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Chapter 4

WWI and its Aftermath: The Emergence of the 'Social Question' and its Impact on the Oil Complex (1914-1926)

The New Bazaar of Abadan: Small Case, Big Story?

This chapter and the next two are parts of a single story: that of the controversy surrounding the building of the new bazaar of Abadan by APOC in 1925-27. But because the story is highly complex, and takes place over a long and very eventful period, in separate and far away locations (England, Iran, Persian Gulf, Abadan, to mention a few), I have broken it down into three separate chapters. The present chapter takes place mostly in Britain during the first quarter of the twentieth century when the question of "the social" was being formulated with great urgency, leading to the gradual but unmistakable emergence of the institutions of the welfare state there. By *the social* I refer to George Steinmetz' formulation as,

> "The space between the economy and political institutions which in the latter part of 19th century Europe, and from the turn of the 20th century among nationalists elsewhere, began to be increasingly perceived as "the arena of collective needs, grievances, and disruptions" against free market and state institutions that needed to be addressed in order to avoid threats to the political and economic order, and to increase the efficiency and competitiveness of the nation state"[1].

My contention is that these developments affected the corporate culture and the policy directions of APOC and the British state, especially regarding relations with labor and subaltern populations, which began to be increasingly mediated by professional technical experts of various kind. The next chapters will pick up the story in Abadan, and will analyze the oil encounter that contributed to the particular formation of new labor relations and state institutions, and the process transformed

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[1] See George Steinmetz, *Regulating the Social : The Welfare State and Local Politics in Imperial Germany* (Princeton: Princeton University Press, 1993); Jacques Donzelot, *The Policing of Families* (Baltimore: Johns Hopkins University Press, 1979); Jacques Donzelot, *L'Invention du Social: Essai sur Le Declin des Passions Politiques* (Paris: Seuil, 1994); Gilles Deleuze, "Forward," in *Policing of Families*, by Jacques Donzelot (Baltimore: Johns Hopkins University Press, 1997), ix–xviii; Giovanni Procacci, "Social Economy and the Government of Poverty," in *The Foucault Effect*, ed. Graham. Burchell and et.al. (Chicago: University Of Chicago Press, 1991), 151–68.

urban politics and industrial relations. Read together as interconnected parts of a unified story, the three chapters attempt to link together the local, national, and global dimensions of the history of the oil complex by investigating how its main social agents were shaped through these encounters.

'The Social Question' and the Reconceptualization of Modern Poverty:

World War I and its aftereffects was a watershed that affected all spheres of life across much of the world. These included the nature of government and its relation to society, the attitude of political and economic elites toward laboring classes and participatory mass politics, the industrial and corporate organization of capitalism and its modes of regulation, the relation of technical and scientific knowledge to industrial production and the economy and the position of professional middle class experts who embodied its values and practices, the representative organizations of popular classes and their modes of engagement in the political domain, and mass attitudes toward traditional social hierarchies, gender relations, and expectations from material life and entitlement to economic security and having a political voice.

The list is extensive, the common point being that together these developments opened up a new domain, 'the social', as the new focus of politics and the economy at the heart of which was the unprecedented acknowledgment by advocates of reform that modern poverty in its different manifestations was neither natural nor simply the result of laziness or incompetence, but a byproduct of laissez faire capitalism[2]. As a result of poverty being reformulated as a social problem caused by the shortcomings of the market economy, ameliorating its considerable political and social fallout could no longer be entrusted to the long-standing traditional institutions of private charity, the poor laws, and patricians in charge of autonomous local governments[3].

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[2] This was a stance adopted by many liberal utilitarians, including the father of neo classical economics Alfred Marshall, "Three Lectures on Progress and Poverty by Alfred Marshall," *Journal of Law and Economics* 12, no. 1 (1969): 184–226; Alfred Marshall, *Where to House the London Poor* (Cambridge: Metcalfe (February, 1884), http://archive.org/details/wheretohouselond00marsuoft .

[3] The debate over poverty, how it is to be defined, and the causes, consequences, and its remedies, are at the heart of the modern social sciences, especially sociology, development economics, and urban planning. In Britain, the Poor Laws system was finally abolished only after WWII. The 19th century witnessed a succession of debates and legal and institutional reforms amending the punitive workhouse rules, Speenhamland laws, and poor reliefs. Polanyi and E.P. Thompson correctly pointed out that these struggles over relief of poverty through local taxation and charity were as much about

Social policies, and the maintenance and improvement of the general welfare of the population became a central tenet for the legitimacy of the national system of governance, both political and economic. In making social or welfare policies, the impartiality of the policymakers from sectarian interests (class or otherwise), and their credentials for implementing welfare policies funded by taxation and public resources became crucial. Some theoretical/ideological interpretations, notably social democratic and progressive liberals, have presented the rise of the welfare state and the professional experts implementing its social policies, as a marked historical improvement toward greater citizenship[4]. Marxist critiques have tended to be rather divided, some supportive others highly critical of the developments of social policies and welfare state institutions. Already in 1875, when the unified German state was pioneering some of the key early social policies in a systematic manner, Marx in his "Critique of the Gotha Program" insisted against rival wings of the German socialist movement, that they ought to remain clear headed about the nature of the bourgeois state, and resist the temptation to be co-opted into collaboration by being seduced by the reformist illusion that gradual steps taken toward social improvements would resolve the fundamental conflict between labor and capital[5].

Later on, some Marxists maintained this critical assessment by pointing out that the social policies of welfare states have not led to a systematic diminishing of social inequality and economic insecurity since it has been the working classes themselves who have had to fund social insurance schemes like unemployment

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compassion and avoidance of social unrest as about creating and maintaining a functioning and effective labor market. The turning points in replacing private and local charity for the poor with publicly regulated (and partly funded) unemployment insurance and social welfare occurred at the turn of the 20th century, with the 1905 Royal Commission on Poor Laws, the Liberal Party sponsored 1906 welfare reforms, and the pivotal Minority Report authored by Beatrice Webb.

       See Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, 2nd ed. (Beacon Press, 2001); E. P. Thompson, *The Making of the English Working Class* (New York: Vintage, 1966); Ed Wallis, ed., *From the Workhouse to Welfare: What Beatrice Webb's 1909 MinorityReport Can Teach Us Today* (London: Fabian Society, 2009), http://www.fabians.org.uk/publications/from-workhouse-to-welfare/; Margaret Somers and Fred Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate," *American Sociological Review.* 70, no. 2 (2005): 260-287; Fred Block and Margaret Somers, "In the Shadow of Speenhamland: Social Policy and the Old Poor Law," *Politics & Society* 31, no. 2 (2003): 283–323; José Harris, *Unemployment and Politics; a Study in English Social Policy, 1886-1914.* (Oxford: Clarendon Press, 1972); Pat Thane, "The Working Class and State 'Welfare' in Britain, 1880-1914," *The Historical Journal* 27, no. 4 (December 1, 1984): 877–900.

[4] Social democratic interpretations of the welfare state fall into this category. Most notably see T.H. Marshall and Tom Bottomore, *Citizenship and Social Class* (London: Pluto, 1992).

[5] Karl Marx, *The First International and After: Political Writings, Vol. 3* (London: Penguin Classics, 1993), 339–359.

benefits or social security, while other policies, such as affordable housing, have been generally geared toward benefiting the private sector and the accumulation of capital in the housing sector, subsidized by public funds and guarantees[6].

But the range of Marxist assessments of the nature and consequences of social policies have had significant variations as they have engaged with the empirical context of their formations. For example, focusing on the historical formation of nations and nationalism, Hobsbawm saw the expansion of social policies as either necessary concessions made at the end of 19th century by ruling elites for integrating diverse populations and new social classes, such as industrial wage workers, into the emerging nations states; or as integral to the nature of the new political system of representative governments[7]. Gramsci, who died in Mussolini's prison before the post war Keynsian system of welfare state had been institutionalized, provided the means of a more subtle understanding of the welfare state through his analysis of Fordism, and his concept of hegemony[8]. While maintaining a critique of capitalism and the nation state form, Gramsci's analysis allowed the glaring question of why the social order survived in spite of the exploitative and crisis-ridden nature of the market economy to be posed.

On the other hand, scholars with greater affinity to a post-structuralist approach to social questions[9], have tended to resist the teleological interpretation that

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[6] John Saville, "The Welfare State: An Historical Approach," *The New Reasoner* Winter, no. 3 (1957): 5–25.

[7] E. J Hobsbawm, *Nations and Nationalism since 1780* (Cambridge: Cambridge University Press, 1992), 82–90.

[8] Gramsci framed Fordism as the "inherent necessity to achieve the organization of a planned economy" in transition from "the old economic individualism", through the rationalization of work by Taylorism, combined with high wages to generate consent, as well as demand, in a system coordinated by financial capital. Gramsci's central insight was the concept of hegemony, or the uneasy combination of consent (managed by intellectuals) and coercion (a credible threat by state institutions) in stabilizing a political and economic order. See Antonio Gramsci, *Selections from the Prison Notebooks*, ed. Quintin Hoare and Geoffrey Nowell Smith (New York: International Publishers Co, 1971), 12–13, 277–320.

[9] I do not mean to imply a clear-cut distinction between these various theoretical approaches. In fact, I think the more insightful literature on the topic is eclectic, theoretically. I believe the key distinguishing factor in the analysis of the welfare state and social policies is the theory of the state at the core of the analysis. When the state is framed rigidly as the democratic representative of all citizens, or alternatively as the instrument of the ruling class, the possibility of analyzing social policies as historically contingent and the result of social contentions and frictions becomes reduced. What I mean by post-structuralism is the openness to view state actions and policies as discursive practices, as well as regulatory or coercive actions. See in particular Tim Mitchell's critical analysis of rival state theories and his argument about the state being not a 'thing' or a coherent set of institutions, but an 'effect'. Timothy Mitchell, "Society, Economy, and the State Effect," in *State/Culture*, ed. George Steinmetz (Ithaca: Cornell University Press, 1999), 76–97.

the advent of social policies was a sign of historical progress; as well as the more instrumentalist views that see social reforms simply as ruling class ploys to avert revolution and class conflict. Here, the central question at the root of social policies such as progressive income taxation, general education, public health, municipal services, unemployment insurance, workers' housing schemes, old age pension, workers' compensation, etc, is no longer what is done *for* the working people. Rather, the central question becomes what do these policies do *to* the working people and subaltern groups, how do they regulate collective lives, discipline and co-opt individuals, and shape relations of work, leisure, gender, family, and social class.

In Khuzestan's oil producing areas, the demands for and negotiations over a range of social policies became the key bone of contention between the Oil Company, the nascent central government in Tehran, and the heterogeneous local population that was fast migrating to Abadan under the duress of poverty, warfare, and dispossession; or attracted to the lure of the expanding labor market there. Where did the ideas for these social policies come from? Who made the demands for what social policies, when, how, and why? How were social policies conceptualized and implemented? What impact did they have? How were they received? Who paid the costs, monetary and otherwise? And what sorts of benefits were gained, by whom, and against what? To tackle these questions we need to trace the notions of governance, state legitimacy, and social welfare, as they were emerging in the first quarter of the 20th century, during the global paradigm shift that culminated in WWI.

The local oil habitus in Abadan fed on these global shifts and at the same time it was an integral extension of these larger transformations beyond the province's immediate geographic borders. By mid-1920s', when the bazaar controversy in Abadan came to a head, the cast of characters making the oil complex – the British oil men, oil workers, expatriate employees, the impoverished urban residents and migrants, and the Iranian administrators – were very different from the pre-war years: Many of the same people were still there, but they had changed, and so had circumstances and attitudes, and these local social actors were now functioning in an altogether different post war universe that was gradually but unmistakably replacing the old ways of doing things. How did these larger global trends affect and shape these actors and the local oil habitus of Abadan? What did the social policies aimed at maintaining order and improving productivity accomplish?

The question of poverty as a universal social concern was first raised in the 19th century, and especially around the crises of public health caused by epidemics and contagions. Since these concerns played a central role in the re-organizations of the oil complex in Khuzestan we will discuss them in the following section before tackling the impact of WWI.

Contagion and the Politics of Prevention

The question of contagious diseases and their root causes became a central preoccupation of urban life in 19th century European and colonial cities caught in the midst of the largest wave of urbanization in history. The related processes of industrialization, the accelerating marketization of economic life, and of modern nation state building were among the major causes of this geographic revolution[10]. The population of capital cities like London and Paris grew fivefold during the 19th century as waves of destitute rural migrants were forced off the land and moved to cities in search of a living. Colonial metropolises such as Calcutta or Bombay grew as fast. The more lucky would find work in industrial wage labor, domestic service, or the remaining crafts, guilds, in menial tasks in the growing municipal services, otherwise they found themselves in poor houses or pushed into the underclass[11]. In this new urban geography, inhabited by different social classes during an era of revolutionary political and economic change, contagious diseases became increasingly associated with the foremost fears and concerns that preoccupied the middle class imagineries. As a result, contagious diseases were linked, explicitly or subconsciously, either with delinquencies, especially criminality, prostitution and theft; or with poverty; and subversive political radicalism[12]. The cure for these ills became in large part associated with notions of proper sanitation, the application of science to improve the social condition, and the role of professional experts and of state institutions to regulate social affairs.

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[10] Polanyi, *The Great Transformation*; Friedrich Engels, *The Condition of the Working Class in England* (New York: Oxford University Press, 2009); Eric Hobsbawm, *The Age of Capital: 1848-1875* (New York: Vintage, 1996); Asa Briggs, *Victorian Cities* (Berkeley: University of California Press, 1993); Peter Geoffrey Hall, *Cities in Civilization: Culture, Innovation, and Urban Order* (London: Orion, 1999); David Harvey, *Paris, Capital of Modernity* (New York: Routledge, 2003).

[11] Richard Sennett, *The Fall of Public Man* (New York: W.W. Norton, 1976), 130–149; Briggs, *Victorian Cities*; Harvey, *Paris, Capital of Modernity*; Gareth Stedman Jones, *Outcast London* (New York: Pantheon, 1984).

[12] As inflected, for example, in the novelistic depictions of Balzac, Dickens, or Zola. See for example Emile Zola, *Le Ventre de Paris* (Paris: Livre de Poche, 1997).

Comparatively, the urban condition of Abadan in the 1920s was not dissimilar to large sections of Paris, London, Chicago, New York, or Calcutta, of the mid to late 19th century to WWI, where destitute migrants uprooted from the countryside or their homeland were eking out an existence amidst poverty and disease[13]. It is important to analyze the mentalities and the politics of prevention that emerged out of this history in order to be able to frame the dynamics of urban change in Abadan in the 1920s.

The severe cholera crises of 1832 and 1849 in Paris book-ended the upheavals of the 1848 revolution, and linked the notions of contagions with criminality and class conflict as specifically urban pathologies[14]. The notion of a "sick city, perpetually agitated by disturbances, revolts, riots, and revolutions" took the appearance of commonsense in exponentially growing metropolises where social classes had to cohabit in close proximity[15]. It is worth quoting Evans' summary of how contagion, poverty, and radical politics came to be associated within the social imaginary of mid 19th century, because it is a sentiment that still survives in various ways and colors attitudes and perceptions to various degrees in class divided societies.

> "Cholera undermined bourgeois optimism by revealing the existence in great towns and cities of 19th century Europe of whole areas of misery and degradation. Virtually all commentators were agreed from the start that cholera affected the poor more than the well off or the rich, and the widespread middle class view that the poor only had themselves to blame was hardly calculated to mollify the apprehensions of the poor. Early writers on

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[13] This statement is to highlight the rather a-historical approach of some the social historiography of public health in Iran during the Qajar period, which tend to frame the material state of the population's hygiene and living conditions as an unchanging product of its "Islamic" as well as "pre-Islamic" cultural practices and forms of knowledge, rather than as an integral aspect of its larger and changing historical and geopolitical context. The informative and encyclopedic, but un-analytical and un-comparative, work of Willem Floor is an example of this trend. See Willem M Floor, *Public Health in Qajar Iran* (Washington, DC: Mage Publishers, 2004).

For a comparison of the living conditions of the working people in the largest European capitals of the late 19th century see Steven Johnson, *The Ghost Map: The Story of London's Most Terrifying Epidemic--and How It Changed Science, Cities, and the Modern World* (New York: Riverhead Books, 2006); Louis Chevalier, *Laboring Classes and Dangerous Classes* (New York: Howard Fertig, 1973). For a novelistic depiction of Chicago in the same period see Upton Sinclair, *The Jungle* (New York: Bantam Books, 1981).

[14] There were major differences in response to epidemics and managing the dangers of contagion in different cities. For example, Birmingham had a far more successful track record in curtailing the 1832 cholera pandemic due to a combination of fortuitous location away from seaports, uncontaminated sources of water (deep artesian wells), and an urban elite willing to take energetic measures to isolate and curtail the disease. See Ian Cawood and Chris Upton, "'Divine Providence' Birmingham and the Cholera Pandemic of 1832," *Journal of Urban History* 39, no. 6 (November 1, 2013): 1106–24.

[15] Chevalier, *Laboring Classes and Dangerous Classes*, 11–14.

the disease constantly reiterated the bourgeois belief that drunkards, layabouts, vagabonds, and the idle "undeserving poor" were those most affected, and echoes of this view continued to surface right up to the end of the century. In this way confidence in bourgeois society as the epitome of progress and civilization was precariously maintained by ascribing the ravages of the disease to the uncivilized nature of the poverty stricken masses. By contrast, the poor could easily interpret the relative immunity of the bourgeoisie as evidence of exploitation, injustice, and even a desire on the part of the rich to reduce the burden of poverty by killing off its main victims"[16].

Cholera was the most feared disease of the 19th century, carried to Europe from colonial India via ever faster and larger merchant ships, through newly manmade and shorter routes like the Suez Canal and the expanding railways system. It spread in port cities and industrial towns with poor water sanitation and dreadful general hygiene and living conditions[17]. In other words, the increasing potency of contagious epidemics in the 19th century was directly linked to, and inseparable from, the twin processes of the consolidation of industrial capitalism and the global spread of colonialism. In European capitals and ports as well as in the colonies the dispossession of agrarian populations was driving them to towns. At the same time, the mineral extraction and export of raw materials from the colonies was processed through a global network of port cities, linked to the rural hinterlands through improved networks of land transportation through railroads, canals, and roads[18]. In the 19th century colonial cities acted more as warehouses for the export of extracted raw materials, in the 20th century this changed, and they became factories for the partial processing of these goods, with Abadan as a typical example[19].

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[16] Richard J. Evans, "Epidemics and Revolutions: Cholera in Nineteenth-Century Europe," *Past & Present*, no. 120 (1988): 128.

[17] Peter Baldwin, *Contagion and the State in Europe, 1830-1930* (Cambridge University Press, 2005), 37–122.

[18] Robert Home, *Of Planting and Planning: The Making of British Colonial Cities* (London: E & FN Spon, 1997), 64–65. Birmingham was spared the devastation of the 1832 cholera pandemic in part because it had not yet been linked through railroads. See Cawood and Upton, "Divine Providence" Birmingham and the Cholera Pandemic of '1832".

[19] William Beinart and Lotte Hughes, *Environment and Empire* (Oxford: Oxford University Press, 2007), 153; William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: Norton, 1992).

This urbanization of deracinated populations, interconnected globally by demands of capital and colonialism, was fertile ground for deadly epidemics. The situation created a conjuncture between sewers, criminality, poverty, and social conflict. It led to the emergence of "a politics of prevention" in the second half of the 19th century where professional experts began to take a more prominent role in social affairs in an attempt to address the crisis on behalf of the entire population[20]. As the "sanitary idea" took hold of imaginaries through systematic scientific, parliamentary, and journalistic investigations by social reformers such as Edwin Chadwick, Henry Mayhew, or John Snow[21], a new consensus gradually emerged as to the causes of the spread of epidemics; but the means of its prevention remained highly divisive. John Snow's statistical investigation and mapping of London drinking wells in 1854 had proved that contaminated water and not miasma was the cause of cholera, but the appropriate policies for combating epidemics remained a highly divisive terrain. Decades of scientific research, the compilation of statistical reports, and numerous commissions of experts followed this discovery without much being done in practical terms. The main bone of contention remained how to finance and build a sanitary urban infrastructure and to institutionalize universal public health measures to deal with the dangers of contagion in vast cities and among fast growing populations.

For utilitarian liberals, such as Chadwick, who had been at the forefront of pushing through parliamentary legislation such as the 1848 Public Health Act, this created a fundamental philosophical dilemma. True to their free market ideology

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[20] Baldwin, *Contagion and the State in Europe, 1830-1930*, 524–563; Jane Jenson, "Getting to Sewers and Sanitation: Doing Public Health within Nineteenth-Century Britain's Citizenship Regimes," *Politics & Society* 36, no. 4 (2008): 532–56; Barrie Ratcliffe, "Cities and Environmental Decline: Elites and the Sewage Problem in Paris from the Mideighteenth to the Midnineteenth Century," *Planning Perspectives* 5, no. 2 (1990): 189–222; Anne Hardy, "Public Health and the Expert: The London Medical Officers of Health," in *Government and Expertise: Specialists, Administrators, and Professionals, 1860-1919*, ed. Roy MacLeod (Cambridge: Cambridge University Press, 1988), 128–44; Somers and Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate"; Block and Somers, "In the Shadow of Speenhamland"; Evans, "Epidemics and Revolutions"; Johnson, *The Ghost Map*; Judith Walkowitz, *Prostitution and Victorian Society: Women, Class, and the State* (Cambridge: Cambridge University Press, 1980); Julia Ann Laite, "Historical Perspectives on Industrial Development, Mining, and Prostitution," *The Historical Journal* 52, no. 3 (2009): 739–61.

[21] Henry Mayhew, *London Labour and the London Poor*, ed. David England and Rosemary O'Day (Ware, Hertfordshire: Wordsworth Editions Ltd., 2008). See the fascinating critical discursive analysis of Chadwyck's parliamentary report as the basis of reform of the Old Poor Laws in Somers and Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate"; Margaret Somers and Fred Block, "Reply to Hicks: Poverty and Piety," *American Sociological Review* 71, no. 3 (2006): 511–13. Marx used these reports extensively in composing the important chapters 10 and 15 of volume one of Capital on absolute and relative surplus value. On Dr. John Snow and mapping the sources of cholera in London see Johnson, *The Ghost Map*.

liberals wanted private companies that already owned the distributions rights to improve the water supply, however there were few incentives for private entrepreneurs to invest in costly urban infrastructure for the poor[22].

Eventually, the accumulation of statistical and cartographic knowledge about contagious diseases, and the failure of a private sector solution to the pressing need for sanitary urban infrastructure contributed to paving the way for new perspectives on 'society', the appropriate role of the government, and poverty and inequality. Sociology, as the new "science of society", differentiated the intimate face to face bonds of 'community' from the more abstract rules and institutions holding together 'society', bonded within national borders, and conceptualized as an organic body[23]. The poor and the sick were as much part of this social body as the aristocracy and the middle classes. The afflictions of contagious diseases among the poor and the working classes, if untreated, eventually would infect the entire social body that had been amassed in congested cities, and therefore could not be ignored. This new conceptualization of society as a collective organism gave impetus to notions of 'trusteeship', and of the responsibility of 'men' of science and professions to discover, plan, design, and implement reformist sanitary and municipal policies on behalf of universal social welfare and progress, disregarding the resistance of narrow and particularistic communal interests[24].

In France, the quantifiable data proving that poor urban areas were worse affected, combined with the knowledge that epidemics moved geographically across national as well as social boundaries and spread through contaminated water, allowed a link to be established between epidemics and "the age old accumulation of poverty". The medical knowledge of cholera, in other words, made urban social inequality incontrovertibly visible, and turned it into a social problem affecting all[25]. The size and rate of population growth during rapid social change, as well as issues previously

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[22] Jenson, "Getting to Sewers and Sanitation."

[23] Mary Poovey, *Making a Social Body* (Chicago: University of Chicago Press, 1995).

[24] Cowen and Shenton, *Doctrines of Development*, 2–57; Randall Packard, "Visions of Postwar Health and Development and Their Impact on Public Health Interventions in the Developing World," in *International Development and the Social Sciences*, ed. Frederick Cooper and Randall Packard (Berkeley: University of California Press, 1996), 93–118; Frederique Apffel Marglin, "Smallpox in Two Systems of Knowledge," in *Dominating Knowledge*, ed. Stephen Marglin and Frederique Apffel Marglin (Oxford: Clarendon, 1990), 102–44; Michel Foucault, *Discipline and Punish*; Procacci, "Social Economy and the Government of Poverty"; Donzelot, *L'Invention Du Social: Essai Sur Le Declin Des Passions Politiques*.

[25] Chevalier, *Laboring Classes and Dangerous Classes*, 13–14.

thought to be purely economic - such as the price of bread, the rates of unemployment, the quality, availability and costs of housing, and the causes of hunger -- now became recognized as critical and quantifiable factors in controlling and preventing the spread of deadly epidemics[26]. As a result, poverty came to be framed increasingly as a social ill affecting all, rather than an indication of innate inferiority or personal and cultural failure.

By the late 19th century a political shift was on the way to make preventive public health measures -- such as food security, sewage treatment, the provision of safe potable water, vaccination, etc. -- compulsory upon everyone, including the poor and destitute, through legislation and direct government intervention. This paved the way for legitimizing the direct intervention of states into a widening range of compulsory public health measures, such as food regulations and vaccination; and the provision of costly urban infrastructure, especially sewerage and piped water, to be financed through taxation. The process led to what Jane Jenson has called a new citizenship regime, where good citizenship now came to be defined as generous public spending on building public works as an indication of dedication to achieving a higher civilization[27]. The process also opened the way for professional and scientific experts to take charge of the planning and implementation of these measures. In the colonies, however, the urban reform measures were far more drastic, as we shall discuss in the following section and in chapter 6.

Sanitation and Segregation in the City

The politics of sanitation and public health did not create only an inclusive and universal dynamic of citizenship entitlement to a healthy and safe living environment. They also gave rise to a counter dynamic of exclusionary 'quarantinism' that led to the spatial segregation of the poor, the "dangerous classes", and the contaminated. The combination of the sanitary idea with the increasing commodification of urban space through speculation in landed property and housing gave impetus to the increasing social segregation of urban neighborhoods by class, race, and social difference. The rich simply moved to safer areas they could afford.

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[26] Ibid., 30–32, 161–162, 262; David Sunderland, "'Disgusting to the Imagination and Destructive of Health'? The Metropolitan Supply of Water, 1820-52," *Urban History* 30, no. 3 (2003): 359–80; Procacci, "Social Economy and the Government of Poverty."

[27] Jenson, "Getting to Sewers and Sanitation"; Marshall and Bottomore, *Citizenship and Social Class.*

Technological innovations, such as electricity, commuter railways, and motorcars, allowed the more affluent to move away from dangerous and contaminated cities, into suburbs that had begun colonizing the countryside. There they could enjoy the amenities of urban life thanks to mass produced household appliances without having to live in the city, or to pay the heftier property taxes to support the construction and maintenance of expensive urban infrastructure[28]. Even utilitarian social plans such as those of Ebenezer Howard for creating unified communities of rich and poor, living and working side by side in peri-urban 'garden cities', were initially lauded as humanitarian and visionary innovations, only to be adopted and turned into idyllic and exclusive suburban communities for the rich[29].

Ironically, just as the availability of urban sanitation for all was becoming an obsession by the end of the 19th century, the new knowledge of contagious diseases also became the basis for new social strife and class conflict. The scientific correlation of vulnerability to epidemics with poverty and poor living conditions became a political weapon for the urban poor and the working classes to demand better living conditions, and to hold the propertied classes responsible for their situation; especially as they could now use quantifiable scientific data to argue that human overcrowding was not in itself debilitating if material conditions improved and there were good jobs and decent wages to go with it[30]. As for the middle classes, they could blame the prevailing "culture of poverty" in urban slums as the fertile ground for contagious diseases, and strive to avoid the danger of contamination by moving away into their exclusive enclaves. This was the dynamic that turned urban space into an intensely contested terrain of conflict and negotiation.

R.K. Home claims that Britain became the chief exporter of municipalities and urban planning measures in its vast colonies[31]. The primary driving motives, and the

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[28] Peter Hall, *Cities of Tomorrow* (Oxford: Blackwell, 1988); John Burnett, *A Social History of Housing 1815-1985*, 2nd ed. (London: Methuen, 1986); Dolores Hayden, *Redesigning the American Dream: Gender, Housing, and Family Life*, 2nd ed. (New York: W. W. Norton & Company, 2002); Dolores Hayden, *Seven American Utopias: The Architecture of Communitarian Socialism, 1790 - 1975* (Cambridge, MA: MIT Press, 1979).

[29] Stephen Ward, "The Garden City Tradition Re-Examined," *Planning Perspectives* 5 (1990): 249–56; Meryl Aldridge, "Only Demi-Paradise? Women in Garden Cities and New Towns," *Planning Perspectives* 11 (1996): 23–39; Hall, *Cities of Tomorrow*.

[30] Chevalier, *Laboring Classes and Dangerous Classes*, 15, 31–32, 186.

[31] Robert Home, *Of Planting and Planning: The Making of British Colonial Cities* (London: E & FN Spon, 1997), 1. French colonialism, as well as American colonization of its continental west augured similar municipal practices. On French colonial municipal practices see Gwendolyn Wright, *The Politics of Design in French Colonial Urbanism* (Chicago: University Of Chicago Press, 1991); Paul

vision that defined British-influenced urban planning and municipal reform in the first half of the 20 century were the adoption of sanitary measures against contagious diseases; as well as the related and parallel idea of racial, functional, and class segregations[32]. In Abadan the historical and epistemological context of municipal and urban improvements emerged partly out of this British and colonial heritage of sanitary measures, especially as the urgency of social reforms had become more generally accepted after WWI. There are several important aspects of these municipal and sanitary practices that I will outline below that are of particular significance to the analysis of the urban changes that took place in Abadan in chapter 6.

First, the accumulation of scientific knowledge about the causes of contagious diseases, and the implementation of policies to reduce their risk, required the populations to become visible to the scientific gaze[33]. Congested neighborhoods and mobile and anonymous populations were simply not conducive to the production of statistical knowledge. The problem was most acute in port cities were soldiers, sailors, migrants, casual workers, prostitutes, smugglers, settlers, bureaucrats, slaves, tribesmen, and workers came and went, often anonymously and without any records. R.K.Home discusses four waves of professional experts that led the assault on existing urban fabrics to replace them with a new urban geography characterized by individually mapped and registered private properties, wide avenues, sanitary urban infrastructures, residential enclaves segregated by race and class, and variations of a planned urban grid systems that would make each unit distinct and visible to inspection and evaluation. These successive waves of professional experts were land surveyors and cartographers, followed by engineers, sanitary specialists, and eventually architects and urban planners, who oversaw urban change from mid 19th century to WW2[34]. This attempt to re-engineer urban space and to modernize and

Rabinow, *The French Modern: Norms and Forms of the Social Environment* (Cambridge, MA: MIT Press, 1991); Zeynep Çelik, *Urban Forms and Colonial Confrontations: Algiers Under French Rule* (Berkeley: University of California Press, 1997); Janet Abu-Lughod, *Rabat, Urban Apartheid in Morocco* (Princeton: Princeton University Press, 1981). On the regional and urban politics during its westward colonization in the US see William Cronon, *Nature's Metropolis: Chicago and the Great West* (New York: Norton, 1992).

[32] Beinart and Hughes, *Environment and Empire*, 160–163; Home, *Of Planting and Planning*; King, *Colonial Urban Development*.

[33] Michel Foucault, *Discipline and Punish : The Birth of the Prison* (New York: Pantheon Books, 1977).

[34] Home, *Of Planting and Planning*, Chapter 2. Arnold Wilson was a typical example of a proficient and exceptionally capable professional who served in India, Iran and Iraq as soldier, surveyor, cartographer, ethnographer, intelligence gatherer, political analyst, diplomat, police commissioner,

sanitize it took place almost simultaneously in British cities, as well as in the colonial cities such as Singapore, Cairo, Delhi, and Calcutta[35].

Second, the "sanitary syndrome" was the scientific justification and a major driving force behind the urban transformations of pre WW2 era. However, a common feature of urban spatial re-engineering was the imposition of segregated spaces to keep apart and to hierarchically organize the population, including Europeans and various classes of the indigenous population. European colonizers tended to blame the indigenous population for epidemics; with plague represented as "the filth disease of the Chinese", and India portrayed as "a factory of plague" in international sanitary conferences like 1897 Venice, or in the growing number of scientific journals[36]. As a result, their response to sanitary reform and urban improvement tended to be coercive, albeit wrapped in scientific justification. As spatial segregation became an integral feature of the modern urban design, it generated increasing political and social friction and resentment among ordinary people at a time when the ideas of citizenship and entitlement to equal amenities were taking hold in the era of mass politics. In India, for example, the practice of urban segregation in redesigned cities in the aftermath of the 1857 Mutiny, angered the un-represented inhabitants who were expected to pay for public works, but were now being displaced to make room for modern sanitary improvements and the monumental architecture that was being

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regional administrator, national administrator, and corporate manager. He performed these tasks successively, and often simultaneously. Dr. M. Young was another example of a standout professional expert who served APOC for over two decades as physician, public health administrator, diplomatic negotiator, political consultant, and corporate strategist. See chapters 1, 2, 3.

[35] Colonial cities, as well as designed model villages, in fact provided fertile experimental grounds for coercive innovations that would have proved too controversial at home. Brenda Yeoh's investigation of changing street names in Singapore preceding major renewal of the old urban fabric, Tim Mitchell's analysis of similar renaming of streets of Cairo and Alexandria, and the construction of model villages to house displaced peasants and to modernize them; and Dossal and King's analysis of the mapping and renovations of Delhi and Bombay provide comparative examples of similar practices across the empire, before some of these policies were implemented in British cities. See Brenda Yeoh, *Contesting Space in Colonial Singapore: Power Relations and the Urban Built Environment* (Singapore: Singapore University Press, 2003); Timothy Mitchell, *Colonizing Egypt* (Berkeley: University of California Press, 1991); Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002), 54–122; Home, *Of Planting and Planning*; King, *Colonial Urban Development*; Keya Dasgupta, "A City Away from Home: The Mapping of Calcutta," in *Texts of Power*, ed. Partha Chatterjee (Minneapolis: University of Minnesota Press, 1995); Miriam Dossal, *Imperial Design and Indian Realities: The Planning of Bombay City 1855-75* (Delhi: Oxford University Press, 1991).

[36] Beinart and Hughes, *Environment and Empire*, 171; Home, *Of Planting and Planning*, 75. The 1897 Indian Epidemics Diseases Act blamed the recurrence of plague on the indigenous population and proposed drastic coercive measures to deal with the problem, such as soldiers breaking into homes to inspect the inhabitants, dragging away and isolating those suspected of being ill, digging our dirt floors, applying aggressive disinfection measures, and controlling the movement of population. *Ibid.*, 76

erected to glorify imperial rule. This resentment fed the rising tide of nationalism among people dislocated and forced to live in inferior areas, and without any say in how their cities were being planned.

Colonialism and capitalism had exacerbated fast urbanization and the frequency and virulence of contagions, just as they were seeking scientific methods of prevention and cure. Grand colonial urban projects were changing the cities in the name of improving sanitary conditions, but while affluent and European neighborhoods thrived the poor continued to suffer. In the two decades prior to WWI more than 7 million people died of plague in the urban slums of India, only intensifying the resentment against the ever more visible urban segregation and inequality[37].

Increasingly, the idea of spatial segregation became contested by a growing array of people, ranging from indigenous elites who felt discriminated, the subaltern classes who felt vulnerable and threatened by the inferior infrastructures and municipal services that was leaving them at the mercy of killer epidemics, and even by European urban planners who questioned the logic of segregation based on scientific grounds. A prominent example of the latter was the urban planning pioneer William Geddes. After his extensive travels in India Geddes questioned Lutyen's 1911 redesign of Imperial Delhi based on racially segregated neighborhoods, by pointing out that it simply did not work as intended since plague infested rats merely moved from place to place, and the indigenous servants and domestics that were so integral to colonial life lived in or had contacts in urban slums. Geddes was also highly critical of the monumentality of the imperially redesigned cities in India, with their grand boulevards and public spaces built on demolished older urban fabric. He pointed out that in these new imperial public spaces all sorts of people mingled together, subverting the whole justification for segregation based on sanitary claims. He reminded his audience that the same mingling took place in workspaces occupied by Europeans and their colonial workers and subjects[38]. Geddes also considered the large-scale demolition of urban neighborhoods and displacement of poor populations

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[37] Home, *Of Planting and Planning*, 74–75; Beinart and Hughes, *Environment and Empire*, 174; Evans, "Epidemics and Revolutions."
[38] Robert Grant Irving, *Indian Summer: Lutyens, Baker, and Imperial Delhi* (New Haven: Yale University Press, 1981), 87–89; Beinart and Hughes, *Environment and Empire*, 161–167; King, *Colonial Urban Development*, 183–184.

as "one of the most disastrous and pernicious blunders in the checkered history of sanitation"[39].

The prominent and influential colonial medical administrator William Simpson (1855-1931)[40] who had left his imprint on urban transformations across the empire, and became one of the targets of the criticism of Geddes and others who objected to the segregated landscape of urban colonial modernity. Simpson's proposed remedies, which became accepted as conventional scientific wisdom and implemented widely, involved the wholesale creative destruction of the old urban fabric of narrow and winding streets and closely packed houses, and their replacement with well-ventilated and individualized residential units, good drainage system, rigorous waste disposal, sewerage, piped and treated drinking water, open spaces and wide avenues. Underlying all these drastic measures was an insistence on residential segregation by race, and the imposition of rigid control over the living habits of the population[41].

These grand projects and coercive practices had many beneficial results, including for the indigenous population, but also proved to be tremendously disruptive and costly to the lives of ordinary people as they were intended to act as mechanisms to reinforce the colonial political hierarchy. As Geddes pointed out, more than anything else these grand schemes empowered the new professional experts who were now in charge of planning and implementing them. They secured and made safer the lives of Europeans as well as the indigenous elites, while the vast majority of the population remained excluded from their benefits, and often found themselves worse off as victims of mass slum clearance, or increased congestion and concentration of poverty following mass eviction and forced re-allocations. Proposals for less disruptive and more cooperative alternative solutions were often ignored or

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[39] Home, *Of Planting and Planning*, 79. This was in contrast to the French colonial model of the reification of Casba (across North Africa) as a traditional space to be preserved for its authenticity, instead of viewed as a living and thriving space that had been constantly changing with historical flows. See Wright, *The Politics of Design in French Colonial Urbanism*; Rabinow, *The French Modern*; Çelik, *Urban Forms and Colonial Confrontations*.

[40] In his long and influential career Simpson served as Chief Medical Officer in India, Commissioner in charge of investigating and dealing with outbreaks of plague and cholera in Cape Colony, Gold Coast, Mesopotamia, Hong Kong; professor of Hygiene in Kings College London, and the founder of the Ross Institute and Hospital for Tropical Diseases.

[41] Yeoh, *Contesting Space in Colonial Singapore*; Home, *Of Planting and Planning*, 75–84; Beinart and Hughes, *Environment and Empire*, 170–177; Myron Echenberg, *Plague Ports: The Global Urban Impact of Bubonic Plague, 1894-1901* (New York: New York University Press, 2010); Prashant Kidambi, "'An Infection of Locality': Plague, Pythogenesis and the Poor in Bombay, C. 1896-1905," *Urban History* 31, no. 2 (2004): 249–67.

simply dismissed. For example, Geddes argued that much of the traditional systems of water provision could have been improved with minor anti malaria measures[42]. Such attempts at improving traditional systems of urban infrastructure were being tried elsewhere. For example in Iran in 1906, Dr A.R. Neligan successfully experimented with the use of gold fish, ducks, and frogs as natural larvicides in traditional water reservoirs[43]. Egypt's largest port Alexandria, remained a relatively healthy city during the 1899 plague epidemic as colonial authorities acted more sensitively to local cultural concerns, and instead of imposing racial segregation and wholesale urban displacement and demolition they collaborated with traditional medical practitioners and healers, including midwives and women *Hakima,* to contain epidemics and prevent their spread[44].

In other words, as contemporary critiques of the colonial notions and practices of trusteeship were arguing, progress and modernity were not necessarily incompatible with existing cultural practices and traditional systems of urban management; nor was spatial segregation simply a scientific solution to sanitary problems, as it claimed to be. Of course, spatial segregation was not exclusive to colonial or capitalist modernization. Urban neighborhoods in Iran, or Iraq, for example, had been historically segregated, especially along sectarian and religious lines. But these had been an occasional and only partial segregations based on cultural preferences and discriminations; not justified on the grounds of sanitary and scientific rationality[45].

As we shall see in chapter 6, these sanitary and segregationist practices were instrumental in shaping the urban built environment of Abadan in the post war period, and demonstrate how local, national, and global practices of industrial and extractive capitalism, and the new modes of governmentality and social disciplining in the post war era of nation states were geographically intertwined.

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[42] Home, *Of Planting and Planning*, 79.
[43] Neligan, "Public Health in Persia, Part2," 693.
[44] Echenberg, *Plague Ports*, 83–106. For the counter example of suppressing local knowledge and its consequences, especially for women, see Leila Ahmed, *Women and Gender in Islam: Historical Roots of a Modern Debate* (New Haven: Yale University Press, 1993), 127–143; Khaled Fahmy, "Women, Medicine and Power in 19th Century Egypt," in *Remaking Women: Feminism and Modernity in the Middle East*, ed. Lila Abu-Lughod (Princeton: Princeton University Press, 2003), 233–79.
[45] Beinart and Hughes, *Environment and Empire*, 174; Kaveh Ehsani, "The Politics of Public Space in Tehran," *City and Society*, under review 2015; Hanna Batatu, *The Old Social Classes and the Revolutionary Movement In Iraq* (Saqi Books, 2004), Ch. 2.

Chapter 4 – The Emergence of the 'Social Question': WWI and its Aftermath

First World War: Total Warfare and the Remaking of Society and Economy

WWI transformed the world[46] by "mark[ing] a true watershed between the 19th and 20th centuries", precipitating a social and economic revolution in all spheres of life[47]. Continental Europe, Britain, Iran, India, the Middle East, and Persian Gulf region certainly emerged as different places at the end of the carnage. The changes in Britain came as a result of several factors: the war itself, which was the first instance of total warfare, involving entire populations and new technical means of destruction; second, the mounting crisis of capitalism (especially after the 1890s) and the transition to a new regime of accumulation; and third, the far reaching and slower consequences of what has been called 'the second industrial revolution'[48]. I will discuss each in turn and link them to what took place in Abadan.

Militarily, WWI was the culmination of the industrialization of warfare under mounting capitalist competition and technological development. It brought to an end the somewhat ironically labeled "long peace of the 19th Century", when major European powers directly fought each other only on a few occasions on the continent's soil, while constantly engaging in colonial skirmishes and wars elsewhere[49]. By the end of the 19th century industrial technology had already transformed the nature of warfare with railroads, steamships, synthetic chemicals[50],

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[46] Polanyi argued that WWI was the terminal point of the "one hundred year peace", and marked the breakdown of the international system that was built around high finance. Written in the 1940's London amidst the WW2 he short shrifts "the conservative 1920s and the revolutionary 1930s". As I will demonstrate the 1920s were far more radical than Polanyi's cursory dismissal suggests. See Polanyi, *The Great Transformation*, 3–34.

[47] C. H. Feinstein, Peter Temin, and Gianni Toniolo, *The European Economy Between the Wars* (Oxford: Oxford University Press, 1997), 21.

[48] A number of English and American historical sociologists have attempted to systematically catalogue and neatly classify the institutional dimensions of historical transitions. Giddens, for example, argues that modern society is based on the 'structuration' of five institutional clusters: information storage (authoritative resource to structure social systmens); surveillance (control of information and surveillance of others' activities); military power and the means of violence; capitalism and class conflict; and technological change and forces of production. Michael Mann, on the other hand, investigates the historical changing configuration of "four sources of social power": ideological, economic, military, and political. As is the case with most Weberian categorizations, these ideal types are suggestive and informative in providing a useful prism to describe the status quo, but when it comes to explaining their instability and ephemerality they tend to be less analytically rigorous and convincing. See Michael Mann, *The Sources of Social Power, Vol. 2: The Rise of Classes and Nation States, 1760-1914* (Cambridge: Cambridge University Press, 1993); Anthony Giddens, *The Nation State and Violence* (Berkeley: University of California Press, 1987); Charles Tilly, *Coercion, Capital, and European States, AD 990-1990* (Cambridge, MA: Blackwell, 1992).

[49] Between 1803 and 1901 British troops were continuously fighting in some 50 colonial wars. Giddens, *The Nation State and Violence*, 223.

[50] The industrial production of synthetic chemicals increased from negligible figures at the turn of the 20th century, to four million compounds by 1980, at least 60 thousand of which currently are in common use. Mitchell, *Rule of Experts*, 21.

and telegraphs, making possible total warfare involving whole populations. Instead of long marches or limited troop transport by sailing ships, these technologies allowed rapid and coordinated mass deployments of soldiers, and created fronts instead of skirmishes and isolated battles[51].

Prussia had initiated the re-organization of its military by professionalizing the officer corps and ordinary troops, whose effectiveness were proven in the 1871 Franco Prussian War. On the other hand Britain received a shocking realization of its comparative military and industrial shortcomings during the second Boer War (1899-1902). Its troops proved unfit physically, and their general level of education fell short of allowing them to function as effective soldiers in a modern army[52]. Its advanced military equipment also performed poorly, casting doubt on the quality of the national technological and engineering abilities. For example, the army's optical range finders failed to function properly with the artillery losing much of its effectiveness[53]. Eager to enjoy the spoils of a highly unequal war against the tiny population of Boer farmers in resource rich South Africa, British speculators and politicians had counted on the post-victory spoils of an easy skirmish that they estimated would cost at most £10 million. Instead, the cost of the resulting fiasco spiraled to £250 million and created a profound sense of unease and national decline[54].

The ensuing malaise established a clear link in political culture between national performance in war and social policy. It was felt that the empire's destiny was in the hands of the masses of the people, who needed to be better educated and more physically fit[55]. Schumpeter situates the roots of this malaise in the great depression of 1873-1898, when a combination of rapid industrial development and rising poverty created a "Paradox of poverty amidst plenty"[56]. Rapid industrial change after the end of American civil war, electrification, the opening of new markets, and new trade roots such as the Suez Canal, further accelerated the 'annihilation of space

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[51] Giddens, *The Nation State and Violence*, 223–232.

[52] Asa Briggs, *A Social History of England* (London: Weidenfeld and Nicholson, 1983), 251.

[53] Mari Williams, "Training for Specialists: The Precision Instruments Industry in Britain and France, 1890-1925," in *Education, Technology and Industrial Performance in Europe, 1850-1939*, ed. Robert Fox and Anna Guagnini (Cambridge: Cambridge university press, 1993), 230.

[54] Pat Thane, "Government and Society in England and Wales: 1750-1914," in *Cambridge Social History of Britain: 1750-1950*, ed. F.M.L. Thompson, vol. 3 (Cambridge: Cambridge University Press, 1990), 51–52.

[55] Briggs, *A Social History of England*, 251–252.

[56] Joseph Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), 760.

by time' that railroads had begun earlier in the century[57]. Greatly expanded productive capacities flooded far away markets, precipitating a crisis of overproduction[58]. Cheap and plentiful American wheat and cotton flooded European markets, causing an agrarian depression there (as well as in Egypt, by then the mass supplier of cotton to British textile industry)[59]. The paradox was that the industrial expansion had substantially improved real wages, thus creating and entirely new standard of life for the masses in western Europe; but at the same time they also caused massive dislocations within the existing agrarian, artisanal, and older industrial structures and economies everywhere.

The combination of insecurity caused by the new poverty and destitution, with the improved standards of life for those engaged in the new industries caused a reaction against the results of laissez faire and free trade. It led to the 'double movement' of the radicalization of masses, and a general desire for social reform among some middle class liberals and utilitarians, as well as significant segments of,

> 'The business class increasingly willing to adapt its enemies' views and compromise, just as the hostile forces were increasing…Economic liberalism thus became riddled with qualifications that sometimes implied surrender of its principles. Political liberalism, from the 1880s on, lost its hold upon the electorates much more rapidly than appears on the surface…In England the strength of [their] existing political organizations and leadership was so great as to make it possible for them to win victories on radicalized programs [of major social reforms]"[60].

However, the moves toward policies of social reform were protracted and by no means immediate or straightforward. Improved public health, municipal reforms,

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[57] Wolfgang Schivelbusch, *The Railway Journey: The Industrialization and Perception of Time and Space* (Berkeley: University of California Press, 1987); Stephen Kern, *The Culture of Time and Space, 1880-1918* (Cambridge, Mass.: Harvard University Press, 1983).

[58] I discuss the impact of the great depression of 1890s on the devaluation of silver, and its significant impact on the Iranian economy, and on British-Iranian relations in chapter 2. See also Peter Avery and S. Simmonds, "Persia on a Cross of Silver: 1880-1890," *Middle Eastern Studies* 10 (1974): 259–86. The impact of the global depression on the Middle East, and the subsequent rise of mass politics throughout the region is analyzed by Joel Beinin, *Workers and Peasants in the Modern Middle East* (Cambridge: Cambridge University Press, 2001).

[59] Roger Owen, *The Middle East in the World Economy, 1800-1914* (London: I. B. Tauris, 1993); Schumpeter, *History of Economic Analysis*, 760; Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002), 54–121.

[60] Schumpeter, *History of Economic Analysis*, 761, see also 800–802.

universal education, and various schemes of social insurance were proposed and weighed by some segments of the political elite as necessarily measures to address debilitating poverty, but without much result[61]. The hegemony of liberal ideology against government interference in the economy and social affairs proved simply too entrenched, even though significant breaches were beginning to occur within the ranks of political figures as well as intellectuals, activists, and academics. This was in part a consequence of the historical organization of state administration in Britain. Contrary to France, for example, where local government and social policy were by now in the hands of paid bureaucrats accountable to the central state, Britain at the time had a polity that can be described as a weak central state, where local government was run mostly by an independent gentry[62]. It is important to note that until the turn of the 20th century liberals across the continent envied the British model of a decentralized state and autonomous landed elites, supported by a bourgeoisie of industrial entrepreneurs, financiers, and merchants. The British model was considered highly successful because the hierarchy of the social pyramid seemed to overlap with the political hierarchy. Compared to France, for example, landed property and wealth in Britain were far more concentrated[63]. In contrast to France, the institutions of the central state administration were more feeble in Britain: at the turn of 20th century France had a central bureaucracy of 400,000, four times Britain's. French liberals envied what they saw as the British model of deep rooted and organic connection between the gentry and their vested interest in local improvement, contrary to the centrally appointed French functionaries who owed their loyalty to the state[64]. In Britain, the autonomous gentry and the economic elite had an inordinate influence in

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[61] Thane, "Government and Society in England and Wales: 1750-1914."

[62] Marion Fourcade, *Economists and Societies: Discipline and Profession in the United States, Britain, and France, 1890s to 1990s* (Princeton: Princeton University Press, 2009), 41. On the development of local state institutions under the Third Republic see Eugen Weber, *Peasants into Frenchmen: The Modernization of Rural France, 1870-1914* (Stanford University Press, 1976).

[63] In 1873 some 80% of all agrarian land in Britain was held by 38,000 families. The richest 2000 families owned more than a third of all agrarian landed property. By contrast, in France, the economic elites were more feeble due to religious and sectarian conflicts, revolutionary upheavals, smaller landholdings, and the gradual parcellization of land and wealth after each generation due to [more egalitarian] inheritance laws. See Christophe Charle, "Légitimités En Péril: Éléments Pour Une Histoire Comparées Des Élites de L'état En France et En Europe Occidentale (19e - 20e Siècles)," *Actes de La Recherche En Sciences Sociales*, no. 116/117 (1997): 44.

[64] Christophe Charle, *Les intellectuels en Europe au XIXe siècle: essai d'histoire comparée* (Paris: Seuil, 1996), 43–47. For a critical perspective on the nation state formation in Britain seen as a process of internal colonization of the Celtic periphery see Michael Hechter, *Internal Colonialism: The Celtic Fringe in British National Development* (New Brunswick, N.J.: University of California Press, 1979).

the parliament and law making and felt such costly reforms were best left to the existing poor laws and private charity[65].

At the same time the importance of propaganda and molding public opinion were becoming evident, as was the conviction that the empire needed to invest in military technological innovation. The Russo-Japanese war of 1905 and the emergence of Japan as a new rival to British colonial interests in the Indian and Pacific Oceans, together with German military advances, prompted a costly arms race, especially in building new heavy battleships (called Dreadnoughts, after the first prototype built)[66]. Ironically, the tremendously costly battleships never played a major role in actual sea battles, but their technological innovations became a major conduit for the ascendency of petroleum as the preferred fuel, and of internal combustion engines as the new primary means of locomotion.

Oil Versus Coal: Warfare as Midwife of Change of Fuel Source

In 1911 the United States adopted oil-fired boilers for its new heavy warships. Britain also had begun searching for a sustainable way to undergo the conversion. Winston Churchill, newly appointed at the First Lord of Admiralty asked his predecessor Admiral Fisher to preside over the Royal Commission on Oil Supply for the Navy, with John Cadman, a professor of chemistry at Birmingham and the future director of APOC, also serving as an influential member of the Commission. Churchill asked the Commission "You have got to find the oil; to show how it can be stored cheaply; how it can be purchased regularly and cheaply in peace; and with absolute certainty at war"[67].

By 1914 Fisher had returned for a second stint as the head of the Admiralty and succeeded in getting the British navy to convert all its boilers from coal to oil[68]. The strategic problem with oil was its uneven geographic distribution since, aside from the United States and Russia, all the other major protagonists in WWI were oil

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[65] Hobsbawm suggests that reliance on the captive colonial markets encouraged this inertia. See Hobsbawm, *The Age of Extremes*, 148–149.

[66] Roger Adelson, *London and the Invention of the Middle East: Money, Power, and War, 1902-1922* (New Haven: Yale University Press, 1995), 56–62, 83–108.

[67] See Ibid., 98.

[68] Nicholas A Lambert, *Sir John Fisher's Naval Revolution* (Columbia: University of South Carolina Press, 2002), 274–304.

importers[69]. As a result, for Britain oil was far more costly (four to twelve times more) than coal, especially since the Island had significant coal deposits and was itself a major exporter[70]. The opportune discovery of oil in Khuzestan in 1908 significantly reduced that major obstacle for Britain (see chapter 2) and smoothed the way for the eventual conversion to oil[71].

Oil had significant advantages over coal: It weighed less per thermal unit, was easier to transport, had twice the thermal energy of coal by bulk, and did not require stokers as it could be pipe fed automatically into engines. This released tremendous space in battleships, expanded the range of their operations[72], and significantly reduced labor requirements[73]. In addition, internal combustion engines were less bulky, and more economical than steam power during off-peak use since they could be turned on or off with ease. Oil burned cleaner than coal and produced less smoke, a major advantage in sea warfare, which relied on stealth.

WWI became a major conduit for the ascendency of oil as a major global strategic resource in large part as a result of these advantages as well as the type of decisions made by the wartime British government[74]. It led to the allocation of tremendous resources to, and created a major demand for, the mass production of military hardware that operated with the internal combustion engines, such as tanks, airplanes, automobiles, and submarines[75]. These technologies existed before, but as exceptions and luxury items of leisure for the affluent. But, partially as a result of the

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[69] Of course, there were other important centers of production, like Rumania, Galicia, Burma, and Mexico. However, aside from the fast dwindling resources of Burma, these were also regions under geopolitical dominance of other rival great powers.

[70] David Landes, *The Unbound Prometheus; Technological Change and Industrial Development in Western Europe from 1750-Present*, 2nd ed. (Cambridge: Cambridge University Press, 2003), 281.

[71] See details in chapter 2; andMarian (Kent) Jack, "The Purchase of the British Government's Shares in the British Petroleum Company 1912-1914," *Past and Present*, no. 39 (April 1968): 139–68; Adelson, *London and the Middle East*, 97–100; Ronald Ferrier, *History of the British Petroleum Company*, vol. 1 (Cambridge, UK: Cambridge University Press, 1982), 158–201.

[72] That is the range of ship movements, since railroads, privately owned in Europe, were reluctant to convert to oil. In the UK coal was readily and cheaply available, and railroads had a strategic advantageous relationship with coalmine owners, who depended on railroads for their marketing.

[73] According to Landes half of naval ship crews were stokers and half of the cargo space was taken up for coal storage. Landes, *The Unbound Prometheus*, 279–281.

[74] Geoffrey Jones, *Multinationals and Global Capitalism: From the Nineteenth to the Twenty-First Century* (New York: Oxford University Press, 2005), 49; E. J. Hobsbawm, *Industry and Empire: The Birth of the Industrial Revolution* (New York: New Press, 1999), 150; Ferrier, *History of the British Petroleum Company*. Oil consumption in France, for example, increased 42 fold in the course of the WWI. Briggs, *A Social History of England*, 252.

[75] For example, by 1918 the newly constituted Royal Air Force (RAF) had 30 thousand officers and 264 thousand other ranks, more soldiers than the entire army had had in 1914 prior to the start of the hostilities. See Briggs, *A Social History of England*, 252. Adelson, *London and the Middle East*, 171.

internal combustion engine's major impact on the outcome of the war, oil ended up becoming one of the cornerstones of the post war economic and economic shift to Fordism and industrial mass production and consumption[76].

Equally significant to the ascendency of oil during WWI was the conflict's wider and long lasting social, cultural, and political repercussions. According to Giddens, "the meshing of industrial production and military strength is of prime importance among the influences that have shaped the modern world… Industrial production provided the means for the industrialization of war, but the activities and involvements of nation states are at the origin of the phenomenon"[77]. In Britain especially, with its Victorian traditions of minimal central government involvement in the regulation of the economy and social affairs and the strong autonomy of local elites and governing institutions, WWI affected the very culture and institutions of governance and the relations between state and society[78]. As the scope of the conflict expanded war became the concern of ordinary people and not just elites. Since it permanently affected class relations and the attitudes and policies of both business and government, and had a direct bearing on the actions of APOC and the British government in Khuzestan in the post war era, we will discuss it briefly.

War and the Politics of Conscription, Class, and Gender:

WWI was a total war, and like no previous military conflict it fused together society, economy, and politics. Hobsbawm calls WWI and its aftermath "the age of catastrophe" and argues that its destructiveness was caused by its similarity to unbridled competitive capitalism, which has no ultimate aim except limitless accumulation, acquisition, and global expansion[79]. The conflict engulfed the general

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[76] Hobsbawm, *The Age of Extremes*, 28. This is not to say that the shift to oil was absolute and immediate, despite the significant increase in its demand. Coal remained a key source of energy throughout the interwar period but its relative importance declined, especially in the post war era, with major consequences for labor and coal miners. In fact, steam power based on coal consumption increased tenfold in the last three decades of the 19th century. However, Britain's exports of coal dropped dramatically after the war, directly affecting labor relations and social conflict. British exports of coal went from 20 million tons in the 1880s to a high of 75 mt in 1913, before dropping to 49mt in 1920s and 40mt in the 1930s. See Hobsbawm, *Industry and Empire*, 150.
[77] Giddens, *The Nation State and Violence*, 226.
[78] See Francis Michael Longstreth Thompson, *The Cambridge Social History of Britain: 1750-1950*, vol. 2 (Cambridge: Cambridge university press, 1990).
[79] WWI was presented as a zero sum game: Previous wars fought for limited and specific objectives…WWI was based on international rivalry modeled on economic competition without limit or objective. There were no limits to the "natural frontiers" of Standard Oil. Hobsbawm, *The Age of Extremes*, 29–30.

public as conscripts, workers, canon-fodder, and ultimately made them pay for the costs of the carnage. But, at the same time and ironically, the very scope of war brought with it the expansion of the public sphere and opened up new avenues for political participation by the working classes, women, and ordinary people. This unplanned expansion subsequently allowed the working classes to enter directly the political sphere though a combination of electoral politics, trade unionism, and radical collective actions, such as the 1926 general strike. The majority of the general population, including many workers, trade unions, and most politicians representing them, came around in support of the patriotic effort. But, in exchange for the sacrifice of mass participation in war they demanded reciprocal sacrifices by property owners, both in material terms as well as political- a new social and political bargain, so to say[80].

This important development overlapped with structural developments in corporate capitalism (see the sections below on the second industrial revolution and the structural transformations of capitalism), forcing the state and large corporations like APOC to view labor and labor relations in altogether new perspectives. In this new configuration laborers could no longer be seen merely as anonymous producers of surplus value, but increasingly as "human capital" and, ultimately, as political citizens whose votes and political actions could affect laws and policies. While labor had demonstrated that it was able to organize politically to improve its lot and in the process to exert some pressure for the redistribution of wealth, and even present an existential threat to rates of profit or the capitalist order itself, it also needed to be treated as an investment, to be educated and trained to cope with the increasingly complex divisions of labor, a more hierarchical and alienating work process, and trusted to handle and operate ever more intricate and costly technology[81]. The changing approach of APOC directors to labor and urban issues in Abadan in the mid-1920s had already begun to be shaped by these wartime changes. In the rest of this section I will analyze in some detail several aspects of the social history of wartime Britain that will help provide an explanatory context for the later strategic tilt toward paternalism adopted by APOC in Khuzestan from the mid 1920s.

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[80] Perkin, *The Rise of Professional Society*.
[81] See Marx' early analysis of this trend toward the production of relative surplus value, chapter 15, Marx, *Capital*, 1: 492-642.

Chapter 4 – The Emergence of the 'Social Question': WWI and its Aftermath

WWI casualties were staggering, including in the Middle East[82]. The exponential growth of the military had brought about a change in the criteria of soldier recruitment, with far reaching social repercussions. The smaller professional military and reserves at the onset of the war soon proved inadequate for the scale of the conflict, necessitating a new government policy of actively manufacturing public opinion through systematic propaganda to present the war as a patriotic affair. The initial populist surge orchestrated by the War Secretary Lord Kitchener led to the joining of 2.25 million volunteers, but even this proved insufficient and by 1916-1918 universal conscription had been implemented for the first time, making the war and its staggering human and economic costs the concern of the nation as a whole. As a result, the army's ration strength (as a measure of the scale of enlisted manpower) increased from 165 thousand in 1914 to 5.4 million in 1918[83].

The British public had generally supported the war, but its end brought about a cultural break with Victorian conventions, caused by the grief of shattered families and communities. The war had affected entire generations with more than 8 million having been mobilized, two million wounded, and nearly a million casualties and an equal number still receiving pensions in 1922[84]. However, in addition to conscription and its social consequences, there was another paradoxical side to the conflict: the war demands necessitated the maximization of production (to feed the war and the population), and in the process brought about nearly full employment, for the first time in history[85]. This included women's employment in dangerous munitions factories, heavy industries, and clerical work[86].

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[82] German casualties were 1.8 million, France lost 1.6 million, and Britain more than 800 thousand according to Hobsbawm, *The Age of Extremes*, 26; Briggs, *A Social History of England*, 258. Total war casualties dwarf these figures once we take into account the toll for the other belligerents, such as the Ottoman territories, Russia, Austro Hungary, and the non-belligerent nations, such as Iran, who were helplessly caught in the grinding wheel despite their declared neutrality. Adelson offers very different casualty figures, which brings me to assume the figures provided in the previous references to fatalities, whereas the present figures refer to the wounded as well as the dead. None of the sources consulted specify the difference. According to Adelson, in 1914-1918 Britain deployed more troops in the Near and Middle East (nearly 6 million) than in France (5.5 million). However, overall casualties in France were much higher (2.7 million) than (600 thousand). Adelson, *London and the Middle East*, 171.
[83] Briggs, *A Social History of England*, 252. "Ration strength" seems to refer to the total number of rations issued as a way of keeping count of troop numbers in and out of direct conflict.
[84] Ibid., 260–261; A. J. P Taylor, *The Oxford History of England. 1914-1945* (Oxford: Clarendon, 1976), 120. Note the discrepancies in various sources regarding war casualties. Compare with footnote 62.
[85] The discussion in this passage is based on Pat Thane, *The Foundations of the Welfare State* (London: Longman, 1982), 126–130.
[86] Taylor, *The Oxford History of England. 1914-1945*, 38.

Prior to WWI Britain was an overwhelmingly working class country, but with a significant portion of the workforce engaged in agriculture and domestic service. As ordinary and working people were directly called upon to bear the human and economic cost of war for patriotic duty, their reciprocal expectations from the political and economic system that was demanding such a sacrifice changed dramatically. As able-bodied men were recruited for war, the insatiable demand for labor had a manifold effect: It increased the negotiating power of trade unions to demand better wages and work conditions and job security. Politically, it created an unprecedented space for labor to participate directly at the highest levels of governmental and administrative policymaking. This forced large employers to accommodate labor and to accept state mediation with trade unions. This new trend led to the relative improvement, at least for a short time, of the standard of living of the working classes in war related economic sectors.

At the same time, the costly wartime necessity to accommodate labor, coupled with the insatiable war-driven demand, encouraged employers to invest heavily in labor saving technologies and to search for new industrial management methods and work re-organizations that would eventually contribute to the de-skilling of industrial workers and intensify the unemployment crisis of the post-war years[87]. This was especially the case in the large industries and mining sectors that had significantly expanded to supply the war effort, most notably steel, shipbuilding, and coal[88]. The following table shows the significant decline in labor strife during the war, compared to the period before and after the conflict.

Table 2: Number of British Workers Involved in Strikes Before and After WWI (Thousands)

1912	1913	1914	1919	1920	1921
1,462	664	447	2,591	1,932	1,801

Source: Adelson (1995), 191

However, as the costs of the war skyrocketed the financial situation deteriorated, rapidly turning Britain from the world's foremost international creditor

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[87] Thane, *The Foundations of the Welfare State*, 126–130; Perkin, *The Rise of Professional Society*, 186–203.
[88] Feinstein, Temin, and Toniolo, *The European Economy Between the Wars*, 17–37.

to a major debtor. To deal with the situation Britain had to liquidate much of its overseas assets (in the US railroads, primarily), to borrow abroad,[89] and to impose taxes at home. As a result, by the end of the war the number of taxpayers had increased sixfold, and the rate of income tax had been raised up five times[90]. As taxes and prices increased so did labor unrest,[91] and the need of the government to respond and quell discontent by reluctantly engaging in expanding social policies that were anathema to the elite's dominant liberal free market ideology.

Housing and Urban Politics During WWI and After

In the predominantly working class Britain the increasingly prominent public role of labor and the sacrifices it was asked to make were bound to have larger political repercussions. At the turn of the century three quarters of the working population were engaged in manual labor, and there were some 1.5 million people in domestic service, acting as servants to the numerically small middle and upper classes[92]. Although labor's wartime average income and job security had improved, and patriotic propaganda was according a new respect and social status to working people which they had never before enjoyed, nevertheless their general living conditions were, by all accounts, appalling. This was especially the case in workers' housing, which rapidly became the focus of major social discontent[93]. Mines and large

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[89] Hobsbawm estimates that Britain lost 25% of its global investment, which it had to sell to finance the war. The financial costs of the war amounted to more than £500 million, mainly in US railroad securities. By 1929 Britain's debts to the US amounted to more than 150% of its national output. Hobsbawm, *The Age of Extremes*, 97–98. Before the war, despite its relative decline compared to its main rivals, Germany and the US, Britain had done relatively well as a financial power, while its captive colonial markets provided an important outlet and supplied it with revenues, with India, in particular, financing more than 40% of Britain's deficit. Hobsbawm, *Industry and Empire*, 148–149. See also Landes, *The Unbound Prometheus*, 363; Taylor, *The Oxford History of England. 1914-1945*, 40–42, 124.

[90] Briggs, *A Social History of England*, 257; Perkin, *The Rise of Professional Society*, 191–192. The social history of taxation during the war clearly has great relevance to the critique of the rentier state theory that I have presented in chapters 2 and the epilogue. As the history of wartime Britain demonstrates taxation was imposed as an exigency of the total war, with great reluctance by the political elite, under complex historical conditions that we have discussed here. The political bargains in the form of franchise and social welfare policies that emerged between the state and various social classes were not the automatic consequence of taxation, but the result of a protracted and ultimately unpredictable social conflict and class struggle.

[91] Taylor, *The Oxford History of England. 1914-1945*, 39; Perkin, *The Rise of Professional Society*, 193–203.

[92] Rondo Cameron, "A New View of European Industrialization," *The Economic History Review The Economic History Review* 38, no. 1 (1985): 1–23; Hobsbawm, *Industry and Empire*, 155–163.

[93] For housing conditions of laborers and the multitude up to the WWI see Burnett, *A Social History of Housing 1815-1985*, 121–187. Mass urban housing (as well as rural and suburban) for the working classes and the poor was of critical concern across Europe. See Michael Harloe, *The People's Home:*

industries such as steel, shipyards, munitions works, etc. that were at the heart of war-related economy were located in selected and designated regions and urban areas, many of which had been moderate sized cities before the War and therefore were ill equipped to accommodate the significant influx of newcomers.

The crisis of working class housing predated the war, and even large industrial cities like Birmingham, Glasgow, and London had already been under demographic pressure as a result of the first industrial revolution[94]. The economic depression of the 1880s, coming in the wake of the Paris Commune, was causing unrest among the urban poor and anxiety among the middle classes and the wealthy. Overcrowded housing at the heart of large cities like London became a great concern, especially as the recurrence of pandemics and anxiety over public health had been associated in scientific discourse with inadequate urban infrastructure and lack of access to decent drinking water and basic sanitary conditions by the poor. In addition to biological contagion, the fear of ideological and moral contamination of the working classes living in overcrowded urban dwellings side by side with the 'residuum', or the criminal classes and the radical political agitators, had become a major topic of public debate among social reformers, conservatives, and radicals alike[95]. The debate was shaped around the historically recurring theme of the 'culture of poverty' as the existential danger it posed to social stability and the economy. Of particular concern was the London labor market, dominated as it was by casual laborers who were seen as a barrier to the formation of a permanent, dependable, and 'civilized' labor force (human capital).

Across the ideological spectrum a range of schemes were proposed to address the crisis: Labor unions began to be perceived by employers not as class enemies, but as an alternative to insufficient charities and as a solution for stabilizing the labor

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Social Rented Housing in Europe and America (New York: Wiley-Blackwell, 1995), See in general Chapter 1, which compares housing in Western Europe and the US. For Britain see Pp.35–40.

[94] For London see Stedman Jones, *Outcast London*, especially 215–230. According to Stedman Jones London was not, strictly speaking, an industrial city, but an entrepot and home to vast numbers of casual workers, artisans, and small crafts. But workers at docks and transport networks were incremental to the industrial economy of Britain. For Paris and the notion of insecurity as a result of framing the laboring classes as dangerous classes see Chevalier, *Laboring Classes and Dangerous Classes*; Harvey, *Paris, Capital of Modernity*.

[95] Stedman Jones offers a comprehensive survey of debates about London. Proponents of social reform in housing included Alfred Marshall, the utilitarian economist. The housing conditions of the working classes and the poor in London played a critical role in shaping reformers like Beatrice Webb. See Stedman Jones, *Outcast London*; Beatrice Webb, *My Apprenticeship* (Cambridge: Cambridge University Press, 1979), 216–345.

force and channeling the articulation of its demands within the framework of a mutually accepted labor market. Various municipal reforms and urban planning schemes were suggested by social reformers in the hope of curtailing the power of predatory slumlords. These reformist schemes ranged from the idea of Garden Cities (in 1901), the construction of affordable working class suburbs accessible by cheaper commuter train services, and subsidized rental schemes, some with the eventual option for ownership[96]. The conservatives, on the other hand, proposed the implementation of even more draconian and punitive schemes from those already in place, such as the expansion of workhouses, the establishment of labor colonies within England to forcefully segregate and coercively re-educate the criminal elements, or the wholesale expulsion of the subversive elements to the colonies[97].

The onset of WWI exacerbated the housing crisis for the poor and the working classes. Even larger cities had difficulty coping with the housing demands of the new labor force that was flooding in to occupy the new industrial jobs, exacerbating the urban crisis that was cutting across class divisions. It generated a range of responses from employers and the state to deal with municipal residential issues that had lasting effects and profoundly changed the social and economic habitus.

It is highly likely that this new business habitus equally influenced APOC, which was Britain's largest corporation, headquartered in London, in its approach to somewhat similar challenges in Abadan. In addition, APOC was already planning its postwar expansion of fuel and petrochemical supplies throughout the consumer markets of Britain and Europe[98]. As a result, the effective management of labor relations, the avoidance of potentially damaging social strife, the state of consumer markets, and having in place a strategy of smooth product supply to ward off powerful American, Dutch, and other competitors were fast becoming an urgent dimension of its long term corporate strategizing (see chapters 2 and 5).

The housing problem affected many social classes, but was especially acute for workers as they faced competition for cheaper houses from the financially pressed middle classes who had lost their servants to the army or the new industrial wage

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[96] Hall, *Cities of Tomorrow*; Burnett, *A Social History of Housing 1815-1985*.
[97] Damaris Rose, "Accumulation versus Reproduction in the Inner City: The 'Recurrent Crisis of London' Revisited," in *Urbanization and Urban Planning in Capitalist Societies*, ed. Michael Dear and Allen J Scott (London: Methuen, 1981), 339–82; Gordon Cherry, *Town Planning in Britain Since 1900: The Rise and Fall of the Planning Ideal* (Oxford: Blackwell, 1996); Stedman Jones, *Outcast London*.
[98] Ferrier, *History of the British Petroleum Company*, 1:235–261.

labor market, and were now forced to downsize. With private financing and construction at a near standstill during the war workers became dependent on privately owned and poor quality rental housing in urban slum areas[99]. Trade unions had helped workers gain better pay, but the housing supply crisis was not something they could address directly or hope to solve. The housing crisis did not affect only unskilled workers, since lower middle classes and skilled workers, clerks, schoolteachers, and even shopkeepers also experienced exorbitant rent hikes. The shared anger against the housing situation generated a novel type of cross class urban politics of solidarity as these different groups participated together in numerous rent strikes against slum lords, demanding government intervention for rent control and housing aid[100]. More relevant to our story, the housing crisis led to a serious rift between different segments of capital, as large industrial employers actively supported government imposed rent controls. They sided with workers and the middle class renters against landlords and financiers who profited from rents[101]. As far as large industries were concerned high rents and poor living conditions of the workers had adverse effects on the quality and political demands of their own labor force at a time of acute labor shortage during the war years[102].

One of the more significant urban protests around housing and rent issues occurred in Glasgow, Britain's second largest city and a major industrial center, and set the tone for the urban struggles to come. More than 15,000 people went on a rent strike in October 1915, soon another 5000 more joined them, making this "one of the

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[99] Harloe demonstrates that WWI elevated working class housing to the level of a European wide crisis. As the war engulfed the national economies, sucking in all available human and financial resources, investment in housing and other social domains effectively ceased. As inflation destroyed the value of mortgage payments and equities for financiers housing finance collapsed, leading to inflated rents and mass evictions of those who could not afford predatory rents or were unwilling to pay them. While in continental Europe the flood of war refugees to cities created a housing supply crisis, in Britain it was the movement of workers and their families to urban industrial centers that were the centers of production for the war industry that generated similar pressures. The problem was even worse in rural areas and smaller towns where new war-related industries and activities were located. These areas by and large, did not have the wherewithal or an existing stock of working class housing to cope with the new demand. See Harloe, *The People's Home*, 81.

[100] Taylor, *The Oxford History of England. 1914-1945*, 147; Cherry, *Town Planning in Britain since 1900*, 52, 61–62. Cherry sees this juncture as a watershed in the greater institutionalization of government induced town planning in Britain.

[101] Thane, *The Foundations of the Welfare State*, 131–133.

[102] Labor housing and the crisis of urban slums created some of the similar crises in the US. This crisis led to the emergence of the Chicago School of Sociology, and the academic-policy intervention of professional sociological experts and middle class urban activists, like Jane Addams, in setting anti-poverty urban social policy. Dolores Hayden, *The Grand Domestic Revolution: A History of Feminist Designs for American Homes, Neighborhoods and Cities* (Cambridge, MA: MIT Press, 1982).

most important rent strikes in urban history… For the first time in history, housing was considered a right for the people, and the state was held responsible for it. Public housing was born… It was only when a social challenge appeared at the grassroots level that the power relationships were altered and the state was forced to intervene in the provision of housing"[103].

However, these urban protests did not lead to lasting solutions, such as mass production of affordable rental housing, or the institutionalization of systematic urban planning programs aimed at housing the workers and the poor. This was due to a lack of unity over policies to adapt between rival segments of the political and economic elite, as well as the non-negligible class differences among protesters, and the local nature of their struggles, which hindered wider mobilization to tip the balance of power in their favor and lead to structural changes.

Nevertheless, the problem was acute enough to generate several significant government acts aimed at lowering the rents and controlling them, to provide subsidized mortgages, encourage private investment in affordable housing, and to take some measures to improve the existing stock. More significant, and of direct relevance to APOC's changing approach to urban housing issues in post war Abadan, many large employers began to actively invest in building company housing for workers as a way of lowering their living expenses (and hence their wage demands) and to increase pressure on landlords.

By 1916 it had become clear that the private sector could not solve the housing crisis by itself. In 1917 an appointed committee of inquiry into industrial unrest acknowledged poor housing to be a major source of public grievance and recommended vigorous government action. In the same year another government committee (under) estimated that at least 300 thousand new houses would be needed immediately after the war and urged local government boards to begin stockpiling building materials and resources to move ahead with construction. Lloyd George, the prime minister, made "homes fit for returning heroes" a cornerstone of his 1918 election campaign[104].

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[103] Manuel Castells, *The City and the Grassroots* (Berkeley: University of California Press, 1983), 27–37.
[104] See Burnett, *A Social History of Housing 1815-1985*; Harloe, *The People's Home*; Cherry, *Town Planning in Britain since 1900*; Hall, *Cities of Tomorrow*.

Effectively, the housing dilemma had become connected to the very legitimacy of the political system. Even if urban unrest over the housing crisis did not explode into a revolutionary upheaval, nevertheless the issue remained of great concern to political leaders who kept receiving alarming intelligence reports that regularly raised the specter of Bolshevism[105]. If precarious housing was the cause of urban discontent and political instability, the provision of adequate and affordable housing, especially in the post war years, was an economic concern to employers. Keeping labor costs low in the lean post war years required the negative pressure on the permanent workers exerted by the industrial reserve army of the unemployed. Housing these casual and precariously employed workers was not economical and it would defeat the purpose of exerting downward pressure on wage demands. Balancing these political and economic concerns was a challenging task for the employers and politicians. It also placed the social provision of worker's housing squarely at the center of public debates, and became the subject of seesaw policy experimentations and heated debates over the next decades.

The unprecedented 1919 Housing and Town Planning Act made local governments responsible for assessing housing needs, drawing plans and overseeing their implementations[106]. By 1922 nearly 200 thousand houses were built by the private sector using state subsidies under this act and its follow up. However, this number proved hardly adequate and the programs primarily benefited developers, the middle classes, and the better paid workers who could afford the relatively high prices of these subsidized housing stock[107]. Once the war had ended the climate began to change, and the prevailing liberal ideology was back in swing, seeking to curtail and reverse the trend toward state intervention in the workings of the free market. After 1920 more rent strikes prompted the state to pass several further housing acts in 1923 and 1924. But these acts also fell into the pattern of avoiding state competition with

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[105] Harloe, *The People's Home*, Chapter 2; Thane, *The Foundations of the Welfare State*, 144–145; Burnett, *A Social History of Housing 1815-1985*.

[106] There had been numerous urban housing and municipal related parliamentary acts in Britain since the middle of 19th Century. What differentiated the 1919 Act from its predecessors (the last of which was the 1915 Act to control rents) was the direct government involvement, both at the national and local levels, in directly financing and regulating the production and supply of housing stock.

[107] Thane, *The Foundations of the Welfare State*, 206–208; Harloe, *The People's Home*; Burnett, *A Social History of Housing 1815-1985*.

private landlords and financiers, and allocated subsidized mortgages for private housing instead of affordable rental units[108].

I have provided a more detailed analysis of the urban housing crisis in wartime Britain since the story has both global dimensions, while it also clearly overlaps with the rising crisis of labor housing in Abadan during the interwar period (see chapters 5 & 6). In the post war era, beset by revolutionary fervor and rising labor discontent, affordable housing for the masses had become a key component of maintaining the stability of a capitalist system beset by class conflict and facing a crisis of legitimacy. The League of Nations had established the International Labour Office (ILO) as one of its first acts in 1919, to regulate and manage labor issues. In 1924 the ILO produced a comprehensive comparative study of labor housing in Europe since 1913. The study began by asserting that housing provision before WWI had been shaped by Victorian era liberal and laissez-faire economic theories, which had already caused a major housing crisis prior to the war. WWI "had [only] precipitated the [housing] crisis, increased its intensity, and gave it the specific form which make it one of the most serious social and economic problems of the present day"[109].

Setting Oil Policy After the War:

As one of Britain's major petrochemical and primary industrial materials producers, the attitudes and praxis of APOC directors and experts were constantly being shaped by this wartime experience at home, on a rapidly remapped and increasingly competitive global market, as well as in Khuzestan and its other areas of its operation. The shifting geopolitical landscape affected APOC's policies at various levels, in Britain and Europe, as well as in Iran and the Persian Gulf. In 1916, the powerful Board of Trade drew up a memorandum for consideration by the Cabinet titled "The Future of Oil Supplies". It was the first indication of the recognition of the vital strategic importance of oil supplies not just for the country but also for the empire itself[110]. A protracted debate ensued where two options were considered: To establish a wholly British monopoly company, or to amalgamate APOC with Royal

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[108] The 1924 act by the short-lived Labor government allocated subsidized funds to local governments for rent controlled rental units, but it remained limited in scope.
[109] See International Labour Office, *European Housing Problems Since the War 1914-1923.* (Geneva: I.L.O., 1924), 3; Harloe, *The People's Home*, 81–82.
[110] Ferrier, *History of the British Petroleum Company*, 1:243.

Dutch Shell (RDS) into a jointly owned British-Dutch company. Both were awkward options, as the government was uncomfortable with its majority investment in APOC, a supposedly private corporation, while APOC and its supporters lobbied hard to portray RDS as a foreign concern. The possibility of compelling RDS to become a wholly British Company was briefly considered but was eventually abandoned as impractical[111]. John Cadman, the head of the Petroleum Executive (and future APOC Chairman), set up the Harcourt Committee in 1918 to draw up a comprehensive appraisal of the national and imperial oil problem: "The time has arrived to when it is necessary to formulate a policy by which His Majesty's Government shall be guided in all matters relating to the advancement and direction of petroleum industries"[112]. The Committee reported to Cadman that,

> "The present war has demonstrated the numerous purposes for which the British Empire is dependent on petroleum and its products, of which 80 percent of its supply come from the United States…the industrial supremacy of the British Empire has been built upon vast coal resources. The Committee was asked to consider what steps should be taken to secure control of as much as possible of the world's supply of natural petroleum…the future of the Empire depended on a satisfactory solution of its oil problems and that opportunities for such strengthening the position exists now which may not recur, and no time should be lost in deciding on the policy which will ensure to the British Empire adequate supplies of petroleum products"[113]

What this resolution meant in practical terms was the acknowledgment that a strategic shift from coal to oil in industrial and military spheres was now an unavoidable reality that needed to be acknowledged and managed. This acknowledgment translated into the government encouragement and support for APOC to plan for aggressive future involvement in the development of oil resources outside Iran (Persian Gulf and Mesopotamia being the first instances), and of the expansion of its industrial and consumer market activities in Britain. As for the

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[111] Ibid., 1:253–261.
[112] Ibid., 1:252.
[113] Ibid., 1:252–253.

British government, this strategic outlook shaped its post-war policy toward the Persian Gulf and the Middle East, as was discussed in chapter 2[114].

In 1918-1922, at the same time as Abadan refinery was in a state of expansion and consolidation, APOC began the building of Llandarcy (named after William Knox D'Arcy), the first major oil refinery in Britain located in South Wales coast, near the Swansea docks. The refinery at its peak employed 2600 people. A company town was built nearby with 260 houses, together with a community center, and local stores, all owned by the Company[115]. In contrast Abadan, the heart of the Company's global operations, was altogether on a different scale. By mid 1920s, Abadan had an estimated population of 60 thousand, and the housing question there involved massive logistic and geopolitical challenges, and the production of company housing and designing and maintaining a company town planning would take another three decades of protracted and ever expanding efforts to implement (see chapters 5 and 6). In the end, urban problems and especially workers' housing shortages significantly contributed to labor discontent during the nationalization era, and the eventual eviction of AIOC from Iran in 1951.

APOC clearly drew important lessons from the wartime housing crisis when dealing the urban crisis in Abadan. These accumulated experiences across the Company's vast geographies of operations (in Wales, Khuzestan, Mesopotamia, etc.) contributed to shaping the patterns of paternalistic and self-interested interventions in the urban life of its workers. How these experiences were translated into Company practices and contributed to the formulation and implementation of social policies in Abadan need to be studied in connection to the local dynamics there, as we shall discuss in the next chapters.

Pluralism and Planning: The Impact of Political Franchise and Mass Politics

In the previous sections I have outlined the impact of public health measures, military conscription, the dramatic expansion of the labor market and trade union

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[114] Geoffrey Jones, *The State and the Emergence of the British Oil Industry* (London: Mac Millan, 1981); Helmut Mejcher, *Imperial Quest for Oil: Iraq 1910-1928* (London: Ithaca Press, 1976); Adelson, *London and the Middle East*.
[115] "Llandarcy: Down to The Last Drop," *BBC*, December 2, 2009, sec. History, http://news.bbc.co.uk/local/southwestwales/hi/people_and_places/history/newsid_8389000/8389503.st m; National Oil Refineries. Anglo-Iranian Oil Co., *Llandarcy Refinery*. ([London]: Anglo-Iranian Oil Co., 1953); Ferrier, *History of the British Petroleum Company*, 1:453–454.

activity, and the social and material crises such as housing and inflation that affected the daily lives of working people in wartime Britain. These issues made a deep and lasting impact on the attitudes of the political and economic elites, as well as ordinary people, toward the role of government in civil society, the economy, and the social responsibilities of large corporations regarding the general welfare. In this section I will turn to the discussion of how these developments affected the political domain directly. After a costly and ruinous war that had to some extent brought into question the legitimacy of the old political and economic order, what did the enfranchisement of working people, women, returning soldiers, and paupers (the poor and the propertyless), imply for class politics, corporate attitudes, and government policies? How did the political advances made in the era of mass enfranchisement affect the post war habitus?

The rising social expectations of a more decent life in exchange for the sacrifices demanded of ordinary people only added to the malaise resulting from the shambolic and mismanaged conduct of the Great War[116]. The poor performance of military and political leaders had disillusioned the general public who were asked to shoulder most of the human and material costs. However, side by side with this general cynicism, an alternative and far less complacent political imaginary was also taking shape. This militant political culture was inspired by the grassroots networks build by trade unions during the war and the relative gains in wages and job security that had marginally improved workers lives, as well as the utopian horizon of possibilities opened by the Russian revolution[117]. Severe labor shortages during the war years had given labor a greater advantage in negotiations over working and living conditions, and its share in the political and administrative domains of policymaking[118].

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[116] This point is greatly emphasized by Perkin in his social history of the rise of the professional society in England. Perkin frames the period as "the crisis of class society" which led to the emergence of a "corporate society", managed by technical and professional experts. See Perkin, *The Rise of Professional Society*, 171–357.

[117] By 1918 trade union membership had increased to 6 million by 1918, as had the funds channeled to the labor party. Women were now 29% of the official workforce in factories, offices, and hospitals. Briggs, *A Social History of England*, 262.

[118] Thane, *The Foundations of the Welfare State*, 127–130.

Once the carnage ended there was no way back from franchise reform and for the elites to ignore the new power of mass politics[119]. The widespread sentiment was captured by the novelist John Galsworthy, who wrote in the aftermath of the 1926 general strike: "Everything now being relative there is no absolute dependence being placed on God, free trade, marriage, consoles, class, coal, or caste"[120].

Britain had suspended elections since 1910. The fear of the revolutionary consequences of electoral democracy and voting rights for the common people had been a source of great anxiety among the elites throughout the 19th Century and the pre war years. Although the franchise had incrementally expanded in the 19th century it still did not include women and the propertyless, while the effectively rigged system was skewed to favor the propertied classes who enjoyed the privilege of having multiple votes[121]. The 1918 franchise reforms and the accompanying general election established for the first time a near universal voting right for all the males, and for most women above the age of 30[122]. The electorate increased nearly threefold at one go, from 8 million to nearly 22 million. It included nearly 8.5 million women, as well as paupers and returning soldiers, most of who had been previously disenfranchised[123]. This electoral reform severed the long established and ideologically enshrined connection between property and citizenship and, at least theoretically, opened the parliamentary system to direct representation of the general population[124].

The newly enfranchised population demanded secure jobs, better pay, decent and affordable housing, improved living conditions and social services. Politically, reneging on these new social demands by the working population was risky, but also vested capitalist interests were ambivalent about rolling back the preferential

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[119] Taylor, *The Oxford History of England. 1914-1945*, 163–180; Briggs, *A Social History of England*, 263; Thane, *The Foundations of the Welfare State*, 129-130; Feinstein, Temin, and Toniolo, *The European Economy Between the Wars*, Chapter2.

[120] John Galsworthy, *The Forsyte Saga: The White Monkey*, vol. 4 (London: Headline Book Publishing, 2008 [1924]), Preface.

[121] Saville, "The Welfare State: An Historial Approach," 13–14.

[122] Taylor, *The Oxford History of England. 1914-1945*, 93, 125–128; Thane, *The Foundations of the Welfare State*, 145; Briggs, *A Social History of England*, 262.

[123] Jose Harris, "Society and State in Twentieth Century Britain," in *Cambridge Social History of Britain: 1750-1950*, ed. F.M.L. Thompson, vol. 3 Social Agencies and Institutions (Cambridge: Cambridge University Press, 1990), 74.

[124] T.H. Marshall sees this period as an important stage between political, economic, and social citizenship. The latter, according to his analysis, was realized only after WW2 and the eventual adoption of Keynisian welfare and full employment policies. See Marshall and Bottomore, *Citizenship and Social Class*.

advantages they had gained during wartime. Feinstein, et.al., estimate that during the war up to 40% of the entire economies of the belligerents had been directly or indirectly controlled by governments. The withdrawal of this demand would have caused havoc on the large engineering, mining, chemical, metallurgy, munitions, ship building, and engineering corporations that had expanded to supply the war needs. These powerful interests were highly weary and opposed the immediate withdrawal of public demand for their products. As a result of these intensifying frictions, and the significant contraction of the economy, social unrest and class conflict became one of the most pressing post war problems, with significant long lasting repercussions[125].

The period 1918-1926 was an era simmering with intense social unrest, but in spite of great anxiety about the stability of the ruling order after near universal enfranchisement, the 1918 elections returned to power the Liberal-Conservative coalition and the franchise did not lead to radical political change[126]. The main reason for this was the depth of social divisions and the lack of consensus among both the political and economic elite as well as the laboring masses. There were simply too many differences of opinions and proposed strategies to allow any radical consensus to take shape, and to bring about a unified and militant change of direction[127].

The 1918 election results should not be interpreted as an indication that no meaningful political changes had taken place, on the contrary. But the radical and fundamental changes were latent and subtle, rather than spectacular and manifest at the pinnacles of social and political institutions, thus creating a new social habitus. For one thing, the Empire's periphery was rocked by the aftershocks of the war. General conscription in Ireland had precipitated the Irish political settlement and led to the country's eventual independence. In the more distant colonies, and especially in India, which supplied the bulk of the British army[128], conscription and mass recruitments had contributed to social protests and energized the nationalist

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[125] Feinstein, Temin, and Toniolo, *The European Economy Between the Wars*, 28–29, 60–64.

[126] For the range of established political formations in Britain at the time, Liberals, Conservatives, New Liberals, Labour, and various radical, socialist, Fabian, and communist formations, and their shifting attitudes toward the economy and the role of the state in setting social policies and regulating the social question, especially in the pressing domain of urban reforms see Cherry, *Town Planning in Britain since 1900*, 43–65.

[127] Harris, "Society and State in Twentieth Century Britain," 75.

[128] Elizabeth Monroe, *Britain's Moment in the Middle East, 1914-1971*, 2nd ed. (Baltimore: The Johns Hopkins University Press, 1981); Adelson, *London and the Middle East*, 45–46; Sugata Bose, *A Hundred Horizons: The Indian Ocean in the Age of Global Empire* (Cambridge, MA: Harvard University Press, 2006).

movements[129]. The brutal repression of nationalist and labor protestors in India over the question of political representation had direct and lasting repercussions in Abadan. Angered by their poor living and working conditions, skilled Indian workers and employees in Abadan were further energized by events in India, and went on a series of strikes beginning in 1920. The virulence of these labor protests prompted the Oil Company to begin expelling the strikers, and to rethink its long-term labor policy through a protracted process of replacing Indians with Iranian laborers (see chapters 1 and 5).

Within Britain, the more significant political reconfigurations of the exercise of power were taking place not so much in the electoral domain as in the proliferation of technocratic and administrative institutions that were planning and regulating civilian life to an unprecedented degree[130]. The poor military performance during the first two years of the war had paved the way for the emergence of a new system of government no longer dedicated to the appearance of constitutional niceties and minimal interference in civil society, but intent on establishing an efficient command economy focused on winning the war[131]. Already in 1915-1916 the government had begun regulating an increasing range of issues that had hitherto been considered the exclusive domain of the private sector and local authorities, such as improving controls on prices, rents, profits, wages, labor contracts, conscription, the recruitment of women in the industrial and clerical labor market, liquor licensing, food rationing, etc[132]. These governmental regulations were carried out in tandem with large business, although trade unions had also become increasingly involved in mediating labor negotiations and exercising a voice in matters related to the working and living conditions of their members.

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[129] Taylor, *The Oxford History of England. 1914-1945*, 150–160.

[130] Michel Aglietta highlights this ensemble of class frictions and conflicts as the centerpiece of the structural shift in the regime of accumulation of capital and the gradual but unmistakable transition to Fordism, and a system of mass consumption, full employment, and the maintenance of effectively high demand through deficit financing. Aglietta's focus is on the US, and his explicit unit of analysis is the nation state. However, and somewhat questionably, he de-emphasizes the revolutionary significance of the WWI and its aftermath, emphasizing instead the post WWII era marked by Keysian economics, as the key period in the new regime of accumulation. But, as I will argue in a subsequent section on the structural changes in the political economy of capitalism, many of the earlier structural shifts he highlights also characterized inter war Britain. See Aglietta, *A Theory of Capitalist Regulation*, 25–33, 116–117, 179–186.

[131] Harris, "Society and State in Twentieth Century Britain," 71.

[132] Taylor, *The Oxford History of England. 1914-1945*, 34–38.

As we will discuss in the next section, the coordinators and agents of this increasingly interventionist state policy were the new professional classes. These were, on the one hand, full time trade unionists and professionalized labor negotiators who could stay in command of increasingly complex negotiated rules and regulations governing the labor process and workplace relations. On the other hand, they consisted of the new professional middle class with formal education and institutional accreditation from the expanding universities[133]. It is ironic that Lloyd George's governing Liberal Party and its Conservative coalition partners presided over this shift to a more centralized and planned political economy, making [classical] "liberalism a casualty of war"[134]!

If the elite were divided over the necessary boundaries of social policy reforms[135] and the proper extent of government involvement in the economy, so were trade unions, labor activists, and the Labor Party[136]. Labor was deeply suspicious of governmental power, which it viewed as repressive and a tool of employers. But workers also had a strong sense that they needed a collective countervailing power to defend their interests and to check the employers. The Labor Party's buildup began in the prewar years not in the parliament but among the grassroots, where it established local chapters and its members entered local government authorities. Asa Briggs sees

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[133] Perkin, *The Rise of Professional Society*; Aglietta, *A Theory of Capitalist Regulation*; Christophe Charle, *La Crise des Sociétés Impériales: Allemagne, France, Grande-Bretagne : 1900-1940* (Paris: Éditions du Seuil, 2001), Chapter 3; Charles S. Maier, "Between Taylorism and Technocracy: European Ideologies and the Vision of Industrial Productivity in the 1920s," *Journal of Contemporary History* 5, no. 2 (1970): 27–61.Aglietta makes the same point regarding Taylorist time and motion managers within the workplace. This shift toward the professionalization of various domain of political and socio-economic life had a long precedence. In 19th century England the utilitarianism of Jeremy Bentham and his numerous disciples such as Robert Owen (industrialist and 'utopian' socialist), Alfred Marshall and John Stuart Mill (economists), Ebenizer Howard (urban planner and garden city theorist), among others, had advocated the bestowal of greater influence and power of decision-making upon professional experts. In France, positivism and the followers of Saint Simon and his disciple Auguste Comte had likewise forwarded the notions of the 'scientific' analysis of a bounded entity they labeled 'society', and the burden of 'trusteeship' that befell on the shoulders of scientific experts to formulate and implement collective policies in the name of science and universal benefit to all. Lenin's "What is to be Done?", which precipitated the seminal break with fellow Social Democrats the Mensheviks, as well as with other syndicalist and socialist currents, was likewise predicated on the call for full time and professional revolutionaries to formulate and carry forward long-term party strategy. For an extended discussion see Kaveh Ehsani, "A Critique of Planning, Development and Progress" (MA Thesis in Regional Planning, University of Massachusetts- Amherst, 1986).
[134] Briggs, *A Social History of England*, 257.
[135] For example George Nathaniel Curzon, Conservative Foreign Secretary in the coalition government, former Viceroy of India, and the self-described foremost authority on Persia, was the president of the National League for Opposing Women's Rights.
[136] Vocal and organized opposition to government planning and involvement in the economy were very much part of the mainstream intellectual discourse of the post war era. See Thane, *The Foundations of the Welfare State*.

the first three decades of the 20th century as the formative period in the building of "historical organizations that became the scaffolding of the modern labor movement"[137]. The dramatic rise in unemployment after the war caused major setbacks and somewhat eroded the negotiating power of labor. But by the mid 1920s the political landscape of Britain had changed and labor and its representatives in trade unions and the Labour party had become an integral part of the political and administrative system, at local as well as national levels. Labor's electoral gains, and the rising militancy of the unemployed and the precariously employed, meant that employers as well as the political elite had to take into consideration labor and its political representatives in a manner that would have been inconceivable a generation before.

The Rise to Prominence of Professional Middle Class Experts and their Impact on Corporate Culture and Governmental Social Policies:

When in 1926 APOC undertook the task of re-configuring its operations in Khuzestan, the protracted and extensive discussion among its senior directors and managers was undertaken in a new language and spirit of comprehensive planning of its long term relationship to the new and emerging central government in Tehran, as well as to their employees in Khuzestan. At the center of the new approach lay an acknowledgment of the necessity of formulating and implementing a set of social policies that in appearance had little to do directly with oil extraction, market shares, or profit rates. In previous years the notion of the Oil Company committing itself to providing social amenities and services for its employees, ranging from education to public health, municipal planning, housing provision, recreational facilities and leisure amenities for rank and file workers, and so on, would have been considered odd. But by the mid-1920s the Company was actively discussing a long-term commitment to initiating an extensive and costly range of social initiatives that would reshape the daily lives of its employees, as well as the region's population (chapters 5 & 6).

In official Company correspondence and in the energetic propaganda it set up to shape public opinion (see chapter 5), these interventionist social policies were

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[137] Asa Briggs, "Introduction," in *Essays in Labour History; 1886-1923*, ed. Asa Briggs and John Saville, vol. 2 (London: MacMillan, 1971), 1–16.

always articulated and presented as reluctantly undertaken, generous, and benevolent contributions to public welfare. In practice, and forthrightly articulated in internal documents, they were aimed at reducing friction with its workforce and the Iranian government, and to increase the productivity of operations. These social policies became the instruments through which the Company engaged in shaping and managing the territory and the spaces where it was operating, as well as the populations and the institutions it had to deal with.

Ironically, most of the Company officials involved in these internal debates belonged to a pre-war generation shaped by the colonial Victorian and Edwardian culture and worldviews[138]. However, economic institutions and their constituent agents are not formed a priori, but are shaped through praxis and situated within the various social and geographic contexts (scales) where they operate. APOC's new corporate culture was simultaneously being formed and performed at various scales in which it was operating - local and global – in Abadan, Britain, Basra, and Burma[139]. A new regime of accumulation was emerging out of WWI. This global political and economic landscape was ushering in new labor relations that now were being managed through professional and technical expertise, and were premised on an increasingly regulated economy, and on planned social reforms aimed at mediating class frictions.

In Britain, the wartime governmental intervention in the civil society, in tandem with employers and trade unions, was becoming a lasting feature of the post-War era. Early on after the war this trend was highly contested both by labor, which mistrusted the state as the instrument of employees, as well as the traditional ruling establishment which was suspicious of bureaucracy and resented the subversion of the

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[138] See Chapter 2 and the discussion of Arnold Wilson, Reynolds, Dr. Young, J.M. Wilson, John Cadman, and other Victorian and Edwardian era agents of Britain and APOC. Arnold Wilson's fascinating memoirs of his early years in Khuzestan, and then his controversial stint as the de-facto viceroy of Iraq after WWI are illustrative of this unmistakable shift. Wilson's early memoirs in Khuzestan are mostly told through his correspondence with his family and his daily diaries. They are the voice of a Victorian zealous conservative officer of the Empire who remains unconvinced of the political possibilities of constitutional political change in Iran. By mid 1920's, when he had become the senior managing director of APOC in Mohammerah, he had overseen the Company's dramatic shift of allegiance away from Britain's erstwhile local allies, Khaz'al and the Bakhtiyari Khans, and had become an unabashed and pragmatic advocate of social planning and Company engagement and investment in a wide range of social projects in Khuzestan. See Arnold T Wilson, *SW Persia; A Political Officer's Diary 1907-1914* (London: Oxford University Press, 1941); John Marlowe, *Late Victorian: The Life of Sir Arnold Talbot Wilson* (London: Cresset, 1967). See chapter 6 for further details.
[139] On the relation of culture and economy see Marion Fourcade, "Culture and Economy," *Blackwell Encyclopedia of Sociology* (New York: Blackwell Publishers, 2007).

free market and what it saw as the corruption caused by the undeserving poor taking advantage of the publicly funded welfare measures[140]. As the economic crisis worsened throughout the 1920s desperate attempts to return to pre war economic policies, like the return to the gold standard in 1925 to shore up the Sterling, proved a failure. However, as worsening social conditions began to threaten political stability, especially with unemployment staying persistently above a million throughout the decade, the proponents of greater regulation of the economy and long term social and economic planning gained greater acceptance and began to exert their influence[141].

Despite calls for austerity amidst mounting economic crisis and the ongoing debates over the appropriate extent of social policies, the overall trend throughout the 1920s was toward the significant expansion of the public sector, as a succession of Liberal, Conservative, and (briefly) Labour, governments kept steadily increasing expenditures for social projects throughout the 1920's[142]. By 1930 public spending on various social services had increased from virtually nothing to nearly 40 percent of overall expenditures, with state contributions to unemployment funds, for example, increasing twelvefold, from £3million to £37 million[143]. Not only the older and established means of dealing with social inequality -- such as charities, local parishes, and poor laws -- were no longer able to cope with the scope of the post war social problems, but also a permanent shift in public culture had rendered these Victorian institutions irrelevant. Out of work laborers and the poor were no longer content with accepting charity for the helpless; instead they were demanding employment and work as a social right. Decommissioned soldiers, women recently employed in dangerous munitions works, and hard-pressed families in industrial cities now expected more decent living conditions and greater economic security. The question of balancing political stability with the pursuit of economy in public expenditures had become a priority for the state and the elites.

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[140] Harris, "Society and State in Twentieth Century Britain," 75–80.

[141] Alan Deacon, "Concession and Coercion: The Politics of Unemployment," in *Essays in Labour History; 1918-1939*, ed. Asa Briggs and John Saville, vol. 3 (London: Croom Helm, 1977), 9–14; John Burnett, *Idle Hands: The Experience of Unemployment, 1790-1990* (London: Routledge, 1994), 199–264.

[142] Harris, "Society and State in Twentieth Century Britain," 78.

[143] Deacon, "Concession and Coercion: The Politics of Unemployment," 9–10.

The Fallout from the 1926 General Strike:

The social policies that formed the core of the emerging welfare state in post war Britain were highly complex to implement, and were intensely contested. In 1921 a brief attempt was made to cut back expenditures ('The Geddes Axe') in order to make a return to pre war laissez faire. The social backlash was immediate, with major labor strikes and industrial unrest exacerbated by disaffection of decommissioned and unemployed soldiers. Avoiding disorder became a major concern for established politicians across the ideological spectrum, including labor politicians[144]. The massive 1926 general strike was a turning point in bringing about a 'passive revolution' in the general acceptance of the need for the consolidation of social policies that over time would come to form the backbone of what is now known as the welfare state. The strike involved more than 2.5 million[145] miners, transport workers, and steel workers against unilateral wage reductions of 13 percent, exacerbated by the withdrawal of government subsidies (effectively further reducing real wages by another 7-10 percent), in addition to the imposition of longer work hours, and generally worsening living conditions. These were the heavy industrial sectors that had greatly expanded in wartime, but were now facing dramatically reduced demand, coupled with unprecedented international competition during a period of major economic contraction.

Although the strike was defeated without much bloodshed, it had a considerable polarizing cultural impact. On the one hand, the general strike mobilized significant segments of the middle classes against radicalism, while on the other hand it convinced the Labour Party leaders to focus their efforts on accommodation with the parliamentary system and demand reformist concessions and favorable social policies[146]. Among the ruling circles the debate over how to respond to radical social discontent was intense. While some, like Churchill (the Chancellor), demanded a violent crackdown by the military, others, most notably Stanley Baldwin the Prime Minister, adopted a policy of appeasement combined with repression. The state had

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[144] See for example Ernest Bevin and his role in the Labour Party's highly reluctant endorsement of the 1926 general strike. J Graham Jones, "Ernest Bevin and the General Strike; a Note," *Llafur* 8 (2001): 97–104.

[145] The strike involved 800 thousand coal miners directly who were supported by 1.8 million steel and transport workers.

[146] See Martin Pugh, "The General Strike," *History Today*, no. May (2006): 40–47. On the impact of the general strike on public discourse see Kate. Flint, "Virginia Woolf and the General Strike." *Essays in Criticism* 36 (1986): 319–34; D. H. Robertson, "A Narrative of the General Strike of 1926," *The Economic Journal* 36, no. 143 (1926): 375-393.

long prepared itself for the strike. The establishment press helped mobilize the middle classes against the strikers by claiming their actions to be a radical assault on the social order. Eventually the strikers could no longer sustain their effort and had to compromise amidst rising material pressures[147].

Chronic unemployment and persistent labor discontent and social unrest during the post war years (1918-1926) eventually tilted the balance toward the general acceptance of the need for the implementation of social and welfare policies. However, neither bureaucrats nor politicians were equipped on their own to justify, conceptualize, plan, implement, and evaluate the performance of the expanding array of social policies that were being formulated in ad hoc response to various crises. This task fell to the professional middle classes, including by now professional labor politicians and representatives[148], who had emerged as an increasingly coherent social force in the inter war era.

The 'social question' was gradually but unmistakably being defined in public discourse as, on the one hand, intolerable problems arising from class conflict and the insecurity caused by unregulated free markets and, on the other hand, the subversive agitations of political radicals taking advantage of public discontent[149]. From 1918 to 1926 chronic unemployment hovering over 1 million, deteriorating wages, and poor housing and living conditions, were by far the greatest causes of social discontent and the reason behind continued waves of strikes and political protests[150]. To save capitalism from itself the different spheres of the market economy needed to be differentiated and regulated in order to modify their combined and spiraling negative social impact, and the working population needed to be made stakeholders in the political and economic system.

Influential intellectuals and prominent economists, such as J.M. Keynes, argued for the necessity of differentiating markets according to their social impact. Labor markets, for example, could not be treated the same as consumer commodities: Whereas supply and demand could govern the market for physical goods, a sharp fall in demand for labor would have severe political consequences. The same was true for

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[147] See Taylor, *The Oxford History of England. 1914-1945*, 241–248.

[148] On the Labour Party and its commitment to industrial conciliation and accommodation with the political system see Ibid., 198–200, 219–220, 248–249.

[149] Burnett, *Idle Hands*, 215-241 Deacon, "Concession and Coercion: The Politics of Unemployment."

[150] Thane, *The Foundations of the Welfare State*, 147–148; Wolfgang Mommsen, "Preface," in *The Emergence of the Welfare State in Britain and Germany: 1850-1950* (London: Croom Helm, 1981); Hobsbawm, *The Age of Extremes*, 89, 93–94; Landes, *The Unbound Prometheus*, 368–369.

financial markets, as money and finance was the lifeline of the entire economic order, and the collapse of currency due to inflation or speculation would disrupt the political stability, as it had done in post war Germany[151]. Solving the crisis required authoritative and impartial intervention against individual interests of the employers, by insuring full employment, good wages, and economic security for the working classes. This would improve effective demand for consumer goods, and create economic prosperity and turn workers into stakeholders rather than exploited adversaries[152]. The trauma of the general strike of 1926 had rendered these arguments more convincing.

Taking on the role of formulating a growing set of social policies to deal with rising social crises and class conflict fell to professional experts from the academia as well as those employed in the private and public sectors, including urban and economic planners, journalists, engineers, civil servants, economists, statisticians, medical and public health officials, lawyers, and social scientists among others[153].

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[151] See John Maynard Keynes, *Essays in Persuasion* (New York: Norton, 1963), especially 80–104, 186–212, 312–348; Richard D Wolff and Stephen A Resnick, *Economics: Marxian versus Neoclassical* (Baltimore: Johns Hopkins University Press, 1987), 109–117. An important social critique of laissez faire came from Polanyi in the 1940s. Polanyi argued that land, labor, and money were fictitious commodities that should not be treated according to the laws of the free market. Their commodification during the 19th century had been the reason behind the depression and the two world wars. The solution was to embed the markets within a web of social needs, regulated and planned according to collective needs. See Polanyi, *The Great Transformation*.

[152] This was the general premise of Fordism, and of mass consumer society. See Gramsci, *Selections from the Prison Notebooks*, 277–320; Aglietta, *A Theory of Capitalist Regulation*; David Harvey, *The Condition of Postmodernity : An Enquiry into the Origins of Cultural Change* (Cambridge, MA: Blackwell, 1990), 125–140. See also previous footnote.

[153] From the mid-1920s as the economic malaise deepened, the role of experts was in part framed within the debate between advocates of planning versus a free market economy. Obviously, the alternative example of the Soviet planned economy was to have an influence, especially in the 1930s. But in the post WWI era, social policy and economic planning, and the role to be played by technical experts in the process were also an important aspect of public debate. I have discussed the debates over planning and expertise in this period in Ehsani, "A Critique of Planning, Development and Progress."

The debates over the economy, and the role of economists, and the mechanisms of the institution's ascendance during the interwar period and after is the topic of important contributions by the following authors who have influenced my work: Michael A. Bernstein, *A Perilous Progress: Economists and Public Purpose in Twentieth-Century America.* (Princeton: Princeton University Press, 2001); Timothy Mitchell, "Rethinking Economy," *Geoforum* 39 (2008): 1116–21; Timothy Mitchell, "Economists and the Economy in the Twentieth Century," in *The Politics of Method in the Human Sciences : Positivism and Its Epistemological Others*, ed. George Steinmetz (Durham: Duke University Press, 2005), 126–41; Fourcade, *Economists and Societies*; Richard Cockett, *Thinking the Unthinkable* (Waukegan: Fontana Press, 1995); Yves Dezalay and Bryant Garth, *The Internationalization of Palace Wars: Lawyers, Economists, and the Contest to Transform Latin American States* (Chicago: University of Chicago Press, 2002); Jamie Peck, *Constructions of Neoliberal Reason* (Oxford University Press, USA, 2010); Dieter Plehwe, "Introduction," in *The Road from Mont Pelerin*, ed. Philip Mirowski and Dieter Plehwe (Cambridge, Mass.: Harvard University Press, 2009), 1–44; Block and Somers, "In the Shadow of Speenhamland"; Foucault et al., *The Foucault Effect : Studies in Governmentality : With*

Chapter 4 – The Emergence of the 'Social Question': WWI and its Aftermath

These social policies were advanced as new regulatory laws and institutional arrangements, addressing problems ranging from unemployment insurance to poverty alleviation, education reform, public health, workplace rules, affordable housing, old age pensions, and social security[154].

Historically, during the long 19th century, the drafting and proposal of social policies in Britain had been undertaken through parliamentary committees, like Edwin Chadwick's mid-nineteenth century parliamentary reforms of Poor Laws, improving factory conditions, and public health and sanitary measures. Unemployment in particular, was a whole new category of social crisis that was 'discovered' after 1870, and came to be seen as "the fundamental problem of modern

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Two Lectures by and an Interview with Michel Foucault; Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*; Donzelot, *The Policing of Families*.

The formation of the development discourse, or planned intervention in forging economic and social policy in the former colonies by technical experts is the subject of the following work: M. P. Cowen and R.W. Shenton, *Doctrines of Development* (New York: Routledge, 1996); Frederick Cooper and Randall Packard, eds., *International Development and the Social Sciences: Essays on the History and Politics of Knowledge* (Berkeley: University of California Press, 1998).

My sociological and analytical critique of professionals as a social class, and their institutional production through educational accreditation and other professional institutions is influenced by the work of George Konrad and Ivan Szelenyi, *The Intellectuals on the Road to Class Power*, trans. Andrew Arato and Richard E. Allen (New York:Harcourt Brace Jovanovich, 1979); Alvin Ward Gouldner, *The Future of Intellectuals and the Rise of the New Class* (New York: Oxford University Press, 1982); Alvin Ward Gouldner, *The Two Marxisms: Contradictions and Anomalies in the Development of Theory* (New York: Seabury Press, 1980); Jacques Ellul, *The Technological Society* (New York: Vintage Books, 1967); Pierre Bourdieu, *The State Nobility: Elite Schools in the Field of Power* (Stanford: Stanford University Press, 1998).

[154] On 1880-1920s Britain see Perkin, *The Rise of Professional Society*, 218–404; Harold Perkin, *The Third Revolution: Professional Elites in the Modern World* (London: Routledge, 1996), 49–76. This trend also extended to the colonies. See Robert Home, *Of Planting and Planning: The Making of British Colonial Cities* (London: E & FN Spon, 1997); Anthony D. King, *Colonial Urban Development: Culture, Social Power and Environment* (Routledge, 2007); Frederick Cooper, "Urban Space, Industrial Time, and Wage Labor in Africa," in *Struggle for the City: Migrant Labor, Capital, and the State in Urban Africa*, ed. Frederick Cooper (Beverly Hills: Sage, 1983), 7–50.

The trend toward the expansion of social policies and the making of a welfare state under the aegis of the rising professional middle class was a trans-European phenomenon, with the unified Germany at the forefront. The discussion of Germany in the pre-WWI period falls outside the pursue of this essay, but it is important to note that its increasing range of social policies, including the incorporation of trade unions into policy making, had a major influence on its major European rivals. For Germany I have relied on Steinmetz, *Regulating the Social : The Welfare State and Local Politics in Imperial Germany*. The important range of social policies implemented in France after 1871 is the subject of the magisterial Weber, *Peasants into Frenchmen*. There are two important comparative studies of Germany and Britain's routes to building a welfare state, although the role of professionals as a distinct social class is not emphasizes in either. See Mommsen, "Preface"; Richard Biernacki, *The Fabrication of Labor: Germany and Britain, 1640-1914* (Berkeley: University of California Press, 1997), 437–470. The latter work highlights the nationally different cultural and ideological formations in the workplace and labor organization in the two countries over a longer period (17th century to WWI). Of specific interest is the contribution of economists, political activists, and especially overseers to the reception of the ideas and practices of commodification of labor in the pre-WWI decades.

society"[155]. Great expositions of poverty and social injustice by journalists, philanthropists, popular novelists, and social reformers such as Henry Mayhew, Charles Booth, Ebenezer Howard, Arnold Toynbee, and Charles Dickens among others, had contributed to the social critique of the negative consequences of industrial capitalism and laissez faire. These sustained critical discussions by prominent academics and public intellectuals had given credence to the idea of a "social body", or to 'the nation' as a collective social organism that required nurturing and rational guidance in order to improve (evolve and progress), and to avoid corruption and disease[156]. Earlier in the 19th century, these responses to intolerable social problems had begun to give impetus to the novel idea of the English government as a regulator and manager of social problems, especially when it came to dealing with the threats of contagious diseases, as we discussed earlier in this chapter[157].

However, to the extent that the government had involved itself in making social policy, it had been primarily the domain of elite amateur reformers, most of whom were dilettante gentlemen and products of middle class public schools who were in charge of effectively autonomous local governmental institutions, while a small and permanent corps of civil servants and bureaucrats was managing the drafting of related parliamentary acts for national implementation[158]. Gradually from the 1870's onward, the trend toward the emergence of a new breed of middle class intelligentsia and technical experts displaying self-awareness as an increasingly coherent group, differentiating their social role from the other main social classes of landed gentry and aristocracy, businessmen and industrialists, and working classes, became unmistakable.

At the avant-garde of this spectrum were reformist socialists, trade union activists, and other prominent social reformers committed to the improvement of the living conditions of the working classes and the urban poor. Most of these reformers were associated with the Fabian Society and were shaped under the influence of the 19th century Benthamite utilitarianism. The Webbs, Bernard Shaw, H.G.Wells, Ebenezer Howard, and (later on) Keynes, stood as prominent examples of this

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[155] Burnett, *Idle Hands*, 145-198
[156] See Poovey, *Making a Social Body*, especially 1–24, and 98–114.
[157] See Oliver MacDonagh, "The Nineteenth-Century Revolution in Government: A Reappraisal," *The Historical Journal* 1, no. 1 (1958): 52–67.
[158] Fourcade, *Economists and Societies*.

trend[159]. But the major shift took place when the governing Liberal Party itself became the main advocate of implementing social reforms and welfare policies, as the means of improving the national economy and the productivity of labor, and of averting political instability.

Perkin identifies this as an important moment in the rise of "the professional social ideal" in response to the crisis of a segregated class society. This collective identity was articulated around a number of key premises: At its core was a critique of the irrational consequences of unfettered laissez faire. It was built around a gospel of work and productive activity in service to 'universal welfare' as opposed to the 'idleness' bequeathed by private wealth (of hereditary landed proprietors) and selfish individual pursuits (of competitive merchants and industrialists). According to Perkin,

> "Professional people saw themselves as benevolent neutrals, standing above the main economic battles…While all classes try to justify themselves by their own concept of distributive justice, the professional class can only exist by persuading the rest of society to accept a distributive justice which recognizes and rewards expert service based on selection by merit and long arduous training… It is the success of such persuasion which raises him (when he succeeds) above the economic battle, and gives him a stake in creating a society which plays down class conflict…In all its manifestations, liberal, conservative or socialist, the professional social ideal consistently applied the test of justification by service to society and, in one form or another, of the greatest happiness of the greatest number, to the analysis and criticism of contemporary society"[160].

The critical importance of this development for the formation of the oil complex in Khuzestan becomes clear when we explore the apparently puzzling question of why in the post-WWI era both APOC and the fledgling Pahlavi state eagerly justified the expanding range of their social interventions and urban infrastructural activities in the name of disinterested service for universal public welfare, while they were engaged in actively dismantling existing local social and political structures and coercively dispossessing peasant and pastoralist communities.

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[159] See the fascinating memoirs of Beatrice Webb, *My Apprenticeship*. For a contemporary re-evaluation of their impact see Wallis, *From the Workhouse to Welfare*.
[160] Perkin, *The Rise of Professional Society*, 116–123.

Whereas a generation before, at the onset of the D'Arcy Oil Concession, British oil speculators had dealt exclusively with Persian courtiers and local tribal elites (1901-1921), by the mid 1920s the political irrelevance of the ordinary population could no longer be taken for granted. The practices and cultural attitudes of the oil corporation and state administrators and policymakers had undergone a significant change as a result of these global re-alignments. By the mid 1920s, both Oil Company officials as well as British and Persian administrators and policymakers had adopted the language and the outlook of professional experts, seeking to justify their actions and policies in the name of universal benefits to the ordinary population. The oil habitus in Khuzestan had changed, along with the global, national, and local transformations that had been ushered in the course of WWI and its aftermath.

Already prior to WWI middle class expert professionals had played an increasingly important role in crafting social policies, especially in sanitation, factory and workplace regulation, cartography, and municipal affairs, but not directly in industrial and governmental policy-making[161]. The pattern was different in the colonies, where the ideology of laissez faire and competitive markets and free trade were not held as sacrosanct[162]. Throughout the British and French colonies technical experts were assigned a far more prominent role in governance through social engineering, surveying and mapping, infrastructure development, urban planning, and colonial governance through designing spaces and social life[163]. Hobsbawm's statement about India holds true for the rest of the empire, despite his exaggerated singling out the crown jewel of the Empire as a supposed exception: "India was the only part of the British empire to which laissez-faire never applied. Its most enthusiastic champions in Britain became bureaucratic planners when they went there, and the most committed opponents of political colonization rarely and then

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[161] Scientific labor management (Taylorism) had become an increasingly important feature of industrial production in the United States, but the widespread acceptance of its managerial and corporate practices in British large industries took place after the WWI. See Maier, "Between Taylorism and Technocracy"; Jones, *Multinationals and Global Capitalism*; Ferrier, *History of the British Petroleum Company*; Aglietta, *A Theory of Capitalist Regulation*.

[162] Home, *Of Planting and Planning*; Dasgupta, "A City Away from Home: The Mapping of Calcutta"; Rabinow, *The French Modern*; Dossal, *Imperial Design and Indian Realities: The Planning of Bombay City 1855-75*; Mitchell, *Rule of Experts*.

[163] On the urban intervention in designing colonial spaces see King, *Colonial Urban Development*; Yeoh, *Contesting Space in Colonial Singapore*; Çelik, *Urban Forms and Colonial Confrontations*; Wright, *The Politics of Design in French Colonial Urbanism*; Abu-Lughod, *Rabat, Urban Apartheid in Morocco*, 1981; Rabinow, *The French Modern*; King, *Colonial Urban Development*; Lawrence Vale, *Architecture, Power and National Identity* (New Haven: Yale University Press, 1992).

never seriously suggested the liquidation of British rule"[164]. Throughout the 19th century the colonies had served as convenient laboratories of social engineering by technical and scientific experts in a manner that would have been politically and ideologically unacceptable in the home countries. Involuntary evictions and reallocations of populations, outright confiscations or the imposition of limits on property relations, coercive regulations of workplace habits, personal hygiene, family relations, domestic architecture and housing design, etc. were sensitive issues that lay at the ideological heart of liberalism and individualism, but were routinely practiced without undue moral qualms across the colonies. However, the global crises of the first decades of the new century paved the way for many of these techniques of governing the economy and society to be implemented in Europe as well, albeit with considerable political modifications in order to make them more acceptable.

WWI precipitated the consolidation of Fordism, the new regime of capital accumulation, a central characteristic of which was the close coordination and overlap between large industry, centralized government, organized labor, expanded military, and universities[165]. The new political economy was also imposing significant re-organizations on these institutions, both internal and external. Managing this transition to a new regime of accumulation became the domain of professional experts and laid the foundation for the gradual but highly visible emergence of the technocracy, and its differentiation from civil servants, businessmen, and politicians[166]. The professionalization of philanthropists, reformers, and political activists who had advocated social reforms prior to WWI created a labor market for the emerging technocracy, allowing them to fill the social spaces between labor and capital, and between politicians, bureaucrats and the civil society[167].

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[164] Hobsbawm, *Industry and Empire*, 148–149. As the sources in the previous footnote make clear Hobsbawm's observation about Indian exceptionalism is exaggerated.

[165] James P. Hull, "From Rustow to Chandler to You: How Revolutionary Was the Second Industrial Revolution?," *Journal of European Economic History* 25, no. 1 (1996): 202.

[166] See the important essay by Maier, "Between Taylorism and Technocracy."

[167] Christophe Charle makes a distinction between the sociological emergence of "intellectuals" and "professionals". The former, a category of cultural and political avant-garde gained coherence in Republican France, in the course of the Dreyfus Affair, and maintained an uneasy distance from formal institutions of political power and the university labor markets. By contrast, the Anglo Saxon category of 'professionals' " accepted the internal division of labor of the ruling class, while 'the intellectuals' aspired to the universal and defended their own values. The 'professional' aspires to attain the status of the real social elite through individual effort. He manages his career as an entrepreneur would manage his business. He seeks to fulfill the functions of notables (similar to old provincial liberal professions), of personal wealth (as would have popular novelists and dramatists, or successful doctors and lawyers) and the status of an expert (scientists, physicians, jurists). Among the professionals these three

The formalization of this new labor market for the professional class also led to the reform of the educational system, especially secondary schools and universities, as the institutions that would train and produce the professional classes, and accredit their scientific credentials and technical abilities. Since building an educational infrastructure aimed at shaping an adequate labor force in Khuzestan's oil complex became a major bone of contention in the 1920s. I will review the relevant aspects of educational reform in Britain during this period, to provide a wider comparative context on this topic, which will be one of the topics of the next chapter.

Education Reform

Education reform and the proper role of the state in regulating institutional pedagogy had become important concerns across Europe in the aftermath of the French Revolution, and especially in the later 19th century. Until the turn of the 20th century the primary focus of compulsory education reform for primary schools had been to teach basic literacy and numeracy, but especially to impose a standard vernacular as official national language, and to indoctrinate youth in the prevalent nationalist identity and appropriate moral codes[168]. By the turn of the century new priorities loomed for education, beyond turning peasants into Frenchmen, or the so called 'Celtic fringe' into proper subjects of a United Britain. The main focus now was to prepare the next generation of workers, bureaucrats, and expert functionaries for a competitive industrial economy. As is often the case, economic malaise and warfare triggered the will to initiate major reforms[169].

In Britain, the poor military performances in Boer war and WWI had acted as wake up calls about the shortcomings in preparing soldiers and officers, as well as

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objectives overlap." Christophe Charle, *Naissance des "Intellectuels", 1880-1900* (Paris: Les Éditions de Minuit, 1990), 232.

Russel Jacoby makes a similar argument regarding the demise of "public intellectuals" in post 1968 United States. See Russell Jacoby, *The Last Intellectuals: American Culture in the Age of Academe* (Boston: Basic Books, 1987). The important but problematic distinction between intellectuals and the intelligentsia is discussed in Edward W. Said, *Representations of the Intellectual: The 1993 Reith Lectures* (Vintage, 1996); Pat Walker, *Between Labor and Capital* (Boston: South End Press, 1979); Karl Mannheim, *Ideology and Utopia* (New York: Harcourt,Brace & World, 1968); Gramsci, *Selections from the Prison Notebooks*; Konrad and Szelenyi, *The Intellectuals on the Road to Class Power*; Gouldner, *The Future of Intellectuals and the Rise of the New Class*; Ehsani, "A Critique of Planning, Development and Progress."

[168] See Norman Rich, *The Age of Nationalism and Reform, 1850-1890* (New York: Norton, 1977), 68–69; Hechter, *Internal Colonialism*, 232–233; Hobsbawm, *Nations and Nationalism since 1780*, 92–100; Benedict Anderson, *Imagined Communities : Reflections on the Origin and Spread of Nationalism* (Verso, 1996), 67–82; Weber, *Peasants into Frenchmen*, 67–94, 303–338.

[169] See Mann, *The Sources of Social Power, Vol. 2*, 378–381, 447–450.

shoddy quality of the military equipment. Intensified military, technological, and industrial competition from the US, Japan, and Germany generated further anxiety and fueled the conviction for the necessity of educational reform in order to produce more competent technical experts as well as better-qualified workers. At the turn of 20th century full time university students across Britain numbered around a mere 20 thousand[170]. The higher education system was selective, and primarily geared toward producing recruits for the governing caste. Until the 1890s universities excluded professional training and the curriculum, especially at elite universities, was built around classics (including mathematics) and instructed though the system of colleges and tutorials[171]. Prestige and social connections were the primary criteria for admission as well as the recruitment of instructors. Scientific research and the training for engineering and practical applications of science to technical and industrial domains was more the purview of guilds, Royal Societies, and professional associations that valued practical and hands on apprenticeship rather ivory tower accreditation[172].

The decades leading to WWI and the interwar period marked a European wide movement to reform educational systems and bring them in line with modern innovations in technology and industrial organization. This trend in turn spurred the expansion of the teaching profession[173] and precipitated educational reform in secondary and higher education, as it was generally accepted that comprehensive schooling, high literacy, and rigorous technical education were crucial factors distinguishing the competitiveness of national economies. However, establishing a consensus that educational reform was an integral aspect of social, economic, and

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[170] In 1900 these included 6,300 male students in Oxbridge, 8,000 in other English universities, including 2800 women, 1300 in Wales, and some 5000 in Scotland. See Jillian Sutherland, "Education," in *Cambridge Social History of Britain: 1750-1950*, ed. F. M. L. Thompson, vol. 3 (Cambridge: Cambridge University Press, 1990), 156.

[171] Fourcade, *Economists and Societies*, 131.

[172] Ibid., 46–50; Robert Fox and Anna Guagnini, eds., *Education, Technology and Industrial Performance in Europe, 1850-1939* (Cambridge: Cambridge University Press, 1993), 4; Hull, "From Rustow to Chandler to You: How Revolutionary Was the Second Industrial Revolution?," 203–204; Anna Guagnini, "Worlds Apart: Academic Instructions and Professional Qualifications in the Training of Mechanical Engineers in England, 1850-1914," in *Education, Technology and Industrial Performance in Europe, 1850-1939*, ed. Robert Fox and Anna Guagnini (Cambridge: Cambridge University Press, 1993), 16–41.

[173] See Thane, *The Foundations of the Welfare State*, 151–152. Fox and Guagnini, *Education, Technology and Industrial Performance in Europe, 1850-1939*, 1–10.; and Fourcade, ibid. For post 1871 France see Weber, *Peasants into Frenchmen*, 303–338; Charle, "Légitimités En Péril: Éléments Pour Une Histoire Comparées Des Élites de L'état En France et En Europe Occidentale (19e - 20e Siècles)."

industrial improvement and progress was a protracted process and was not immediately accepted. Reformers kept up a vocal and public argument to emphasize the shortcomings of the existing national educational systems that were perpetrating social inequality and allowing the existence of "islands of modernity surrounded by seas of backwardness"[174] that simply failed to keep up with advances made in countries like Germany, where a comprehensive system of education had been implemented at various levels.

The establishment of what came to be known as 'red brick' universities in industrial cities, like Birmingham, Manchester, London, and elsewhere, were a major hallmark of a new trend intended to coordinate technical education with the immediate needs of changing industries[175]. These new educational institutions were intended to compensate for the traditional elite's disdain of industrial pursuits, and to prepare the ground for training formally accredited engineers, industrial researchers, chemists, managers, and industrial and scientific researchers whose task was to modernize the economy. Birmingham, in particular, became a center of research and training for the emerging petrochemical industries. John Cadman, later the chairman of APOC in the 1920s, established the petrochemical department and petroleum research at Birmingham University, before being recruited by the Admiralty during the war to oversee the navy's conversion from coal to oil[176]. Similarly, the Imperial College in London became the cornerstone of attempts to improve the design of precision instruments vital components in modern technological warfare. At Cambridge, Alfred Marshall, and later on his pupil Keynes and their colleagues had played a major role in professionalization of economics as a 'scientific' discipline distinct from politics and other social concerns[177].

After WWI the government adopted a more proactive role in coordinating the interaction of universities with the industry and resolve the perceived inadequacies of the educational system. By 1925 the institutionalization of the procedures for establishing research and development programs and formal training courses at major

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[174] Cameron, "A New View of European Industrialization," 20–21.

[175] Of special interest was the establishment of the London School of Economics and Politics in London by the Webbs. See Fourcade, *Economists and Societies*, 132–133.

[176] SeeJohn Rowland, *Ambassador for Oil: The Life of John First Baron Cadman* (London: H.Jenkins, 1960); H.S. Torrens, "Cadman, John (1877-1941)," *Oxford Dictionary of National Biography* (Oxford: Oxford University Press, 2004), http://www.oxforddnb.com.ezproxy2.lib.depaul.edu/view/article/32233 .

[177] Fourcade, *Economists and Societies*, 129–134.

universities with critical government support and involvement had become a fait accompli[178]. Although the elite nature of higher education was not significantly altered until after WW2, the significant expansion of universities, and the extension of government scholarships, free place quotas, and the implementation of blind qualification examinations paved the way for relatively greater meritocracy in the accreditation of professional middle classes[179].

The re-organization of the education system was not limited to universities, but involved the labor force as well. Successive military conflicts and the changing nature of industrial production since the turn of the century had demonstrated the inadequacy of labor training methods in technically demanding and higher skilled tasks such as product testing, draughtsmanship, machine tool operations, and so on[180]. Preparations for many of these skills, and for the operation of more complex tools and industrial processes, required greater abstract and theoretical knowledge and it was felt that it could no longer be left to the care of on-the-job practical training or traditional apprenticeship alone. As a result, the more comprehensive and forml education of the next generation of working classes became a greater concern after WWI. The 1918 Education Act eliminated school fees for elementary schools. It also doubled the salaries of teachers, and increased their pensions threefold. The University Grant Committees of 1919 channeled greater government funds to universities and increased the funding of teacher training colleges. However, these measures were short-lived, as the austerity budget of 1921 led to extensive cutbacks, including funding educational reforms[181].

Establishing social welfare reforms, as previously discussed, was a protracted process, fraught with political friction and class contentions. By mid 1920s only 13 percent of all children remained in the formal education system; the rest had to go to work to subsidize the family income. Despite waved school fees families often could not afford school supplies and uniforms, nor could they cope without children's wages. Despite government subsidies and elementary and secondary school reforms

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[178] See Williams, "Training for Specialists: The Precision Instruments Industry in Britain and France, 1890-1925," 237–247.
[179] Sutherland, "Education," 162; Thane, *The Foundations of the Welfare State*, 151.
[180] Williams, "Training for Specialists: The Precision Instruments Industry in Britain and France, 1890-1925," 237.
[181] Thane, *The Foundations of the Welfare State*, 151–152; Taylor, *The Oxford History of England. 1914-1945*, 183.

working classes and the poor benefited little, and publicly funded educational social policies effectively benefited various layers of the middle class[182].

Shouldering the Burden of Social Policies:

From the onset in mid 19th century, a persistent objection against the expansion of social policies was their substantial cost, which had to be funded from new taxes, and the question of who ought to shoulder the burden[183]. In arguments that resonate to this day, the main objections against new taxes from the mid 19th century were formulated around variations of the 'moral hazard' argument and the supposed corrupting effects of publicly subsidizing services that ought to be shouldered by individuals. In this discourse social policies were supposed to subsidize idleness and undermine personal responsibility. They were also presumed to interfere with the unfettered workings of the market and to place a burden on the productively employed and the deserving rich[184].

It is important to recall that the debate over the significance of taxation (income tax, tariffs, and value added tax in particular) occupy a particularly important place in the contemporary literature about the relationship of oil and politics[185]. In this section I will discuss some of the relevant aspects of the debates over taxation in the period under discussion, and provide a different interpretation of the relationship between taxation and the exercise of politics in contemporary nation states.

The social question and the welfare state institutions that emerged with such urgency in the interwar period were premised on the extraction of taxes to fund the growing range of their programs. Historically, building an effective fiscal and financial machinery of the government had been the cornerstone of the architecture of modern nation states in Western Europe[186]. Initially, in the 18th and 19th centuries, the

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[182] Thane, *The Foundations of the Welfare State*, 201–206.

[183] Perkin, *The Rise of Professional Society*, 168–170; Thane, "Government and Society in England and Wales: 1750-1914," 53–58.

[184] For a history of significant and ongoing polemical debates over the question of welfare and poverty see Somers and Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate"; Cockett, *Thinking the Unthinkable*; Block and Somers, "In the Shadow of Speenhamland"; Peck, *Constructions of Neoliberal Reason*; Polanyi, *The Great Transformation*; Mitchell Dean, *The Constitution of Poverty: Toward a Genealogy of Liberal Governance* (London: Routledge, 1991); Thane, *The Foundations of the Welfare State*; Procacci, "Social Economy and the Government of Poverty."

[185] See Ehsani, "Crude Power: Rethinking Oil and Politics.".

[186] For Europe, and in particular France see Gabriel Ardent, "Financial Policy and Economic Infrastructure of Modern States and Nations," in *The Formation of States and Nations in Western*

growing power of state bureaucracies to extract taxes had served the purpose of building modern infrastructures, and fueling the growing military industrial complex. The imposition of new taxes, especially on income and revenues accruing from market activities, was based on more systematic bureaucratic record keeping, and the rule of parliamentary law. Schumpeter maintained that this modern "tax state" was based on a historical compromise reached during the wars of religion between absolutist monarchs and the bourgeoisie and the gentry that essentially redefined the nature of the polity after 16th century. In exchange for the voluntary acquiescence by the latter to pay taxes and fund military campaigns and state projects, the decision over the volume, the nature, and the manner of the collection and expenditure of taxes was taken out of the hands of the monarch and entrusted to the care of elected representatives. Overtime, this new social contract changed the nature of the patrimonial state, and had served to advance and make acceptable the notion of the state as the universal representative of common interests[187].

So long as the franchise was limited to those with status and property, and excluded women and other legally marginalized groups, this idea had limited purchase as the burden of taxation was simply passed on to the working population. In Britain, the extension of universal franchise after 1918 changed this dynamic and made the debates over the welfare state and its social policies, and the appropriate forms and levels of taxation a matter of more inclusive negotiations. States are by definition financed through some form of economic extraction. But various forms of taxation, and their associated redistribution, generate very different politics. Whether compulsory contributions to the state involve the imposition of levies on persons, property, inheritance, income, transactions, or commodities, can engender different responses among the targeted segments of population, and establish a range of expectations from the state.

In the modern era of nation states the building of a fiscal infrastructure capable of keeping track of economic performance of individuals and other economic agents required the setting up of extensive bureaucracies, and the intrusive collection

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Europe, ed. Charles Tilly (Princeton: Princeton University Press, 1975), 164–242. For comparison of German and Britain see Rudolf Braun, "Taxation, Socio Political Structures, and State Building in Great Britain and Brandenburg Prussia," in *Formation of Nation States in Western Europe*, ed. Charles Tilly (Princeton: Princeton University Press, 1975), 243–327.

[187] Joseph Schumpeter, "The Crisis of the Tax State," in *Economics and Sociology of Capitalism*, ed. Richard Swedberg (Princeton: Princeton University Press, 1991), 99–140.

of detailed data, and elaborate record keeping[188]. The negotiations over tax contributions and their eventual allocation became a centerpiece of parliamentary and representative politics, especially when it came to financing social projects such as education reform, housing programs, unemployment insurance, social security, and so on. Schumpeter saw the fiscal system as the heart of the modern state and a primary instrument of social engineering: "the budget is the skeleton of the state stripped of all misleading ideologies…Our people have become what they are under the fiscal pressure of the state…All of this created economic forms, human types, and industrial situations which would not have grown in this manner without it"[189]. Written at a time when he was the finance minister of a defeated Austria, Schumpeter warned against the fragility of what he called "the tax state". The exponential increase of the social demands heaped on the state in the post war era was a great cause for concern, and if tax policy was mishandled it could easily target any hope of economic recovery and growth, and lead to the state's collapse.

In practice, however, the implementation of taxation for the financing of social programs was not simply a matter of developing the proper economic models and of delegation of decision making to qualified experts. For one thing, there are major differences between public assistance and social insurance; two forms of public social security often mistakenly lumped together, even though they are quite distinct. Social insurance schemes (such as unemployment benefits, pensions, or health insurance) are more codified, and consist largely of contributions related to benefits. They modify certain risks within the population and among the working class by socializing the costs. Employers and the state contribute to these schemes because the continued accumulation of capital within the economy of mass production and consumption (Fordism) relies on the continued effective demand for consumer goods by the population. In addition, the accumulated financial assets now form a substantial segment of the financial system. On the other hand, public assistance schemes are often financed through public budgets and administered through bureaucratic institutions that impose very selective criteria for qualification. While social insurance schemes have become integral to the politics of class compromise

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[188] For an overview of some of the key debates over the question of the tax state see Steinmetz, *Regulating the Social : The Welfare State and Local Politics in Imperial Germany*, 29–31.
[189] Joseph Schumpeter, "The Crisis of the Tax State," in *Economics and Sociology of Capitalism*, ed. Richard Swedberg (Princeton: Princeton University Press, 1991), 100-101.

that emerged with the welfare state, public assistance schemes (such as welfare for the poor) are always in jeopardy and treated as morally suspect[190].

The imposition of new taxes contributed differently to these schemes, and political reaction and support for these expenditures have also varied considerably. In addition, democratic oversight over these funds, and decision-making over their allocations are not similar. While social insurance schemes are more 'untouchable' and relatively more open to oversight by contributors, public assistance has always been subject to greater contention and resistance.

The implementation of progressive income taxation did lead to some measure of social distribution of wealth, but not as extensively as it is sometimes claimed. Social security benefits in Britain did increase twelvefold in the first half of the 20th century, although from a very low starting point[191]. But their greatest burden fell on the shoulders of working people and not the well to do, thus limiting their actual redistributive effects. In 1913 working classes were paying more in taxes than they were receiving in services. A decade later, in 1925, they were paying 85 percent of the cost of the expanded social services, but they were now receiving £55 million more than their contributions. By 1937 this figure had increased to £250 million[192]. On average working class incomes increased between 8-14 percent between 1913 and 1937, and some small redistribution of income did take place. However, the major beneficiary of the changed economy seemed to have been the salaried professionals, as shown from the following table 3:

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[190] Aglietta, *A Theory of Capitalist Regulation*, 180–183. For comparative analysis of welfare policies and critical debates about poverty see Margaret R. Somers, *Genealogies of Citizenship: Markets, Statelessness, and the Right to Have Rights* (Cambridge: Cambridge University Press, 2008), especially Ch.1; Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History* (Princeton University Press, 2001); Walter I. Trattner, *From Poor Law to Welfare State: A History of Social Welfare in America*, 6th ed. (New York: Free Press, 1999); Richard Cloward and Frances Fox Piven, *Regulating the Poor: The Functions of Public Welfare,* 2nd ed. (New York: Vintage, 1993); William J Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); Loïc Wacquant, *Punishing the Poor: The Neoliberal Government of Social Insecurity* (Durham, NC: Duke University Press, 2009).
[191] Saville, "The Welfare State: An Historial Approach," 17.
[192] Thane, *The Foundations of the Welfare State*, 170.

Table 3: Share of National Income in Britain Before and After WWI
                    (as percentage of total)

	Wages	Salaries	Profits
1911	38	14	34
1924	42	26	25

Source: Thane (1982): 170

Despite the slight shift in redistribution of incomes, the burden of direct and indirect taxation fell mostly on the working population, especially if we take into account various obligatory contributions to welfare that were not categorized as tax. As a result, most expenditure on social services ended up being a transfer of income mediated by the state, via taxation, within the working class. Compulsory contributions to social programs, instead of raising taxes, placed much of the financial burden on the poor and avoided any significant redistribution of wealth. According to Saville "Mostly working classes pay for their own social security benefits by compulsory contributions and high levels of indirect taxes"[193].

This brings to a conclusion the analysis of the manner in which the 'social question' was posed with urgency amidst the military and political challenges of WWI and its aftermath. This process deeply affected the ethos and the practices of the British state, and large businesses such as APOC, toward labor and social concerns. As we have seen, the protracted assemblage of the institutions of the welfare state -- in affordable housing, education, urban reform, unemployment insurance, public health, and so on – were not the result of some mythical and inevitable maturity and evolving rational decision making, but of unforeseen circumstances, and a response to intensified social strife and class conflicts that were reaching explosive dimensions. The movement toward the consolidation of social policies and welfare institutions was neither immediate nor straightforward. They were the outcome of political struggles, ongoing negotiations, and trial and error aimed at modifying and managing class frictions. Equally important, they were the result of calculations aimed at improving the performance of the economy and the productivity of labor in a changed international arena. To paraphrase Michel Aglietta, lived history is heterogeneous,

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[193] Saville, "The Welfare State: An Historial Approach," 21–22.

and beyond any historical 'laws' of evolution. "History is initiatory…we can act in history not calculate it"[194].

This juncture was also the turning point for the rise of a class of professionals and the accompanying technocratic ethos in managing social welfare policies and reforming industrial relations. It coincided with a period marked by the formal entry of labor, the poor, and women into the arena of political citizenship, which had expanded threefold by the end of 1920s[195].

The welfare state was not strictly speaking a redistributive state. Saville may have been oversimplifying in claiming, "The welfare state is essentially a bourgeois project… its aim was not redistribution, but 'self help' and insurance paid for and by the poor. The state now 'saves' for the working class and translates the savings into social services"[196]. But he was correct in asserting that the result was that the idea of private property was never seriously challenged and in the end the distribution of wealth was not substantially more equal than the turn of the century.

The history of the rise of the 'social question' that we have unpacked in this chapter had direct repercussions on the dynamics and the development of the oil complex in Khuzestan, as the idea of social policies as necessary and unavoidable antidotes to labor unrest began to gradually became part of governmental and corporate understanding in Britain and much of Europe. But, in the post war era simmering with the energies of socialist revolutions, rising nationalism, and the establishment of independent and modern nation states, the implementation of social policies by emerging bureaucracies also became an integral component of the legitimacy of these new states[197]. In the fast expanding spheres of industrial production, such as the oil industry, labor had begun to be perceived in a different and conflicted light: no longer as a casual, cheap, and anonymous factor of production, but as both a potentially dangerous political agent, as well as a necessary 'human capital'. Raising the productivity of labor in the age of highly competitive rapid mechanization and mass production now required investment in the workers,

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[194] Aglietta, *A Theory of Capitalist Regulation*, 66–67.
[195] Thane, *The Foundations of the Welfare State*, 155.
[196] Saville, "The Welfare State: An Historial Approach," 19, 23–24.
[197] For the case of modernization in Iran see Banani, *The Modernization of Iran, 1921-1941*; Atabaki and Zürcher, eds., *Men of Order: Authoritarian Modernization under Atatürk and Reza Shah*; Schayegh, *Who Is Knowledgeable Is Strong*; Bharier, *Economic Development in Iran 1900-1970*; Homa Katouzian, *Political Economy of Modern Iran* (New York: New York University Press, 1980); Abrahamian, *Iran Between Two Revolutions*; Ghani, *Iran and the Rise of the Reza Shah*; Mahboubi Ardakani, *Tarikh-e Moassesat-e Tamadoni-e Jadid dar Iran*.

including the provision of specialized training to adapt them to an increasingly fragmented and technical labor process. But it also demanded social investments to placate the rising political power of the working populations by making improvements in their living conditions and to insure the acculturation of their children as the next generation of producers and consumers..

The reproduction of labor power thus became an integral concern of the new political economy. As the moderate political representatives of the working classes were being integrated into the political system, the consumption habits of the workers were also becoming part of the cornerstone of the new economic order of Fordism and the mass consumer society[198].

In Conclusion: The Social Life of Oil in the Wake of WWI and the Transition to Fordism

By mid-1920's APOC was re-organizing into a new form of business organization, which four decades later David Lilienthal named the multi-national corporation[199]. This re-organization was coming at the apex of what has been labeled the second industrial revolution, a problematic term that, nevertheless, highlights the fundamental nature of the changes that were taking place. Fordism is an industrial and political-economic order that has been built on oil as its primary material, and is organized through the vertical and horizontal integration of related economic activities within corporate giants with global reach, that combine industrial scale production with mass consumption. Its workings are based on both the detailed control of the labor process, as well as on sustained and disciplinary intervention into the reproduction of labor power. The daily lives, consumer habits, political imaginaries, and cultural preferences of workers, their families, and the general population, are integral to the functioning of consumer society. Fordism relies on the increased commodification of labor power and the expansion of the wage contract, and the active participation of laborers and the general population in the mass consumer market. The financial system, and the welfare and social policies planned

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[198] See Aglietta, *A Theory of Capitalist Regulation*, 151–163.
[199] It was David Lilienthal who coined the term in 1960. See Geoffrey Jones, *Multinationals and Global Capitalism: From the Nineteenth to the Twenty-first Century* (New York: Oxford University Press, 2005), 4.

by experts and implemented by public institutions, form the basis of the Fordist regime of accumulation.

As we have seen in this chapter, the emergence of the Fordism and the social policies of the welfare state were not the inevitable outcomes of historical progress and rational planning. To paraphrase Aglietta, history has no 'laws'; it is a creative and contentious process. "History is initiatory… we can act in history not calculate it"[200]. The protracted shift to Fordism and the institutionalization of social policies that accompanied it, were shaped in large part during the unpredictable conflicts of WWI, and then accelerated in the course of social conflicts and global crises that followed.

As one of Britain's largest and most strategically important corporations APOC's practices and organization were not insulated from the social and political events and processes discussed in this chapter. However, as we shall see in the following chapters, this does not imply that practices and forms of expertise shaped in wartime Britain and in the interwar years were simply transmitted by the Company to its Khuzestan operations. The analysis provided in this chapter sheds light on the historical context where 'the social question' was posed in Britain with great urgency, and the new arts of government that emerged out of it and reshaped the habitus there. As we shall discuss in the following chapter, these events had a direct bearing on what transpired in the oil complex in Khuzestan; but they did not determine the outcome. They contributed to shaping the oil habitus in Abadan, but they did not define it.

As an industrial leader APOC's reorganization in the post war era was driven in part by the adoption of labor saving technologies, and by its fevered attempts to capture and monopolize markets for their mass-produced consumer goods. In Britain, APOC began, with significant assistance form the state, to build national networks of distribution, gas stations, a major refinery, fund research and development projects, initiate the development of new petrochemical products, and so on[201]. Like other businesses it was affected by the convulsions of the era of mass politics and the labor strife that ushered in the welfare state. It was also a global company, producing oil in far-flung corners of the Empire, for consumption by navy ships, the Royal Airforce, military transport, as well as private consumers. It was a majority government owned

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[200] Aglietta, *A Theory of Capitalist Regulation*, 66–67.

[201] Ferrier, *History of the British Petroleum Company*; Laurence Lockhart, *The Record of the Anglo-Iranian Oil Company, Ltd.* (London: Anglo Iranian Oil Company (AIOC), 1938).

corporation, even if it was operating in a grey area between the state, the empire, and the market.

Together, these crossed historical ties and global-local forces affected the attitude of APOC toward its employees in Abadan, the urban population, and the Iranian state. The planned construction of the Abadan bazaar was not an exception; but one of the first crucial steps in a strategic change of approach from a corporation that was shifting identity from a speculative extractive mining operation to a major global industrial business, during a revolutionary period. From this juncture the Company began to get increasingly involved in attempting to actively shape and ever more directly plan minute aspects of the lives of its employees and their families. These social policies were conceived by a new breed of technocrats as the solution to the complex political challenges, and the social and class frictions that the Company's operations faced in Iran. These social policies were adopted with great reluctance, but always framed and presented as generous and benevolent acts, serving the general welfare. The Company had hitherto skirted the claims of social responsibility, because they had nothing to do with maximizing profits from oil production. Building the bazaar of Abadan, investing in schools, company housing for staff and (much later) for workers, public health measures, urban planning and involvement in building municipal infrastructure, gradually became the first hesitant steps in what soon became a growing repertoire of what can only be called "reluctant paternalism" that defined the Company's new approach [202].

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[202] See the insightful essays by Charles S. Maier, "Between Taylorism and Technocracy: European Ideologies and the Vision of Industrial Productivity in the 1920s," *Journal of Contemporary History* 5, no. 2 (1970): 27–61; and the follow up essay in Charles Maier, *In Search of Stability: Explorations in Historical Political Economy.* (Cambridge: Cambridge University Press, 1988), 53–68.