.

However, by 1954, the discourse of “surplus labour” began to dominate the reports. The figures of 1954 pointed to 24,278 wage earners in Abadan and 16,113 in the oil fields.³⁷³ The contract labourers were noted to be six thousand. Therefore, the total number summed up to 46,391, which was 18,306 less than the 1950 figures of ILO. While no accurate study on the causes of the redundant labour or the volume of it had been done, the estimates, and accordingly rumours, converged at fifty per cent of the workers by the late 1950s.³⁷⁴ In search of “normal ways” of downsizing, not only retirement rates, but also “natural death” rates were taken into consideration. The Company admitted that not more than five hundred workers would retire, whereas resignations and deaths would not mount to three hundred in a year.³⁷⁵

The writer of the first volume of *British Petroleum History*, R.W. Ferrier, elsewhere refers to the necessity of reduction of manual labour (between 1958-1972) with respect to increasing automation of the plant.³⁷⁶ It is also possible to find references to the “populist policies of Mossadegh” in British documents with regards to the roots of this newly found problem of the industry.³⁷⁷ However, no recruitment to the oil industry was made after 1951 and this no-recruitment policy persisted until 1960s.

372 FO 371/82402.

373 BP Archive, ArcRef:195723.

374 FO 416/109 and FO 371/140892.

375 *Ibid.*

376 BP Archive, ArcRef:142646, R.W. Ferrier, “Economics of the oil industry, Iran 1901-1976.”

377 FO 371/114871.

The production figures of the oil industry in Iran entail a recovery in the production of crude and refined products by mid-1954. There is no mention of immediate introduction of new technology to the industry in the reports of BP, the British consulate or the relevant literature. Even if technological innovation was the case, a gradual increase in the figures of redundant workers would be much more expectable than an immediate one. Neither the technological innovation thesis, nor blaming Mossadegh for the so-called “surplus labour problem” seems to be convincing. Nevertheless, defining such a surplus labour problem, by itself had visible impacts on the workers’ lives. Apart from creating a persistent threat of being in or falling into this fifty per cent of redundant labour force, it involved a de facto deskilling of skilled workers, who were being sent for temporary or casual work, or had to perform the jobs of unskilled workers.

The total employment figures of the Company pointed to a mid-heavy structure. While due to no-recruitment policies and yearly promotions workers presented a top-heavy structure, in the allocation of staff this was reversed. Jobs that did not need much skill apart from some degree of literacy composed a large part of non-graded staff positions. It was argued that skilled workers that were dismissed would not encounter an employment problem whereas these lower strata white collar workers would experience hardship finding jobs.³⁷⁸ (Table 7)

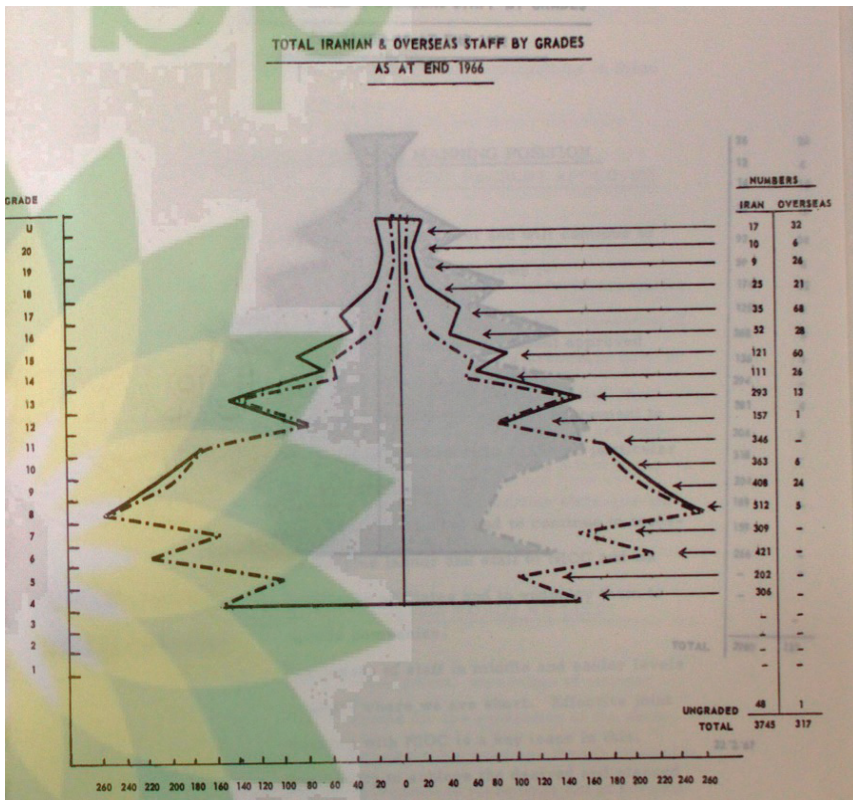
The Company had three main plans for dismissal of its workers whom it classified as surplus. The first and most desired way was voluntary retirement. In 1957, the intention was to retire ten thousand of its employees, who would be paid until they reached the age of sixty-five, after which the Iranian Workers’ Social Insurance Organisation would take over.³⁷⁹ However, voluntary retirement did not take place easily. A housing plan in Ahwaz was developed to attract workers that would volunteer for

378 BP Archive, ArcRef: 46762.

379 LAB 13/1318.

retirement. In 1959, 3500 workers who were qualified for retirement had not applied to retire yet.³⁸⁰

Table 7³⁸¹



Changing retirement regulations gave rise to labour complaints, too. Employees who had retired before the nationalisation of oil complained that their retirement benefits did not match their colleagues'. For example, in a series of petitions to the parliament and to the Shah in 1958-59, one of the retired staff members, Mohammad Ali Soltani, together with 54 other employees, argued that they had worked for 30 years in the worst climate conditions, and had been founders of the industry, but that they

380 FO371/140891.

381 BP Archive, ArcRef:101425.

felt discriminated against due to the huge gap between the retirement salaries of the employees who had retired before the nationalisation and the ones who retired just after the nationalisation. Soltani argued that they were paid 1670 Rials, while the latter group was paid between 6000-8000 Rials. Upon the answer that their situation was handled within a different legal framework, Soltani complained that if they were not recognized as retired employees of the National Iranian Oil Company, and rather retired employees of a foreign company, they should be allowed to get in touch with the British company in pursuit of their rights.³⁸²

Several retirement schemes were planned, which depended mostly on the efficiency of the workers' insurance scheme. In the late 1960's, a new staff separation scheme, targeting those below forty years of age, was introduced. According to this scheme, workers would be paid for two months for each year of their service, and would either get back their pension contributions or have a deferred pension at the age of 60.³⁸³ This new plan would be recalled as *sali do mah*, (two months for each year) by workers.³⁸⁴

The second option was redeployment of workers to other towns or industries. This policy had further chain reactions as was seen in the blockade years when the NIOC continued the customary support to the Abadan Municipality, this time not in monetary terms but in the form of sending workers to do the municipal works, such as repairing the city roads, which resulted in municipal workers' unemployment.³⁸⁵ In some cases, leaving their families in the oil fields, workers were sent to other towns to do another type of work, such as working in the brick factory of Ahwaz.³⁸⁶

382 Library, Museum, and Document Center of Iran Parliament, 3/8/1337 (1958) no 5785, 29/9/1337 (1958) no 5786, and 23/4/1338 (1959) no:5782 Tehran, Iran.

383 1967-68 Annual Review of General Labour Affairs, Iran Oil Operating Companies in BP Archive, ArcRef: 127030.

384 Interviews by the author.

385 BP Archive, ArcRef:126373.

386 FO 416/109.

Furthermore, the “redundant” workers of the oil industry did not always meet the requirements of the companies that were willing to take part in the transfer. For example, competent typists, clerk stenographers, account clerks, and general clerks were required in the new establishments. However, there was a shortage of workers with these credentials in the oil industry as well. This shortage was not only due to a lack of people with relevant skills, but also due to promotions of those with these skills to higher posts. In the case of the transferred workers’ being unsatisfactory with the new company, the oil company had agreed with the transferred company that the workers would be returned.³⁸⁷ This was suggested to a British pipeline contractor, Costain, John Brown Limited by the Operating Companies of the Consortium to ease the transfer of some of its surplus employees. Rolland Bushner of the Khorramshahr US Consulate reports that the company was content with employing workers from other sources than the oil industry “as it finds non-Company employees, particularly locally recruited labourers, much harder working, more subject to discipline, and less demanding.” Furthermore, Bushner argued that the British contractor had adopted the NIOC tactic of firing employees at the end of each month and hiring them back again to avoid giving them their rights stemming from the 1949 labour law.³⁸⁸

The third and less preferred option was dismissal of the employees, which had to be pursued on an individual case-by-case basis, as the Labour Law had banned large-scale dismissals. Accordingly, in the late 1950’s, a number of workers wrote petitions to the parliament complaining about losing their jobs after having to take leave due to illness, compulsory

387 Rolland H. Bushner, “Transfer of Surplus Employees of Oil Consortium’s Operating Companies to Pipeline and Road Construction Work.” Dispatch no 3, 4/8/1955, Khorramshahr in *Confidential U.S. State Department Central Files. Iran, 1955-1959 Internal and Foreign Affairs*, Harvard University.

388 Ibid.

military service and similar causes.³⁸⁹

The way the “surplus labour problem” was dealt with had the most severe impact on contract-workers’ lives, as they composed the most vulnerable group vis-à-vis downsizing and no-recruitment policies. In most cases, the jobs they used to work would be given to the Company workers who had worked only one shift in the blockade years, and were considered to be among the “redundant workers” after the Consortium take over. Composing a large part of the unskilled workers, their job was far from temporary. The ILO report of 1950 and the contra report of the Iranian authorities of 1952 converge in their depiction of the contract workers’ despair. The ILO report of 1950 pointed to 16,000 contract workers in Abadan and the oil fields. According to this report, this number shows that fifty-six per cent of workers at the fields and twenty-three per cent of workers at Abadan were workers employed by sub-contractors.³⁹⁰ They would be employed as daily labourers when an additional hand was needed, and would comprise the main labour force of the construction activity of the Company (Picture 13).

The “non-company worker” referred to in the pink minimum wage propaganda poster of the Company before the nationalisation of oil, cited in the beginning of this chapter, did not only refer to workers engaged in other industries but also workers who worked in the oil industry but did not have a Company contract. (See Picture 9 and Picture 10) The officer at the Staff department of the Anglo-Iranian Company deemed the poster as dangerous because it exposed the precariousness of the contract workers. The officer argued that providing figures for the subsistence level in Abadan, *“the posters might put the other employers in the town, who do not pay as much as the Company, under the spotlight and can be used as an example by*

389 See Panjeh-Ali Mohammadi, 1/11/1339 no 912, Reza Esmaili, 30/1/1337 no 917, Isa Moori, 9/10/1335 no 924, in “Naft Kargarān” in Library, Museum, and Document Center of Iran Parliament, Tehran, Iran.

390 ILO report, 29, Table VIII and “Some Documents on the Conditions of the Iranian Workers Under the Ex-Anglo Iranian Co.,” 12.

*contractors to force up contract rates.*³⁹¹ This commentary, not only shows the degree of class-solidarity among employers and the reluctance to reveal the collaboration between the Company and the Iranian state alongside other information with regards to the minimum requirements for a decent living, but also indicates the complexity of portraying the workforce of the oil industry in a clear-cut manner.³⁹²

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391 BP Archive, ArcRef:68236..

392 Jan Breman underlines that a dichotomy between formal and informal sectors can only exist in ideal-types. What we observe is rather a continuum of positions in between. See Jan Breman, “The Informal Sector of India’s Economy,” in *Outcast Labour in Asia* (New Delhi: Oxford University Press, 2010).

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Picture 13



Construction workers report for work, May 1958³⁹⁵

Some contract workers of the oil company took their grievances about unequal pay and benefits to the parliament. For example, Mirza Hasan Ghaemzadeh Monjazi, working in Masjed Soleyman, took the complaint of eleven workers working for an oil company contractor to the parliament, stating that they were paid under the minimum wage, and could not benefit from social insurance and other rights granted by the labour law despite the fact that related premiums were cut from their wages. Moreover, he complained about harassment of the contractor and dismissals. Monjazi addressed his petition not only to the Shah, the Senate and the parliament, but also to other institutions, including the labour related program on Radio Tehran. The National Iranian Oil Company replied to the parliament, stating that they have gotten in touch with the contractor, and that negotiations between the workers and the contractor were taking place.³⁹⁶

The “non-Company workmen” of the industry involved domestic servants as well. However, their position was more complicated. While their recruitment was a private matter, the Company provided detailed supervision and service in this process. The introductory booklet published in 1965 by British Petroleum for their incoming British employees noted that the Company labour office in each locality was available to help the employees at the oil fields area to find their house servants. The employees were urged to have their servants registered with the NIOC Property Protection Office in the area, presenting a copy of their identity card and two pictures. They were “strongly advised” to have their servants undergo a medical examination before employment, the cost of which was covered by the Company. Furthermore, the Company agreed to pay for half of the medical treatment if necessary during the time of their employment at

396 “Naft Kargaran” no 954-56, in Library, Museum, and Document Center of Iran Parliament, Tehran, Iran.

its employees' houses.³⁹⁷ While the domestic servants of the British Staff were entitled to make their private shopping from the company stores, the contract workers did not have access to these shops. Furthermore, the latter were not able to seek medical care in the company hospital in Abadan, which was the only hospital in the city.³⁹⁸

The question of surplus labour and the intertwined no-recruitment policy had further effects in the oil towns. The population of Abadan, where the worker population was mostly concentrated, had grown from 120,000 to 226,000 from 1943 to 1956 (1943- the Company survey and 1956 census).³⁹⁹ The doubling of the population, when converged with the no-recruitment policy, meant an extra burden on the shoulders of the employed population, and the formation of a disenchanting, idle group of young people, who were not able to be a part of the production process. As a partial solution to this problem, recruitment for apprenticeship, which was also brought to a halt after nationalisation, became confined to the sons of the Company workers by mid-1955.⁴⁰⁰ To deal with this increase in the "idle population" in the oil towns, the dismissed employees were encouraged to leave the city.⁴⁰¹

The survey on the characteristics of the workers who were seen as surplus presented the "surplus worker" as forty years old or older, who had twenty or more years of service and not more than six years of education. He had four or more dependents and two other people would also live in his household.⁴⁰² G. Lewis Jones, Chargé d'affaires in the US Embassy, reports from his conversations with the then managing director of the Consortium, Brouwer, that upon learning about the Company's

397 BP Archive, ArcRef:110926.

398 ILO Report, 28-30.

399 LAB 13/1318.

400 FO 371/114871.

401 BP Archive, ArcRef:46762.

402 BP Archive, ArcRef:101425.

assessments of the surplus labour issue, hundreds of workers went to Iranian courts to obtain certification that they were 40 years of age or less.⁴⁰³

Seconding the surplus workers to contractors such as the Abadan bus contractors was seen as dangerous as it would result in not being able to “get rid of” workers that were deemed to be surplus.⁴⁰⁴

In 1959 when the Iranian Prime minister visited Abadan, the workers’ representative had addressed him as such:

Sir, surplus workers: Since the Oil Agreement, it is pretended that some workers are surplus. It may be that it is really so or it isn’t. I do not ask investigation in any of these problems at once, I only request that the Prime Minister may instruct that this matter be illuminated. Today 25,000 workers do not know their condition. From the employer part, no attention is paid to these workers who are needed, leave alone who are surplus. The surplus workers have prevented progress of the required workers. They do not illuminate the position of surplus workers and as a result more than 500 technical workers, real artisans, workers who have toiled for 20 years... Iran radio announces that our technical force is not sufficient, then why should these technical workers do non-technical work. I request you to investigate this and appoint a committee to illuminate the situation of surplus workers as soon as possible.⁴⁰⁵

The way the surplus labour problem was produced, communicated, and the solutions that were drafted in response, added to the precariousness of the workers that were at the lowest strata of the labour hierarchy. Updating the classification scheme involved freezing the positions of the employees that were seen as redundant, in order to avoid them getting

403 Memorandum of Conversation, G. Lewis Jones and L.E.J. Brouwer, American Embassy in Tehran, 12/12/1955, Dispatch no 524, Harvard University, Reel 16.

404 BP Archive, ArcRef:46762.

405 FO 371/140893.

annual remittances, if it was not possible to retire them. Regular screenings were advised to identify who the “surplus” consisted of.⁴⁰⁶ Discussion of transferring and readmitting in case of workers’ being unsatisfactory in their new location, as well as continuous scanning and re-evaluation of the work carried out by workers were also mechanisms to make workers disposable and transferrable. They targeted not only the current status of the workers, but also their future, by means of freezing their position and preventing their future expectations.

The Company expected that those affected would challenge dismissals by writing petitions to the state. The final comments on the survey on surplus labour are revealing in demonstrating the power dynamic between the state, its citizens and the oil company:

Oil industry (like Government) staff consider that they are morally entitled to full salary plus periodic increases up to normal retirement age. Any act which reduces their total expectation seems to them as injustice. If we dismiss staff many are going to complain: to the Shah, to the Ministers, and the Parliament, to anyone who will listen. These petitions are more than a nuisance. They cause questions to be asked by those entitled to demand answers. They serve to focus official attention on the separation program. They provoke investigations and critical reexaminations of the policy. They force NIOC to explain-defend and vindicate their position.⁴⁰⁷

As expected, the state did not always comply with the demands of the Company. Apart from Labour Laws that made it hard for employers to dismiss large segments of their workforce, the NIOC was not cooperating with the Operating Companies either. While the cooperation between the NIOC and OPCO’s became denser in mid-1964, particularly with respect to wage and bonus regulations, downsizing was not an issue that

406 BP Archive, ArcRef: 46762.

407 BP Archive, ArcRef: 101425

these two main employers of the industry had agreed upon.⁴⁰⁸ For the NIOC, dismissing employees was a very “delicate operation.” It was argued that the “social climate in Iran frowns upon dismissal.” As long as the employee does not do a “fault of his own,” he is not expected to be dismissed.⁴⁰⁹ This sentiment had grown stronger with nationalisation, as workers were promised job security by the government. This was in line with the government’s own practice as an employer, too. There was no provision of discharge for civil servants; as long as they did not commit a crime, they could not be discharged. The other concern which led to non-compliance with the Operating Companies’ downsizing plan was the impact of rising unemployment, which would create political and social instability. The Iranian Oil Operating Companies Personnel Planning Survey acknowledged that the NIOC would not agree with a “termination formula for the older, long service staff which they are not able to justify.”⁴¹⁰

The “Surplus Labour Problem” characterized the Consortium’s labour relations’ policy up until all premises were transferred to the NIOC in 1973. On August 2nd, 1973, the NIOC took control of Abadan Refinery, which completed the nationalisation process.⁴¹¹

Concluding Remarks

The organisation of relations of production in the Consortium years reveals a dense network of relations between the agents of this effort, being the Company, the State and workers. A review of the negotiations and struggles around the definition, classification, and control over the labour power of the workers tells us not only about the composition of the workforce in the Iranian oil industry but also the operation of the State

408 BP Archive, ArcRef: 46762.

409 Ibid.

410 BP Archive, ArcRef:101425

411 BP Archive, ArcRef:63788

and Capital at the workplace level. The relative autonomy of the State, and embeddedness of the organisation of relations of production in the social and political context are demonstrated.

The job classification scheme situated senior staff into contradictory class positions, tying their interests with that of the employers and turning them into agents of domination at the workplace. Lack of control over organisational assets deprived unskilled workers and particularly contract workers of social autonomy. Linking the minimum wage basket with wages dislocated the basis of the wage, being the exchange rate of the labour force in circulation, to the realm of reproduction and its necessities. Using job classification schemes to create a disposable workers' population exposed the limits of "free labour" under precarious working regimes where social security provisions and special benefits by the employer create an un-free bondage.⁴¹²

The most revealing output of this chapter is, however, in that it shows how the effort of the Company to de-personalize, and quantify the labour power of the workers was faced with resistance from the workers. It exemplifies Polanyi's argument of labour being a *fictitious commodity* as it is not produced for sale:

"Labour power" cannot be shoved about, used indiscriminately, or even left unused, without affecting also the human individual who happens to be the bearer of this peculiar commodity. In disposing a man's labour power the system would, incidentally, dispose of the physical, psychological, and moral entity "man" attached to that tag.⁴¹³

While the Company saw work as an entitlement bestowed upon the employees, it was seen as a right by the workers, for whom it was not

412 See Marcel van der Linden, *Workers of the World: Essays Toward a Global Labour History (Studies in Global Social History)* (Leiden: Brill, 2008), 24-25.

413 Karl Polanyi, *The Great Transformations*, 76.

only the income, but also fair distribution that mattered. The Company's discourse of efficiency and redundancy was countered by workers' concerns for recognition, respect, and the right to work. A reading of the labour developments in the Iranian oil industry through three decades provides us a rich terrain for thinking over the meaning of work for the workers. It also shows that "various political and social pressures,"⁴¹⁴ which were continuously established as a defect in the system by the Company, were in fact the backbone of how the relations of production could be organized.

414 "Increased pay for labourers of consortium oil companies." Dispatch no 435, March 29, 1955. NARA.