“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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Conclusion:
not by bread alone

The Consortium Agreement of 1954 was initially for twenty-five years. However, since the late 1950s, the Iranian state had succeeded in getting better deals (than the Consortium's fifty-fifty) in bilateral agreements with other foreign companies. Moreover, with the formation of the Organisation of the Petroleum Exporting Countries (OPEC) in 1960, the oil producing countries started to benefit from concerted actions and succeeded in pushing for higher oil prices.[877] Following the success of the post-colonial Libyan government in pushing multinational oil companies for higher prices in 1970, other oil producing Middle Eastern and North African countries raised the same demand together with claims for increased participation, if not nationalisation.[878]

Oil producing countries' individual initiatives and concerted actions (such as the 1971 OPEC and Oil Companies' Tehran Agreement, and joint actions of some OPEC countries against US support for Israel in 1973) complemented each other. Better deals and rising demands for control over national oil production in the region, together with the Iranian state's long-time dissatisfaction with the Consortium's rate of growth of production, brought the early termination of the Consortium Agreement

877 Bamberg, *British Petroleum and Global Oil 1950-1975: The Challenge of Nationalism,* 449.

878 Ibid., 450-74.

in 1973.[879] According to the agreement between the Iranian state and the Consortium Companies, the latter would buy crude from the National Iranian Oil Company (NIOC) and found the Oil Services Company of Iran (OSCO), to function as a service contractor for the NIOC with a five-year contract.[880] Consequently, the NIOC became the owner and operator, with the right to have the final say in managing the oil industry.[881]

The post 1973 situation marks a significant revision in the organisation of relations of production beyond a managerial change. The Consortium's labour management model was a continuation of the initial, pre-nationalisation structure instated by the Anglo-Persian (later Anglo-Iranian) Oil Company, albeit recognising some of the concerns that had shaped the nationalisation movement. The gradual transfer of the oil industry to the NIOC brought an end to the Consortium's no recruitment policy in the late 1960's. After the NIOC totally took over, an increase in the total number of employees was observed. It was accompanied with the recruitment of foreign workers, which brought up new dynamics for the oil industry.[882] The composition of blue and white-collar workers changed as low-skilled office jobs expanded and the Company employed more of its staff in some jobs that were previously handled by blue-collar workers.[883] Moreover, the increase in the oil prices strengthened oil workers' demands for a better living, as they asked for their share of the development. Finally, after 1973, the dual sovereignty over workers established by the multinational company on one side and the state on the other came to an end, which opened up a new chapter in the social history of labour in the

879 J.P. Burnett, February 1973, POWE 63/710.

880 Bamberg, *British Petroleum and Global Oil 1950-1975,* 473.

881 Ibid.

882 For the increase in employment of foreign workers in Iran see A. D. Parsons, "Iran Annual Review for 1975," 15/12/1975 in FCO 8/2497. For the increase in the number of employees in the oil industry see Peyman Jafari, "Reasons to Revolt: Iranian Oil Workers in the 1970s," *International Labor and Working Class History* 84 (2013), 201.

883 Peyman Jafari, op.cit, 205-6.

Iranian oil industry.[884]

I did not confine myself strictly to the years between 1951 and 1973, in order to be able to grasp the persisting trends and changes in the organisation of relations of production. References to the pre-nationalisation years were made to provide a background to, and contextualize the living and working conditions of, the oil workers of the time period under study. In fact, while the Nationalisation Act was approved in 1951, the "actually existing period of nationalisation" did not last more than two years and was interrupted by a military coup in 1953. As discussed in the Chapter One, with the post-coup insertion of an international consortium in the management of the oil industry, the industry remained officially as nationalized but the control passed once again to non-Iranian managers. Until 1973, when this prolonged process of nationalisation finalized, this tug of war for control over the oil industry continued.

The research shows that first, nationalisation was a process rather than an event that took place in 1951, and it was the managers who took the lion's share of the benefits raised from the transfer of control. Second, the codified stratification in the organisation of labour relations through grading and collar line extended beyond the workplace and was fundamental in the making of employees' social class position, by not only determining their material benefits but also establishing a scale for what different segments of employees need and are entitled to. Third, contract workers, as part of the substantial and heterogeneous category of "non-Company" workers in the oil producing community, constituted the most precarious segment, a disposable population among oil workers. Fourth, contrary to the established argument that labour activism was practically non-existent in the oil producing South in the pre-revolution authoritarian years, multiple instances of collective action took place under repressive

884 For the concept of dual sovereignity, see Misagh Parsa, op. cit., 157.

conditions. Fifth, the state acted as a mediator between the workers and the Company, and shifted alliances pragmatically according to the relationship of forces at any relevant moment, constructing a case for the embeddedness of the economy into social relations. Finally, the actors in the oil industry were not operating in a vacuum. From the Iranian bureaucrats to the oil workers, they were informed and were in relation with other actors within and beyond national borders, albeit in various strengths.

Consequently, two observations stood out in this history: people's concern for having control over their productive activities and to feel as equal members of the oil producing society, and the embeddedness of the economy in social relations. In fact, as is also shown in this study, these two are related.

The concern of control is a shared feeling among both the national elites and workers, albeit in different ways. As shown in the Chapter One, control over oil production via Iranianisation of the management had been a longstanding theme in the negotiations of the Iranian state with the oil company. While the demand for Iranianisation of the workforce was initially about unskilled workers, the 1933 concession registered gradual Iranianisation of all oil employees, with an emphasis on training Iranian technicians and clerical staff. The main topic of the tug of war between the Iranian state and the British Company was over the management of the oil industry, and the former's demand of having access to relevant industrial information. This was not only an issue about economic transparency, but also about having or at least sharing the decision-making power and having a say on the future of the industry. The post- WWII gradual decline in the centrality of Abadan refinery in the overall oil production in the world can be a good example of the vitality of this decision-making power.[885]

885 While Abadan refinery was the biggest refinery in the world during the WWII, the post-war managerial decisions favored increasing refining capacities not near the source of crude production but in market locations. See Bamberg, *The History of the British Petroleum Company: Volume 2,* 287-90.

At the level of workers, the degree of lack of control over the production process was linked to where they stand in the organisation of labour relations, which had longstanding consequences on their life outside the factory. In the Chapter 2, I elabourated on class as a relationship, and positioning with respect to domination and exploitation being two interrelated determinants of this relationship. Interpersonal domination in daily supervision, and working with a daily plan with a limited perspective over the whole production process were two examples of work conditions of blue-collar workers, who were deprived not only of the means of production but also of organisational assets.

In the oil industry, the sharp collar line, grading mechanism, creation of a disposable worker population by the surplus labour issue, and extending this stratification to the living space intensified workers' lack of social autonomy on the shop-floor. In fact, this is only another way to explain how workers in the oil industry experienced alienation. Reduced to the colour of their collar, to degrees in job classification schemes, transferred to other companies or municipalities when deemed not necessary, and in some instances pushed to do the work they were overqualified for because of management decisions, workers were further alienated from their own productive activities.

The symptoms of this concern of lack of control, which at the workers' side can be named as alienation, or "instituted heteronomy" as Castoriadis calls it[886], were similar for elites talking on behalf of "the nation" and the oil workers: feelings of degradation and insult. For the elites, it was articulated in terms of violation of "national pride," and for workers it was a matter of respect and status.

When I met Reza R. in 2012, he was a proud and fit man in his

886 Castoriadis cited in Linden, *Workers of the World: Essays Toward a Global Labor History (Studies in Global Social History)* 33 and David Ames Curtis, ed., *The Castoriadis Reader* (Oxford: Blackwell Publishers, 1997), 184.

eighties.[887] His life with the oil company had been interrupted neither by nationalisation nor by revolution. Not wanting to be a farmer, he had found his way into the oil company as an illiterate young man, worked as an electrical worker, and retired from the same factory as a foreman with a primary school diploma. His story read like a perfect example of an oil worker, the core of the labour aristocracy in Iran. Moreover, his life could be read as testifying to a pre-precariat era, when he had income security, opportunities for upward mobility, and skill reproduction among other labour-related securities.[888]

However, he also had wounds. Persisting wounds. When he explained his daughter's health insurance covering more than his, due to his son-in law's retiring as a white-collar worker at the oil company; when he referred to the retired oil employees' association in his town as belonging to the staff and not to workers, his wounds bled. He claimed that life had not changed much after nationalisation for workers like him. But he remembered bitterly fixing an electrical problem with a colleague, as they often did, at the house of one of the new Iranian managers and the manager's wife wiping the doorknob behind them. "The British didn't do that," he said. Yet, he was proud of nationalisation. It had brought an end to the unjust exploitation of Iranian national resources, he said. He remembered his living conditions in pre-revolution years as of contentment; yet, for him, the Shah was a stooge of imperialism. No, he was not confused. His recollection represented pieces of the same reality. A testament to what it was like to be an oil worker in the Iranian oil industry.

The wounds of Reza R. are examples of what Richard Sennett and Jonathan Cobb call the "hidden injuries of class." [889] Writing about

887 Reza R. passed away in 2015.

888 Guy Standing, *The Precariat: The New Dangerous Class* (London: Bloomsbury Academic, 2014), 17.

889 Richard Sennett and Jonathan Cobb, The Hidden Injuries of Class (New York: Norton, 1993).

reflections of working people over their own productive activities, Sennett and Cobb argue that these injuries are caused by the symbolic violence stemming from not having equal access to resources in a highly stratified society, and benefiting from a lower social status thereafter. Necmi Erdogan, writing on poverty and subaltern classes, renames these injuries as "wounds of differentiation [from the better off]"[890] It is these wounds of differentiation that hurt Reza R. even after his retirement, despite his relatively good pay, secure job and retirement conditions. It cannot be emphasized enough that social class position is based on a set of relations and is determined by comparison. For example, as quoted in the Chapter 2, for an oil worker, *"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."*[891]

Furthermore, the chapters 2 and 3 show that pure material gain, i.e. a good and sufficient wage, was not the only concern of the workers. They cared more about their position among equals. Their concern of social status was at times ridiculed by reporting US diplomats, who argued that any Iranian student with a ninth grade education or more insisted on "*a job with a briefcase, even if he has to carry rocks in it.*"[892] As Sennett and Cobb relate, the differences in the share of resources, in and beyond the material ones, in a system which is believed to be founded on a legitimate basis (i.e., post-nationalisation), can only be rendered meaningful by assuming that it is the

890 Necmi Erdoğan, *Yoksulluk Halleri* (Istanbul: İletişim Yayıncılık, 2007), 65. Erdoğan refers to lyrics of Müslüm Gürses's popular song "Fark Yaraları" translated and also quoted by Meltem Ahıska and Zafer Yenal in Meltem Ahıska and Zafer Yenal, "Poverty and Citizenship between 'Bare Life' and the 'Political': The Case of Kavakpınar in Istanbul," *Red Thread*, no. 3 (2011). "Yaşantımız sanki ateşten gömlek/İçimizden gelir bin defa ölmek/Hakkımız değil mi bizim de gülmek/Bizi bu fark yaraları öldürür." (Our lives are an ordeal/Many times we think of dying/ Don't we also deserve to be happy/ These wounds of difference kill us.)

891 "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.

892 Robert M. Carr, Counselor for Economic Affairs, US Embassy, Dispatch no 835, 17/05/1951, Tehran, Iran.

lack of ability which puts one behind.[893] By dissecting the highly stratified system of grades and classifications that shaped workers' lives in and out of the working space, I argued that the unequal distribution of livelihood was rationalised and legitimised with this highly structured grading system.

The roots of the symbolic violence inflicted upon the nationalists of an economically dominated country and workers at lower positions in the social and economic stratification were similar. As Sennett and Cobb's argument goes, in a highly stratified society, which is intrinsic to a class system, there is no way to avoid these hidden injuries of class.[894] In other words, these injuries caused by symbolic violence are effects of capitalism and do not stem from individual sensitivities. I argue that Sennett and Cobb's argument can be extended to the international state of affairs. The historical relationship of exploitation between advanced industrialist countries and marginalized, dominated countries, which is built upon violent and non-violent means - in other words, imperialism - causes similar hidden injuries for the power holders of the marginalized countries.

The history of these "national" hidden injuries is extensive. As Timothy Mitchell presents, the distorted conventional history of Middle Eastern oil, which praises the concession owners, starts with the story of its foundation, which is a narrative of obstruction and delay in the production of oil instead of developing it. As he relates, the actual story is not about "heroic pioneers" but rival firms portraying their needs as in line with the imperialist interests of the states they were related to.[895] Futhermore, the effect of strategies used by power-holders in the national and international field, by depersonalising and quantifying social inequalities by presenting them as natural effects of the "free market" or "economic efficiency," does in fact put the blame on the dominated states and classes, intensifying the symbolic violence cast upon them.

893 Sennett and Cobb, op. cit., 77.
894 Ibid., 170-71.
895 Timothy Mitchell, *Carbon Democracy* (London: Verso, 2013), 54, 65.

The second observation was the embeddedness of the economy and economic decisions in social relations. Since its initiation, as succinctly explained by Mitchell, the oil quest in the Middle East was made possible by rival companies' (Deutsche Bank, Burmah Oil, and the Shell) commercial interests, entangled with their related states' imperialist concerns for extending their spheres of influence. [896] This provides an example from the oil industry of Polanyi's articulation of embeddedness, as I present in the Introduction.

In all four chapters, we observe this condition. Managerial policies with regards to labour organisation and the challenges it faced cannot be seen as "economic" decisions resulting from a concern of efficiency in itself. On the one hand, they incorporate and contribute to the power dynamics in the society. On the other hand, they are limited to, or challenged by, what is seen as just and appropriate in the society.[897] Accordingly, the difference between the employment policies of the Consortium and the NIOC shows that what was seen as a bug in the system by the Consortium, i.e., the social and political concerns, was in fact an essential part of the modus operandi of the system. The contradiction was between the position of the workers, for whom employment was a right, and of the Company, for which it was an entitlement.

The state and the Company had to compete for the loyalty of the oil producing community and coordinate their forces to secure their common interests at the same time. As shown in the previous chapters, they worked together in containing labour organisations, suppressing collective actions, maintaining the stratified order in the oil producing community, giving logistical help to each other's operations, and providing social amenities. The last point also constituted a realm of competition

896 Ibid., 47.

897 Polanyi argues that any attempts to commodify fictitious commodities such as labour, land and money would face reaction from the society. See "double movement" in Polanyi, *The Great Transformation,* 136-138.

for the loyalties of oil employees between the state and the Company. The Company had a higher share in organizing the social amenities in the oil producing community. As shown in the Chapter 3, what was initiated out of necessity in the beginning of oil production evolved as means for extra-workplace bondage between the employees and the Company. Access to adequate health and education facilities, and to subsidized, affordable food, rendered being on the payrolls of the oil company a privilege given the inadequacy of the public facilities in the region and the low levels of the legal minimum wage. Acting as an intermediary between the Company and the workers, either by filling in the legal obligation of mediation in labour disputes or by standing as an authority to whom complaints against the Company could be filed by the employees, the state at times curbed the harm caused by the short term interests of the Company, and at the same time functioned as a safety valve for the longer term "labour peace." Moreover, involvement in the labour disputes on the side of workers helped to ensure adequate levels of legitimacy to rule.

It is hard to come across workers' actual voices in official archives and oral history narrates retrospectively. However, when the voices are there, even if they are mediated, they break the fatalistic image of the subaltern. My study contributes to the undertaking of writing history from below focusing on the lives of working people, rather than the actions and decisions of the elites in power. Going beyond methodological nationalism and focusing on the interactions of agents, not taking them as isolate, homogenous entities trapped in time and location, is an essential part of this approach. My research is to a large extent based on a comparative study of the main archives in the field. There is still much room to conduct research in the personal archives of workers and staff, and work with oral sources and newspapers to enrich the literature on the social history of the Iranian oil industry. Topics such as generational differences between workers' experiences in the oil industry, the relations between the formal and informal sector in the oil producing South, and the experience of the

people working in the grey zones, such as contract workers and domestic servants, need to be researched further.

This study is about life and work in the oil industry in Iran, and as research shows struggle for a better life entailed not only a nominal increase in the wages and other economic benefits, but also having a fair share of the results of one's productive activities. This reminds the previously quoted words of Taheri, the representative of workers in Abadan, addressing the prime minister and the cabinet members on January the 6th 1959:

> They should pay for the work that the work does. For example, we are four men who should have a grade of 200 [R]ials pay. Three of us receive [it], one receive 150 [R]ials. This is not right.
>
> Sir, I do the same work as he does. At least my position should be looked into, if I deserve [it], it should be paid to me.
>
> I have nothing more to say.[898]

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