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The State, Entrepreneur, and Labour in the Establishment of the Iranian Copper Mining Industry: The Sarcheshmeh Copper Mine 1966-1979

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Chapter Two

Modern Mining in Iran: Labour and the State

Introduction

Mining development and industrial expansion evolved from a modernisation project in Reza Shah's period (1925-1941), and accelerated during the time of his successor, Mohammad Reza Shah (1941-1979), specifically in the 1960s when Iran was a world-leading country in industrial growth.

This chapter presents a chronological narrative of the industrial expansion in Iran and examines the development of labour relations within the mining sector, focusing on the dynamics of the two main agents: Labour and State. It documents the role of governmental planning and state institutions within the social and political context of mining development, and their impact on workers' living and working conditions. It also discusses the social development of the mine workers and the role they played in formulating and promoting their status, which has rarely been identified by scholars of the historiography of modern Iran. The dearth of enquiry into the condition of miners in Iran's contemporary past does not stem merely from structural causes, for instance, undeveloped mining with a small workforce, or mines being located in remote areas, it also echoes the discourses dominant at the time, which generated a specific order of knowledge regarding Iran's contemporary past.⁶⁷ To revitalise the

⁶⁷ It refers to the principal argument of Michael Foucault on the relationship between knowledge and power. See Michael Foucault, *History of Sexuality* (Knopf Doubleday Publishing Group, 1990).

standing of mine workers, this chapter will examine archival documents and oral narratives as well as literary works. It also breaks new ground regarding the development of the copper industry in Iran, which will be discussed in the next two chapters.

State-Interventionism in the Early Development of Modern Mining 1925-1941

In the late 19th century Iran's economy was embryonic with little interaction with the outside world. Pre-industrial relationships dominated, with agriculture being the main source of income. It is estimated that in 1900 Iran's population was 9.86 million, with urbanisation at 21 percent.⁶⁸ A fifth of the population lived in 100 cities; 90 percent of those who worked outside the home were in the agricultural and nomadic sectors, while the remaining 10 percent worked in trade, service and handicrafts.⁶⁹

The overthrow of the Qajar dynasty by Reza Khan's coup in 1921 led to the rise of the Pahlavi monarchy and the National Parliament's recognition in 1925 of Reza Shah as the king of Iran. Although the presence of modernisation dates back to the Qajar period, specifically from Naser al-Din Shah Qajar onwards, it was Reza Shah who launched modernisation as a project, initially through focusing on restructuring the state institutions. He began by overhauling the bureaucratic system to base it on a modern structure, thereby considerably improving the state's administration. In addition to

68 Population of the cities with over 5000 people.

69 Julian Bharier, *Economic Development in Iran 1900-1970* (London: Oxford University Press, 1971), 3-5. Fred Holliday, *Iran: Dictatorship and Development* (London: Penguin Book, 1978), 14.

modernising the existing ministries, new ones were established to cover agriculture, transport, and industry.⁷⁰

At that time, oil had no substantial input into the Iranian economy, with most oil income being allocated for the purchase military equipment and a slight percentage expended on foreign exchange to buy the components for investment projects.⁷¹ Most state revenue then relied on the collection of delayed taxes, raising customs and imposing a new tax on consumer goods which led to the overall growth of state income.⁷² That in turn founded a proper environment for the state to launch its economic programme by encouraging the local bourgeoisie to invest in manufacturing and industries. The state introduced a high tariff to support domestic production and granted private sector loans at low rates of interest for involvement in manufacturing.⁷³ The Ministry of Agriculture, Trade and Public Interests proclaimed that the state warmly invited Iranian entrepreneurs, as well as foreigners, to invest in Iran's mining and the other industrial sectors.⁷⁴ However, the state's incentive policies achieved little, as the local bourgeoisie had scant interest in industry. This derived from the Iranian bourgeoisie's weakness on two fronts: limited capital, and negligible knowledge of moving from trade to

70 For instance, the institute of education was effective in generating an educated labour force, the shortage of which had been revealed as a major problem for the development plan. The state's focus on educational development promoted considerable growth in the number of elementary schools from 83 in 1923-24 to 2,336 in 1940-41, and in senior schools from 85 to 341. There was a similar substantial growth in higher education. Where there were fewer than 600 higher education students in 1925 that number soared to 3,331 by 1941. See Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 84-85.

71 Farhad Daftari, "Development Planning in Iran: A Historical Survey," *Iranian Studies* 6, no. 4 (Autumn 1973): 178.

72 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 67.

73 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 148.

74 E'lan az Taraf-e Vezarat-e Fallahat, Tejarat, va Favayed-e 'Ameh [An Announcement from The Ministry of Agriculture, Commerce, and Public Interests, *Etela'at Newspaper*, no. 101, Azar 21, 1305[December 31, 1926], 6.

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manufacturing. As a result, in the absence of a robust private sector, the state became the chief stakeholder in industrial development and imprinted its presence on the economy by founding new institutions. The intervention proceeded apace, with foreign trade legislation designed to bring it wholly under state control. The new law assigned exclusive rights to the government to import and export all industrial products and raw commodities as well as determining temporality or permanency of an import or export.⁷⁵

Reza Shah's state-centric industrial reform was outstandingly successful, with the Ministry of Industry building around 300 industrial plants to produce rice, sugar, cement, copper, cigarettes, and electricity, compared with fewer than 20 industrial units in 1925 of which only five had more than 50 employees.⁷⁶ In fact, the government's plan eventually resulted in 17 times the number of industrial units, excluding installations related to oil.

The radical changes did not just have an effect on the elite, the lower strata of society were also considerably altered. The industrial expansion increased the number of workers, most of them in the new industries.⁷⁷ While agriculture had accounted for 90 percent of the labour force in 1906, that amount gradually decreased to 85 percent in 1926, and 75 percent in 1946.⁷⁸ Statistics show a dramatic rise in the number of workers, so that by the end of Reza Shah's rule there were

75 "Qanun-e Vagozari-ye Enhesar-e Tejarat-e Khareji-ye Mamlekat be Dowlat, Mosavab-e 6 Esfand 1309" [The Assignment Statement of The Exclusivity of Foreign Trades of the Country to the Government, adopted on April 25, 1931], The Islamic Parliament Research Centre, accessed April 12, 2016, <http://rc.majlis.ir/fa/law/show/92304>

76 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 146. There was an arsenal in Tehran, a sugar plant in a Tehran suburb, a match factory in Khoi and two textile factories in Tabriz.

77 Farhad Kazemi, *Poverty and Revolution in Iran: The Migrant Poor, Urban Marginality and Politics* (New York: New York University Press, 1980), 105.

78 Julian Bharier, *Economic Development in Iran 1900-1970* (London: Oxford University Press, 1971), 34.

more than 260,000 workers in different sectors such as construction, mining, industry and transport.⁷⁹ It is estimated that 50,000 to 60,000 workers were employed in 200 factories by 1941.⁸⁰ The large industrial operations, those with more than 500 workers, employed 29,930 workers in early 1930. The large industrial units were politically significant because the larger population increased the power of workers in collective bargaining.

In the absence of a powerful central government and stable political conditions during the early 1900s, labour activities escalated; however, the liberated atmosphere did not last long as Reza Shah suppressed the labour unions early in his reign. The workers' resistance brought some improvement to labour conditions in specific workplaces in the 1920s, however they rarely had sufficient wage and adequate conditions. Long working hours, lack of attention to health and safety and low wages created circumstances referred to by certain British and American observers as amounting to slavery.⁸¹ The authoritarian control did not, to any great measure, capitulate to the workers who instigated strikes, including the railway workers in Mazandaran in 1929,⁸² match factory workers in Tabriz in 1930,⁸³ oil

79 Abdullaev, in Ahmad Asharf and Ali Banuazizi, *Tabaqat-e Ejtema'i, Dowlat VA Enqelab dar Iran* [Social Classes, State, and Revolution in Iran] (Tehran: Nilufar, 1388[2009]), 98.

80 Parvin Alizadeh, "The Process of Import Substitution Industrialisation in Iran with Particular Reference to the Case of Vehicle Motor Industry" (PhD diss., Sussex University, 1984), 99.

81 The wage of a worker in the weaving industry was 1.5 to 3 rials (1 US dollar = 16.24 rials) per day in 1934-1937, which was equivalent to about eight or 10 pence. That sum increased to 3 to 6 rials (1 US dollar = 35 rials) in 1941, but was still far behind the 63 pence wage for a labourer in Britain and 23 pence in India. See John Foran, *Fragile Resistance: Social Transformation in Iran from 1500 to the Revolution* (Westview Press, 1993), 237 and 357. It must be mentioned that with data on wages from only three different countries, there is rather too little information to make accurate estimates of a worthwhile comparison between them, especially since there are no details of the average cost of living in each country. However, it is reasonable to suppose that there would be significant differences in wages between Iranian and British labour.

82 William Floor, *Labour Unions, Law and Conditions in Iran*, Occasional Papers Series- University of Durham 26 (1985), 40.

83 *Ibid.*, 42.

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workers in Abadan in 1929,⁸⁴ and Vatan textile factory workers in Isfahan in 1931.⁸⁵

The state did, however, pay specific attention to the mining industry as it was potentially a high-earning economic resource for the country. According to Arthur Millspaugh, the head of Iran's financial administration in 1926, Iran had numerous and rich mineral resources, that mostly had not been extracted.⁸⁶ The state then implemented a developmental mining plan and expanded exploration for iron ore in the provinces of Mesgarabad at Tehran and Bafq at Yazd. It also commenced the exploitation of copper ore deposits in the Anarak area of Isfahan, the extracted copper ore being transported to Ghaniabad Melting Plant in Shahr-e Rey.⁸⁷

84 Ibid., 46.

85 Ibid., 53-55. The strike came to a conclusion when the employer accepted the following agreements: 1. Working hours to be reduced from 11 hours to 9 hours per day. 2. Revoking of body searches of workers at the factory entrance gate. 3. Specifying a place for drinking tea and eating brunch. 4. Wages to be increased by 20 percent. 5. The employer must decrease fines, and must ban the use of bad language against the workers. 6. Lunch break to be extended from 30 to 60 minutes. 7. Subcontracting to be revoked.

86 Arthur Chester Millspaugh, "The Financial Situation of Persia 1926," in Vaz'iat-e Malli VA Eqtesadi-ye Iran dar Doreh-ye Reza Shah [Iran's Financial and Economic Condition in Reza Shah Period], ed. & trans. Shahram Gholami" (Tehran: Nashr-e Tarikh-e Iran, 1395[2016]), 30.

87 Ma'aden-e Iran, Etella'at Newspaper, Shahrivar 22, 1316[September 13, 1937], 2.

Table 1: The Number of Workers in each Industrial Sector at the End of the Reza Shah Period

Industry	Number of Workers
Anglo-Persian Oil Company	31500
Weaving	2500
Food Industries	8800
Mining	3300
Fishery	3000
Chemistry Industries	2000
Army Industries	1500
Match Factories and Electric Power Stations	1600
Cotton Gin Factory	1500
Construction Material Industries	5700
Railway	14500
Transport Sector	20000
Construction	60000
Leather Industries	3000
Carpeting	5000
Other Factories	4000
Shawl Weaving and other Weaving Products	-
Other Types of Urban Industries	-
Total	260100

Source: Ahmad Asharf and Ali Banuazizi (1388) [2009]: 98.

This rapid development increased coal consumption as the main fuel of industrial plants at the time. The state then planned to develop coal mining, to feed the domestic coal demand from internal resources rather than outside, and introduced an incentive policy, with the intention of luring local entrepreneurs to exploit the coal mines. For instance, by passing a concession law that assigned an exclusive right

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to Mohammad Vali Khan Asadi to exploit the coal mine in Mashhad and 12 surrounding Farsakh,⁸⁸ the company was exempt tax payment for five years, thereafter paying 5 percent of net profit to the state.⁸⁹ Another concession was assigned by the National Parliament in 1932 for Mas'ud Khan-e 'Adl to exploit the coal mines in the city of Tabriz and surroundings.⁹⁰

However, the capital-intensive character of mining discouraged the weak local bourgeoisie from investing in medium and large mining projects. As a result, the state became the leading agent of mining development, as it established Zirab Coal Mine at one of the largest coal deposits in northern Iran, located on the North Alborz range.⁹¹ It also invested in a number of extant coal mines in the South Alborz range such as Shemshak, Gajereh and Lalun mines. The Shemshak Coal Mine was a medium-sized state mining project, in which the state invested 900,000 to one million toman⁹², and was projected to

88 Farsakh is a unite for distance. 1 Farsakh= 6 km

89The concession holder had to start exploiting within six months of the date of this concession and was obliged to provide the needed coal for Mashhad and surrounding areas from year three. The company had to be able to meet the rise in coal demand through developing its activities. The company had no right to consider more than a 20 percent margin. If the discovered mines were located on state owned lands, the exploiting was free, if the mines were located on private land the company had to seek landowner permission through renting the land, buying land or allocating a share of business to the landowner. See Qanun-e Emtyaz-e Enhesari-ye Estekhray-e Ma'aden-e Zoghal-e Sang Atraf Mashhad be Aqa-ye Mohammad Vali Khan-e Asadi [The Exclusive Concession on Extracting Coal Mines Near Mashhad for Vali Khan-e Asadi], Mehr 27, 1309[October 19, 1930]

90The same terms and conditions were applied unless the margin dropped from 20 percent to 10 percent for the state's coal demand. See E'ta-ye Emtyaz-e Estekhray-e Zoghal-e Sang-e Atraf Shahr-e Tabriz be Mas'ud Khan-e 'Adl [The Exclusive Concession on Extracting Coal Mines near City of Tabriz for Mas'ud Khan-e 'Adl], Khordad 24, 1311[June 14, 1932].

91 The Zirab coal reserve was estimated at a definite 16 million tons and 65 million tons possible reserve. The projection was extracting 60,000 kharvar of coal by 1935. The Zirab and Golandrud coal reserves mostly supplied fuel to Parchebafi Shahi enterprise, Chitsazi-ye Behshahr enterprise, and Gunibafi Shahi enterprise. See Mohammad Taqi Razavyan, Manabe'-e Energi-ye Iran [The Energy Sources in Iran] (Tehran: Entesharat-e Daneshgah-e Azad-e Eslami Vahed-e Tehran, 1373[2004]), 50; Fathollah Sa'adat and Amirhoshang Amiri, Joghrafya-ye Eqtesadi-ye Iran[Economic Geography of Iran] (Tehran: Entesharat-e Daneshkadeh-ye 'Olum-e Ertebatat-e Ejtema'i, 1350[1971]), 104; Coal Production Forecast for Zirab Coal Mine, 1313[1953], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran: 1300 to 1332 [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 124.

92 1 toman=10 rials; US\$1 was around 16.35 rials. See Mohsen Bahmani-Oskooee, History of the Rial and Foreign Exchange Policy in Iran, Iranian Economic Review 10, no. 14 (Fall 2005): 4.

have an annual extraction 65,000 kharvar⁹³ of coal by 1935.⁹⁴ The National Parliament allocated the budget annually and distributed funds acquired from different sources.⁹⁵ For instance, they passed a bill in 1928 to allocate 200,000 tomans⁹⁶ to develop the Shemshak coal mines project and construct the Shemshak road, from the Mines Department's expenditure which was under the Ministry for Public Interests. The sum was obtained from state income from exclusivity on sugar and sugar cubes.⁹⁷ The state's contribution led to a significant increase in coal mining so that the 5000 tons of coal annually extracted by the state companies in 1938 jumped to 64,000 tonnes in 1939 and was estimated to increase up to 100,000 tonnes in 1940.⁹⁸

Following governmental restructuring, aimed at increasing institutional efficiency, the Ministry of Economy was disbanded and replaced by the three separate administrative offices of San'at VA Ma'dan [Industry and Mining], Falahat [Agriculture], and Tejarat [Commerce] in 1936. The management of mining affairs was transferred to a dedicated Mines Department, headed by Mr Zahedi. It was approved that the department's budget should be acquired from

93Kharvar is an old unit of weight measurement. 1 kharvar= 300 kg.

94 The forecast for coal production in Shemshak Coal Mine, 1313[1953], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran: 1300 to 1332 [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 124-125.

95 Bayat (Raeis-e Sana'at VA Falahat [Head of Office of Industry and Agriculture]). See Mashrohe-Mozakerat-e Majles-e Shora-ye Melli [The Full Text of Negotiations in National Parliament] Dorh-ye 9[Period 9], Jalseh-ye 69[Session 69], Esfand 13, 1312[March 4, 1934].

96 US\$1 was around 11 rials. See Mohsen Bahmani-Oskooee, History of the Rial and Foreign Exchange Policy in Iran, Iranian Economic Review 10, no. 14 (Fall 2005): 4.

97 The credit law for 200,000 tomans for the exploitation of Shemshak coal mines and construction of Shemshak road and the expenditure of the Mines Department.

98 Ministry of Work and Art, Discovery and Exploitation of the Mines in Iran, 1318[1939], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran: 1300 to 1332 [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 88.

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the income of three state coal mines: Shemshak, Gajereh, and Lalun.⁹⁹

Thereafter, the mining department was subsumed into the Ministry of Work and Art in 1936, remaining under the control of that ministry until 1947 when it became part of the Institute of Industrial Affairs.

After the passing of the first mining law, an outline plan was drafted for a coal-fuelled steelwork to be built in city of Karaj. Copper refining also commenced in the Ghaniabad plant at Shahr-e Rey in southern Tehran.¹⁰⁰ The plant had been designed for daily production of 3.5 tonnes of refined copper for military use, supplied with raw material from different mining sites but predominantly Anarak mine, which was in the Isfahan province of central Iran.¹⁰¹ According to a report of the Mines Headquarters in 1939, 260 tonnes of copper were produced in 1938, 500 tonnes in 1939, and a projected 1200 tonnes in 1940.¹⁰²

Along with the industrial expansion and mining development, Iran's first law dealing with mines was made by the National Parliament on 11 February 1939.¹⁰³ The government was prompt in considering the necessity of mining regulation, and slightly less than six months later, on 5 June 1939, the Mine Exploration Law was issued by the Ministry

99Seyed Mehdi Farokh, *Khaterat-e Syasi-ye Farokh* [Political Memoire of Farokh] (Tehran: Amirkabir, 1347[1968]), 298.

100 Mohammadali Kazemzadeh, *Tarikh-e Mes-e Sarcheshmeh-ye Kerman* [The History of Sarcheshmeh Copper Mine in Kerman] (Sherkat-e Melli Sanaye'-e Mes-e Iran, 1360 [1981]), 5.

101 A Report on Programme about Mining in Iran, 1319[1940], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran: 1300 to 1332* [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 94.

102 Ibid., 88.

103 Mining Law, 1317/11/22 [11/2/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 11.

of Work and Art.¹⁰⁴ Thereafter, the Prime Minister approved the proposed Mining Code Legislation on 16 November 1939.¹⁰⁵

Under the Iranian mining legislation, mineral resources were divided into three categories:

1-Construction materials such as decorative and crushed stone, gypsum, limestone, sand, and so on.

2-Mineral material for the production of metals including steel, chromium, manganese, cobalt, copper, nickel, antimony, tin, zinc, mercury, lead, gold, silver and platinum. Other minerals including nitrates and phosphates, alkali salts, magnesite, and mineral waters. Different types of solid fuels such as coal ore and lignite. Precious stones including, rubies, emeralds, diamonds, turquoise; other mines such as red soil, sulphur, and asbestos.

3- All oil materials, bitumen, natural gas, and mineral materials.¹⁰⁶

The first technical regulation of mines was approved on two themes on 16 December 1939. First, it stipulated regulations for workers' health and safety, and secondly it covered the principles for exploration and extraction. It was considered progressive, in that it supported workers' rights against employers. The new regulations made employers responsible for working conditions and the safety of the workplace. They specified numerous matters including adequate lighting and ventilation in mines, the precise form and design of tunnels which should facilitate movement inside mine shafts and galleries, and communication with the surface in hazardous

104 Mining Law, 1317/11/22 [11/2/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 14.

105 Mining Code Legislation, 1318/8/24[16/11/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 19.

106 Mining Law, 1317/11/22 [11/2/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 11.

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circumstances or in the case of accident. It also insisted on accessibility of medical treatment at the mine site with the continual presence of a doctor and surgeon assigned for any mine with more than 1,000 workers, a doctor alone designated for mines with between 300 and 1,000 workers, while if there were fewer than 300 workers there had to be a proper medical room with first-aid staff and a nurse permanently present. Article 44 of the regulations considered the living conditions of the miners, and held the employer responsible for temporary housing for miners in areas lacking accommodation. Finally, working underground was prohibited for children under 14 years old as well as for women.¹⁰⁷ The new law was immediately brought into effect in state mines, however it put no rigid pressure on the private sector to entirely follow the new rules, so that a distinction was generated between the condition of workers in state mines and private mines. The difference was expanded to the other industrial sectors, however mostly workers were deprived of appropriate working and living conditions.¹⁰⁸

State Institutions and Formation of a Developmental Approach 1941-1963

Iran's declaration of neutrality in WWII did not shield it from that war's adversities. The Great Powers had been planning to depose

107 Mining Code Legislation, 1318/8/24[16/11/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 19-25.

108 As an example, in 1942 in a petition to the Prime Minister the workers of the Pashmbaf textile factory in Isfahan complained about their harsh working conditions and low wages. In a letter they suggested that they were being treated worse than animals, complaining of 11-hour working days and in some cases even 24 hours, from a Thursday morning to a Friday morning. See Abdolmahdi Rajai, *Tarikh-e Nasaji-ye Isfahan dar Doreh-ye Qajar va Pahlavi be Reva'iat-e Matbu'at va Asnad*, *Nameh-ye Kargaran be Nokhost Vazir*, Sal-e 1321 [The History of Textile Industry in Isfahan during Qajar and Pahlavi based on the News Narratives and Documents] (Isfahan: Jahad-e Daneshgahi-ye Isfahan, 1392[2013]), 717-718.

Reza Shah for some long time, and the outbreak of War together with Iran's geopolitical position therefore provided a pretext to occupy the country. Accordingly, on 25 August 1941, the Soviet Union overran Iran from the north while British forces entered from the south. This incursion of the two superpowers decimated the Iranian army and the country came under the control of the Allies, who immediately forced a power shift within the political system: Reza Shah was coerced to resign in favour of his son Mohammad Reza.

Mohammad Reza Pahlavi was a faithful successor who followed his father's style of governing the country. Socially and culturally he implemented secular principles and became more moderate than his father in his attitude to religion. Economically, he accelerated the growth of the industrial sector and supported foreign investment.

A series economic and political crisis marked the start Mohammad Reza Pahlavi's reign. Contrary to the post-war economic depression, the structural conditions in Iran paved the way for a more liberated political atmosphere. Authority had not entirely been in the Shah's hands from 1940 to 1953 with other power centres, such as the Royal Court, the Cabinet, Parliament, and even street politics considerably manipulating domestic political relations.¹⁰⁹ This created an opportune moment for noblemen to empower their statues in the power structure. They also seized the chance to expand their financial fortunes while the ordinary people and lower classes toiled under the pressure of poverty.¹¹⁰

109 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 99.

110 A wide inequality in wealth distribution and class distinction was on the rise, which a British diplomat described as like "the Britain before 1832 when there were two main classes in society, one was living in power and wealth, the other was completely powerless and survived in absolute poverty. Although that diplomat's comment had not been prompted by any especially close observation, and in

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The main body of authority, under the rule of the young, western-educated Mohammad Reza Shah, flouted the importance of planning. However, on his first visit to the United States in 1950, the Shah was inducted in the various elements of governing, including the essential role of planning, particularly a comprehensive plan for development.¹¹¹ Abolhassan Ebtehaj¹¹² then seized his chance to convince the authorities that Iran's economy should be run under the guidance of an independent body, the Budget and Plan Organisation, when it was finally introduced.

The emergence of professionalism and the growth of expertise drove the authorities to appoint specialists to run state organisations in Reza Shah's era; however, this was not broadly accepted by some of the chief authorities. Abolhassan Ebtehaj was the first technocrat to suggest the idea of planning for development to the Prime Minister, Hossein 'Ala.¹¹³ The Prime Minister in turn discussed the matter with Reza Shah himself, and the king responded positively. That opened the way for technocrats and experts to penetrate the government decision-making apparatus and formulate a regular procedure for the planning system. However, until the end of the WWII it remained no more than an idea, with almost nothing substantial put into practice. Following WWII, in 1946, the High Economy Council was

fact ignored the diversity and dynamics of Iranian society, it certainly made an undeniable point about high economic inequality. See FO 371/Persia 1942/34-31402, British Consul in Kermanshah, Monthly Diary (October).

111 Abolhassan Ebtehaj, *Khaterat-e Ebtehaj* [Ebtehaj Memoires] (Tehran: Entesharat-e 'Elmi, 1375 [1996]), 330.

112 Ebtehaj was one of the most influential technocrats in the Pahlavi era. He made a profound contribution to Iranian economic development. He was the governor of Bank-e Melli, then later he founded the Budget and Plan Organisation and he was appointed as the first head of it from 1954-1959.

113 Habib Lajevardi, *Projeh-ye Tarikh-e Shafahi-ye Iran: Goftogu ba Abolhassan Ebtehaj*, Vol. 4 [The Iran Oral History Project: Conversation with Abolhassan Ebtehaj, Vol. 4]; Gholamreza Afkhami, *Tose'eh dar Iran: 1320-1357*; *Khaterat-e Manuchehr Godarzi*, Khodadad Farmanfarmaian, Abdolmajid Majidi [Development in Iran: The Memoirs of Manuchehr Godarzi, Khodadad Farmanfarmaian, Abolhassan Ebtehaj] (Tehran: Gam-e No, 1381[2002]).

established and the first development plan was drafted. According to Jorjb Baldovi, the head of first Advisory Group of Harvard in Iran: “The first seven-year development plan focused on the years 1948-1955 called for public investment expenditure of 21 billion rials (\$656 million) which later increased to 26.3 billion rials.”¹¹⁴ The plan was made up of two sections covering economic development and social development. The former contained a construction programme, development of water resources, agricultural development, modification and development of new industries, development of communications and infrastructure. There were also to be efficient postal services, telephone and telegraph communications, roads, railways, ports and airports. The management of mines and factories came under the Budget and Plan Organisation. A budget of 3000 million rials was allocated for mining and industrial development, with the major share allotted to industry.¹¹⁵ The actual expenditure was only 16 percent of the planned investment for the whole seven-year period.¹¹⁶ The plan also had social aims including the development of services for health, education and culture as well as planning for improving public wealth, living conditions, and employment.¹¹⁷

The first plan did not meet its goals, due mainly to Iran-Britain crisis caused by the nationalisation of Iran’s oil, as well as political turbulence created by the US and Britain who orchestrated a coup in

114 Ahmad Al-e Yasin, *Tarikhcheh-ye Barnamehrizi-ye Tose‘eh dar Iran* [History of Developmental Plan in Iran] (Tehran: Nashr-e Semr, 1392 [2013]), 71; Farhad Daftari, “Development Planning in Iran: A Historical Survey,” *Iranian Studies* 6, no. 4 (Autumn 1973): 179.

115 *Majaleh-ye Burs* [Burs Magazine], no. 57, Ordibehesht 1347 [April 1968], 83.

116 Farhad Daftari, “Development Planning in Iran: A Historical Survey,” *Iranian Studies* 6, no. 4 (Autumn 1973): 179.

117 Ahmad Al-e Yasin, *Tarikhcheh-ye Barnamehrizi-ye Tose‘eh dar Iran* [The History of Developmental Plan in Iran] (Tehran: Nashr-e Semr, 1392 [2013]), 64-65.

1953 against the Prime Minister, Mohammad Mosaddeq, 1951-1953. Mosaddeq was an anti-imperialist and nationalist politician who followed a negative equilibrium doctrine, which advocated avoiding an alliance with either the US or the Soviet Union, in the dichotomy of world power after WWII. It was a time which inevitably drew developing countries to ally with one side or the other, while Mosaddeq averred that any such alliance would yield the ground for foreign intrusion in Iran domestic affairs.¹¹⁸

Mosaddeq also insisted on nationalising Iran's oil industry which was under the dominance of the British. That coincided with Britain's faltering supremacy in the world, therefore, the nationalisation of oil could trigger a decline in Britain's global authority if it lost control over an extensive source of the most strategic commodity of the 20th century. To thwart Mosaddeq, Britain promptly imposed hefty sanctions against the sale Iran's oil, and threatened to make an official complaint to international organisations against countries which dealt with Iran. The British threat was effective and the embargo in effect turned into a heavy international sanction against Iran.

Moreover, the Tudeh Party of Iran (Iran's Communist Party) widely expanded its network in state institutions, crucially in the Iranian armed forces as well as among society in general. The increasing power of the Tudeh Party as well as Jebheh-ye Melli-ye Iran (Nationalist Front of Iran) posed a grave threat to the interests of Iranian conservatives, including the Royal Court, as well as foreign powers such as the US and Britain. Therefore, the two foreign powers

118 Stephen C. Poulson, *Social Movements in Twenty Century Iran: Culture, Ideology and Mobilising Framework* (London: Lexington Books, 2006), 168.

colluded with internal conservative forces to plot a coup against Mosaddeq, which will be explained later.

The oil embargo prompted the Iranian government to expand its sources of income, therefore mining again became the focus of the state's attention. The state established the Mines Council in early 1952, whose members comprised the Minister of National Economy or deputy, the head of the Budget and Plan Organisation or deputy, a representative of the Ministry of Finance, the managing director of Qeshm and Hormozgan Mines Corporation, and the managing director of the Discovery and Extraction of Mines Agency.

The state passed a bill to protect the rights and the interests of both the owner and the exploiter of mines under three categories: construction mines, metal mines, and oil and radio-active mines. There was no restriction on the exploitation of construction mines and there was no need to apply for an exploitation licence, but the owner had to release 5 percent of the extracted mineral to the state or to pay the equivalent market price. The exploitation of metal mines was allowed by either a state or a private company, depending on who was granted a licence. However, the exploiter had to assign 4 percent of the extracted minerals, or pay its equivalent market price, to the state. Oil and radio-active mines were public property and the state was the only legitimate party permitted to exploit those mineral resources. The exploitation licence holder of the first and second categories was obliged to pay 10 rials per 1 km² of the mine area to the Ministry of Finance. Also, the first category had to pay a stipend of 2 percent of the extracted mineral as a royalty disbursement to the land owner.

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This same percentage was paid to the state by the second category as ground rent.

Moreover, to protect the discoverer's rights, the exploiter was bound to give 0.5 percent of the extracted mineral, or its equivalent market price, to the discoverer. The exploration licence was issued for a maximum of 30 years. According to the law, 25 percent of the state income from non-oil mineral resources was allocated to mining development for such purposes as equipping exploring machines and mapping instruments.

The Mines Council's incentive policy played an effective role in the expansion of mining among the private sector, so that there was a dramatic growth in the number of applications for exploration licenses in the years 1953-56 (See table 2). The 44 active mining companies in 1950 increased to 105 in 1953 and the companies' capital rose from 506 million rials to 664 million rials.¹¹⁹

119 Farshad Moemeni and Bahram Naqsh Tabrizi, *Eqtesad-e Iran dar Doran-e Dowlat-e Melli* [Iran's Economy during the National Government] (Tehran: Nahadgera, 1394[2015]), 105.

Table 2: The Number of Requests for the Issuance of Discovery License for the Mines of Group Two

Year	Number of Submitted Applications for Discovery Licenses	Number of Issued Discovery Licenses
1940-1946	67	27
1947-1951	640	312
1952	1217	465
1953	1618	1186
1954	1315	1197
1955	1592	870
1956	3320	1143
1957	1084	837
1958	1341	824
1959	512	507
1960	486	406
1961	416	324
1962	461	332
1963	342	264
1964	464	328
1965	948	508

Source: Farshad Moemeni and Bahram Naqsh Tabrizi (1394) [2015]: 105.

While Mosaddeq's foreign policy raised trepidation among the superpowers, his internal politics also challenged the dominant political structure in his government and caused unease among social groups. Mosaddeq intended to revive the lost attainments of the Constitutional Revolution (1905-1909) by empowering of the parliament and limiting the Shah's authority.¹²⁰ This was met with noticeable resistance from internal powers such as the conservatives and the Royal Court. During his time as an MP, Mosaddeq

¹²⁰ Fakhreddin Azimi, *Iran the Crisis of Democracy: From the Exile of Reza Shah to the fall of Musaddiq* (London: IB Tauris, 2009), 159.

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represented the bazaari middle class traders against the interests of big businessmen, who were considered to be taking fraudulent or shady benefits from their powerful positions.¹²¹ Once, he questioned the Minister of Finance about the reasons for issuing permits to import textile material to only a few big businessmen, which prompted an immediate backlash from the board of directors of the Chamber of Commerce.¹²² Their challenges continued until Mosaddeq became Prime Minister, when the government increased the number of representatives on the Tehran Chambers of Commerce from 15 to 30 – to include representation from trade unions, transport institutions and insurance companies, along with state institutions such as Bank-e Melli (Melli Bank) and the Ministry of Economy.¹²³ Non-members of the Chamber of Commerce—individuals therefore with no commercial licence—were also invited to join the commission of taxpayers. This empowered middle-class traders in the Chamber of Commerce, who originated from the Bazaar, to compete with the representatives of big business in the Chamber of Commerce election. However, the big business owners did not retreat and Mosaddeq's policies turned them against him, their enmity clearly displayed in their support of the 1953 coup.¹²⁴

Ultimately, US intelligence services with cooperation from the British and some internal forces, orchestrated a coup on 19 August 1953 in

121 Hossein Keyostovan, *Syasat-e Movazeneh-ye Manfi dar Majles-e Chahardahom II* [The Negative Equilibrium Policy in 14th National Parliament II] (Tehran, 1329[1950]), 192-203.

122 Ahmad Ashraf, *Chamber of Commerce, Industries and Mines of Persia*, in *Encyclopaedia of Iranica*, Vol. V, (Berkeley: Mazda Press, 1992), 354-58.

123 *Qanun-e Tashkil-e Otaq-e Bazargani va Sanaye' va Ma'aden-e Iran va Zama'em-e An* [The Law of Establishment of Chamber of Commerce, Industries, and Mining in Iran], *Zamimeh-ye Hafteh Nameh-ye Otaq-e Bazargani va Sanaye' va Ma'aden-e Iran*, 1366 [1987], 17-27; Aliasghar Sa'idi and Fereydon Shirinkam, *Moqe'iat-e Tojar va Saheban-e Sanaye' dar Iran-e Asr-e Pahlavi: Zendegi va Karnameh-ye Haj Mohammad Taqi Barkhordar* [The Status of Traders and Industrial Owners in Pahlavi Era: The Life and Business History of Haj Mohammad Taqi Barkhordar] (Tehran: Gam-e No, 2009[1388]).

124 Ahmad Ashraf, *Chambers of Commerce*, *Encyclopaedia of Iranica*, 354-58

favour of Mohammad Reza Shah. Mosaddeq was then imprisoned and the Shah returned to power. Subsequently, the Shah's suppressive measures produced a despondency in society, with an estimated 13,000 political prisoners being incarcerated after the coup. Many supporters of Mosaddeq and the Tudeh Party were put on trial and some were executed, while Mosaddeq himself received a three-year prison sentence, after which he was under house arrest at his Ahmadabad residence until his death on 5 March 1967.

The 1953 coup, and the nationalisation of oil—which cut off the UK's access to it—led to a change in the dominant foreign superpower in Iran, from the UK to the US.¹²⁵ The US concern was that Soviet Union interference in Iran's political forces empowered the Tudeh Party, exerting more control over Iran's political scene. As a result, the US government thereafter played a more effective role in the political orientation of the country.

After surviving the turbulence of sanctions, the country gradually returned to more normal conditions and once again Iranian oil found its way onto the international market. The rapid rise of Iran's oil income promptly highlighted the vital position that oil held in the Iranian economy. Oil revenue increased from \$22.5 million in 1954 to nearly \$342 million in 1962.¹²⁶ The aftermath of the coup proceeded without critical financial problems. However, it did not take long for

125 Fakhreddin Azimi, *Iran the Crisis of Democracy: From the Exile of Reza Shah to the fall of Musaddiq* (London: IB Tauris, 2009), 159.

126 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran [The Second Wave of Authoritarian Modernisation in Iran]* (Tehran: Nilufar, 1392 [2013]), 36-37.

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the rising cost of living from 1957 onwards to increase the workers complaints and strikes.¹²⁷

The Shah increasingly tended to expand his authority through restructuring the political power. He constrained labour activities and newspapers were subjected to strict censorship. The labour unions were also banned. The Shah then established a security organisation, titled SAVAK, in 1957 to conspire with the Ministry of Labour to monitor trade unions.¹²⁸

Once directing Iran's political arena, the foreign superpowers, mainly the US, initiated soft power tactics in an attempt to safeguard Iran from the socialist movements. The US focused on creating apposite social and economic conditions in their targeted societies including Iran and undeveloped and developing countries, such as arranging financial and planning support in the hope of generating wealth and prosperity for the masses and thereby steering them away from the Soviet bloc.

The US consultation and technical assistance was concealed under what was called the Point Four Program,¹²⁹ and concrete plans were later discussed and conceptualised under the guise of 'Modernisation Theory'.¹³⁰ A team of US experts and consultants was convened for Iran, meanwhile a group of well-educated local technocrats emerged to steer Iran's economy towards greater development. The US paid

127 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 422.

128 SAVAK is abbreviation of Sazeman-e Etelea'at VA Amniat-e Keshavr [Organisation of Intelligence and National Security].

129 Raymond H. Geselbracht, *Foreign Aid and Legacy of Harry Truman* Vol. 10 (Florida: Truman State University Press, 2015), 206

130 Colin Leys, *The Rise and fall of Development Theory* (Indiana: Indiana University Press, 1996), 9. Also see Roland Popp, *An Application of Modernisation Theory during the Cold War? The Case of Pahlavi Iran*, *the International History Review* 30, no. 1(March 2008): 76-98.

more economic and technical aid to Iran than any other country in Africa and the Middle East, except Turkey; around more than 1 billion US dollars from 1950 – 1964.¹³¹

Even though the first development plan did not reach its aspirations—mainly because the nationalisation of oil crisis significantly dropped state income—the economic team concentrated on designing the second comprehensive development plan. Abolhassan Ebtehaj was appointed as the head of the Budget and Plan Organisation in 1955, and the second development plan was drawn up, for 1955-1962.

The second plan was approved for 84 million rials of credit and targeted numerous projects including Karaj's large dam, the Sefidrud and Dez dams, the 22,500 hectare Dez trial irrigation network, the Haft Tapeh Cane Sugar Agro Industry Plan, the Golpayegan, Bampur and Karkheh dams, the 900 km long Myaneh, Tabriz, Shahrud, and Mashhad railways, a 2700 km asphalt road, Abadan, Shiraz and Isfahan airports, textile factories, cement factories, a sugar beet factory and some other economic developments.

The second plan achieved more than the first one, however it was still general rather than focusing on specific goals. The objectives of the second plan were as follows: to increase production, improve and expand exports, develop agriculture and industry, exploration and extraction of mines, to improve communications, public health and living conditions, and culture.¹³² Apart from economic and social achievements in the second plan, it was an unspoken agenda that the body of authority should learn to trust the planning process.

131 George Benedict Baldwin, *Planning and Development in Iran* (Baltimore: John Hopkins University Press, 1967), 315.

132 Budget and Plan Organisation, *Report on Executing the Second Seven Plan* (1964), 2.

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A turn in economic policy led to a focus on industry and mining. In mining, two state companies — Sherkat-e Ma‘aden-e Zoghal-e Sang [Coal Mines Company] and Sherkat-e Ma‘aden-e Felezi va Ekteshafat [The Company of Explorations and Metal Mines] — were combined, and a new company was established called Sherkat-e Ma‘aden va Zob-e Felezat [Mines and Metal Melting Corporation]. As it was the intention to establish a steel industry, for which both iron ore and coal were required, the amalgamation of the two companies seemed to be more efficient and would make for better cooperation.¹³³ A total amount of 6801 million rials was allocated for industrial and mining plans out of which 240 million rials were allotted to mining development.¹³⁴

A growth in oil revenue, together with foreign loans and aid, especially from the US, made the Shah’s economic policies more plausible. The state launched expansionary policies and supported the opening of the country’s doors to encourage imports as well as direct foreign investment.¹³⁵ Ninety-two million dollars’ worth of oil revenue in 1955 rose to 288 million dollars’ worth in 1960, while growth in imports was considerable, rising from 10 million rials in 1955 to 52.6 million rials in 1960.¹³⁶ Foreign investment in the banking sector rose rapidly in the mid-1950s, although direct foreign investment in manufacturing was insignificant before the mid-

133 Keramatollah Alipur, *Tarikh-e Zaminshenasi VA Ma‘dan dar Iran* [History of Geology and Mine in Iran] (Tehran: Sazeman-e Zaminshenasi VA Ekteshafat-e Ma‘dani, 1380[2001]), 343.

134 *Majaleh-ye Burs* [Burs Magazine], no. 57, Ordibehesht 1347[April 1968], 83.

135 Parvin Alizadeh, “The Process of Import Substitution Industrialisation in Iran with Particular Reference to the Case of Vehicle Motor Industry” (PhD diss., Sussex University, 1984), 114.

136 Julian Bharier, *Economic Development in Iran 1900-1970*, (London: Oxford University Press, 1971), 106. The average currency rate US\$1=76 rials. In Homa Katouzian, *The Political Economy of Modern Iran: Despotism and Pseudo Modernism 1926-1979* (London: Macmillan Press Ltd, 1992), 252.

1960s.¹³⁷ Simultaneously with the industrial improvement, there was a considerable reduction in agriculture's share of the GDP from 30.4 percent in 1959 to 18.1 percent in 1970, while the stake of a group of economic activities including manufacturing, mining, electricity, water and power, transport and communication increased slightly from 22.5 to 25.9 percent.

The rise of oil revenue impacted on the growth of imports for domestic consumption as well as investment. It also contributed to the development of an Iranian industrial bourgeoisie which first appeared from the 1930s with Reza Shah's economic policies.¹³⁸

Mine Workers 1941-1963

The destructive consequences of the WWII devastated the lives of ordinary Iranians including workers during the five years of occupation, from 1941-1946. There were countless civilian fatalities and casualties, the country plummeted into social and economic crises, state income dropped and the government confronted a huge deficit and high inflation.

Moreover, the majority of the country's resources were allocated to service of the allies, leaving people in some parts reduced to famine.¹³⁹ Limited cereal resources, as well as a rapid growth in bread consumption with the influx of foreign troops, incited bread riots in some cities, although it may be said that hoarding of wheat and other cereals was the root cause of the shortages. To survive the famine, the

137 Parvin Alizadeh, "The Process of Import Substitution Industrialisation in Iran with Particular Reference to the Case of Vehicle Motor Industry" (PhD diss., Sussex University, 1984), 116.

138 Ibid., 121.

139 For instance, see Kayhan Newspaper, "Qahti dar Fars" [Famine at Fars Province], Kayhan Newspaper, no 24, Tir 2, 1321[June 23, 1942], 4; Kayhan Newspaper, "Fars Misuzad" [Fars Province is Devastated], Kayhan Newspaper, no. 27, Tir 6, 1321[June 27, 1942], 1.

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state rationed bread in most cities including Tehran, with workers being allocated 800g daily, the rest of the adult population 400g and 200g for children.¹⁴⁰

The war also severely threatened public health across the country. The Minister of Health, Ali Asghar Hekmat, wrote to the Prime Minister that typhus was spreading, and that it was highly probable that there would be epidemics of other contagious diseases given the large number of foreigners entering the country.

Furthermore, paucity of food and the consequent malnutrition was expected to weaken the society's immune system and resistance to all diseases.¹⁴¹ There was also a scarcity of medicine, the allies having taken possession of hospitals to press them into their war service. That too played a significant role in the spread of debilitating diseases throughout the country.¹⁴²

The mineworkers, like most workers in other sectors, came under pressure during these harsh wartime conditions. The fragile economy sometimes prevented the government from providing them with even essentials. For instance, the Anarak mines could supply food for only two days to 2,500 miners and their families.¹⁴³ The government was responsible for supplying their monthly inventory including wheat, 30,000 kg; rice, 3,000 kg; grain 6,000 kg, and oil 1000kg which

140 Etela'at Newspaper, no. 5071, Azar 11, 1321[December 2, 1942], 1.

141 111003-278, Archive of Presidency Institute, letter of Ali Asghar Hekmat to Prime Minister, dated: 21 Farvardin 1321.

142 Kayhan Newspaper, "Dar Baharestan" [in The Parliament], Kayhan Newspaper, no. 24, 2 Tir, 1321[June 23, 1942], 2-4; Behruz Ta'iarani, Taesir-e Jang-e Jahani-ye Dovvom bar Behdasht-e Mardom [The WWII's Impact on Public Health], Ganjineh-ye Asnad, no. 33-34 (Spring and Summer 1999): 96-97.

143 A Telegram from Sadri to the Ministry of Finance, 1321/7/4[26/8/1942], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran 1300-1332, 70.

usually came from the major city of Isfahan.¹⁴⁴ Even though the state was required to allocate a monthly budget for the food beforehand, the correspondence displayed that the Anarak mines did not receive supplies on time.

Some mines were unable to withstand the pressure of a lack of buyers, falling prices, and rising costs which made the mineworkers' jobs vulnerable and insecure. Mine closures or job losses among mineworkers occurred frequently during that period, for instance, at the Farmand Chromite Mine¹⁴⁵ at Sanjabad, the copper and lead mine in Khalkhal,¹⁴⁶ the Baycheh-bagh Copper Mine in Zanjan,¹⁴⁷ and Songun Copper Mine at Arasbaran in the Azarbaijan province.¹⁴⁸ All those mines were closed and their workers dismissed. However, outright closure was not always the ultimate consequence for every mine. Some shifted the pressure to their labour force by firing workers, or delaying payment of wages until there was a financial improvement or perhaps financial support received from the state. As an example, the Anarak mines deferred payment of workers' wages for six months in 1945-1946. In a petition to the National Parliament the Anarak mine workers detailed their families' subsistence: they were hungry and people's lives were at risk.¹⁴⁹ This petition exhorted the government to make an order for payment; however it was not fulfilled for a further four months. The governor of Yazd meanwhile

144 Letter from the Ministry of Work and Art to the governor of the tenth province, 1321/2/27 [21/4/1942], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 68.

145 Letter from the Ministry of Commerce, Work, and Art to Prime Minister, 1322/11/19[22/1/1944], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 66.

146 Letter from Qaghazkanan Governor to Khalkhal Governor, 1329/5/27[18/8/1950], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 111.

147 Rabi' Badi'i, *Joghrafya-ye San'ati-ye Iran [Industrial Geography of Iran]* (Tehran: Entesharat-e Omur-e Tose'eh-ye Ensani, 1338[1959]), 260.

148 *Ibid.*, 260.

149 Telegram from Anarak Mine Workers to National Consultative Assembly, received date 1324/8/30 [23/10/1945], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 71.

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declared that the 500,000 rials disbursement was spent on food for the workers, which left no remuneration for their wages.¹⁵⁰ In another case, Abbasabad copper mines' delayed payment of wages caused unrest among the workers. Since the cost of copper had increased and the Iranian Army, as the main purchaser and consumer of the copper from both mines, was in deficit, no customers effectively existed for the copper. A few months later, the mines of both Anarak and Abbasabad could no longer sustain the economic pressure, so reduced their labour forces.¹⁵¹

The miners' methods of making demands were not always determined by petitioning. Sometimes they applied more radical approaches including protest and strike, as occurred at the Shemshak Coal Mine on 18 November 1945, when miners protested over the four months' delayed wage payment. This campaign escalated into a bloody clash which culminated with one dead and 20 injured.¹⁵² Sometimes the miners were also embroiled in political action and armed confrontation against the government. In a telegram to the Prime Minister on 22 November 1945, in addition to support for the Zirab and Golandrud miners who had not been paid for four months, the workers demanded that "all banned newspapers of Jebheh-ye Azadi [Liberty Front] and all banned clubs of freedom-loving parties must be allowed to resume their activity. Moreover, all detained people and workers must be released."¹⁵³ However, this telegram was sent not by

150 Telegram from Yazd Governor to Prime Minister, 1324/12/20[20/2/1946], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 72.

151 Letter from Ministry of Work and Art to Prime Minister, 1325/3/9[30/5/1946], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 72.

152 Letter from Head of Coal Administrative to Head of Mining Department, 1324[1945], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 165-166.

153 Telegram from Mazandaran Workers to Prime Minister, received date 1324/9/1[22/11/1945], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 166-167.

the miners but was addressed from “all the workers in Mazandaran province” and signed by 42 workers. The last lines of the telegram were imbued with threat, articulating that if their demands were not considered, there would be a forceful reaction by the nation. The miners’ resistance inspired intellectuals and writers, as reflected in literary form including a short story, fiction and a poem. For instance, in his collection of seven short stories, named ‘Az Ranji keh Mibarim’ [From What We Are Suffering], Jalal Al-e Ahamad dedicated the first two stories, ‘Dareh-ye Khazanzadeh’ [The Fallen Valley] and ‘Zirabiha’ [People of Zirab] to the miners’ struggle against the state.¹⁵⁴

The stories echo a real incident: a bloody, armed confrontation at Zirab Coal Mine in Mazandaran province on 3 December 1946[12 Azar 1325]. A critical realism framed the writer’s imagination, taking incidents from the outside world to create a story. The author praises the miners’ resistance which was contrary to the narrative of the state apparatus. State-orientated news published in a Kayhan newspaper expounded that some miners were killed in an unsuccessful attempt to unarm the mine’s guards.¹⁵⁵ In reality, the state arrested the rebels, which led to the execution of some offenders and imprisonment of

154 Jalal Al-e Ahmad, *From What We Are Suffering*, second edition (Tehran: Amirkabir, 1357[1978]). The first edition was published in 1947. Publication of the book was banned at the fifth meeting of Shora-ye Vaziran [Council of Ministers] held on 26 Shahrivar 1357[17 September 1978]. However, along with the rising of revolutionary protests, which led to undermining political stability, the book was permitted to be published later. See Ebrahim Safai, *Chehel Khatereh AZ Chehel Sal [Forty Memories from Forty Years]* (Tehran, Entesharat-e E’lmi, 1374[1995]), 175. Jalal Ale Ahmad (1923-1969) was a prominent Iranian author and social critic whose ideas along with Ali Shariati, another Iranian intellectual, shaped a hegemonic discourse called Bazgasht be Khishtan [Return to The Self] in the Iranian intellectual milieu. He was primarily a leftist and a member of the Tudeh Party of Iran. He was a spokesman for the party and editor of its publications such as *Rahbar* and *Mardom*. Al-e Ahmad left the Tudeh Party of Iran in 1947. He published more than 20 volumes of work including essays, reviews, translations, travel journals, and fiction.

155 Kayhan Newspaper, “Hadeseh-ye Zirab” [Zirab’s Incident], Kayhan Newspaper, no. 1118, 16 Azar 1325[7 Dec. 1946], 4.

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many. State forces also abducted around 40 people along with their families.¹⁵⁶ In an interview, the Minister of Labour and Publicity claimed:

” The people who were executed, imprisoned, or abducted were not mineworkers, but a group who had plotted an armed riot against the national security. We discovered numerous guns, pistols and explosives. They intended to plotting a coup by blowing up the train station and the bridges.”¹⁵⁷

It must be emphasized that militancy was not common practice among the miners, who rarely even crossed the government’s red lines or infused their protests with political demands, mostly making petitions through their trade union, wishing to care for their families and shield them from ever-worsening deprivation. The rhetoric of grievances was usually peaceable with no intimidating language from the side of the workers. Even under radical conditions, their correspondence usually conveyed a bottom-up view. For instance, a petition from the Anarak Mine workers to the National Parliament reads as follows:

“Following a telegram dated 1324/08/20[11.11.1945], no money has been received by Anarak mineworkers for the four months of delayed wages. Hunger has spread throughout Anarak. The lives of thousands of workers and their families are in danger. We would ask the authorities to kindly consider our harsh conditions in this severe winter.”¹⁵⁸

156 Kayhan Newspaper, “Mosabeb-e Ghaeleh-ye Zirab Tab’id Mishavand” [Those Are behind Zirab Incident Will be Abdicated], Kayhan Newspaper, no. 1122, 19 Azar 1325[10 Dec. 1946], 4.

157 Kayhan Newspaper, Interview of the Minister of Labour and Publicity with the French News Agency Reporter, Kayhan Newspaper, no. 1135, Dey 5, 1325[December 26, 1946], 4.

158 Library, Museum and Document Centre of Iran Parliament.

Another telegram, from the Abbasabad Choghondarsar mineworkers to the Ministry of Labour and Art states:

“We, Abbasabad Choghondarsar mine workers, who live in a desert far from the cities, have not received our wages for five months and our indigence has heightened. We have been able to survive this living death by selling our possessions, but now our only chance is to bring our indigence to the attention of the authorities. We therefore ask you kindly to preserve the innocent women and children from a lingering death. Now that the Head of the mine has come to Tehran for that purpose, please take action to remit our delayed salaries.”¹⁵⁹

The more liberated political atmosphere of the post-war period yielded ground to unify workers, leading to a re-emergence of the working-class movement. Shora-ye Markazi-ye Etehadyeha-ye Kargari [The Central Council of Labour Unions] represented 60,000 oil workers, 45,000 construction workers, 40,000 textile workers, 20,000 carpet and rug weavers, 11,000 dockworkers and 8,000 from mining. As the first major protest since the resignation of Reza Shah, 1,500 construction workers held a strike on 8 Feb 1942 in Tehran.¹⁶⁰

The action ultimately came to a successful conclusion as the workers achieved their trade union demands. Iran's oil workers, the labour force of the country's most strategically significant industry, organised a strike on 1 May 1946. Oil workers marched at Abadan refinery, but there were no major clashes. However, on 14 July 1946, a general strike was instigated at Abadan which saw three days of bloody fighting, ending with 50 fatalities and 165 casualties.¹⁶¹ That

159 Library, Museum and Document Centre of Iran Parliament

160 Habib Lajevardi, *Labour Unions and Theocracy in Iran*, 37.

161 *Ibid.*, 129.

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is still the largest and bloodiest strike in the history of the Middle East.¹⁶²

The 1940s and early 50s, up until the coup of 1953, was a radical time in workers' social and political activism. The number of major industrial actions in 1946 totalled 183, however that number fell to just eight in 1947. Then, economic pressure provoked a gradual increase in strikes, from four to five in 1948-1950 and soaring to 42 in 1951, 55 in 1952 and 71 in the first eight months of 1953.¹⁶³

The Shah and the government applied various measures in an attempt to dominate those social groups who might have been effective in the political arena after the coup. This led to the dissolution of the unions and all labour activism was proscribed. The repression continued with minor action by the unions being under the control of the state and the Ministry of Labour.¹⁶⁴ At the same time, intelligence activity was expanded and major industrial centres were more closely controlled. SAVAK colluded with the Ministry of Labour in order to monitor trade unions, and as a result the 79 labour strikes that had occurred in the industrial sector in 1953 dropped to seven strikes in 1954, and a mere three in 1955-57.¹⁶⁵ However, the ban on trade unions did not prevent the workers from making non-provocative demands.¹⁶⁶

Despite the inconstancy of labour activities throughout the 1940s and 1950s the workers' achievements had been significant. The first

162 Touraj Atabaki, "Chronicles of a Calamitous Strike Foretold: Abadan, July 1946," in *On the Road to Global Labour History: A Festschrift for Marcel van der Linden*, ed. Karl Heinz Roth (Leiden: Brill, 2017), 93; John Foran, *Fragile Resistance: Social Transformation in Iran from 1500 to the Revolution* (Westview Press Inc, 1993), 279-280.

163 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 367.

164 Habib Lajevardi, *Labour Unions and Theocracy in Iran*, 201.

165 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 420.

166 Maral Jefroudi, "Revisiting the Long Night of Iranian workers: Labour Activism in the Iranian Oil Industry in the 1960s," *International Labour and Working-Class History* 84 (Fall 2013): 176-194.

comprehensive labour legislation in 1946, for instance, was an outstanding attainment. According to the first labour law, the maximum working hours must be dropped to 48 hours per week as well as having one day off for every six working days. Also, child employment was restricted with the legal working age becoming 12, although that could be reduced to 10 for apprenticeships. Moreover, the new law considered the issue of maternity leave which was a significant statement to secure the employment of women workers.¹⁶⁷

During Mosaddeq's government, the first Workers Social Insurance Law was passed in 1952 coinciding with the establishment of the Organisation of Workers Social Insurances. According to this law, all enterprises and agencies mentioned in the labour law must insure workers for the following contingencies: accident, disease, disability and periods off work caused by work, family allowance, retirement, funeral expense payment, support for the family members of workers who die, and unemployment insurance.¹⁶⁸

The new labour law improved conditions in some aspects, such as raising wages and stemming child labour in state enterprises, but it had less impact on enhancing safe working conditions in industrial plants, especially in the mining industry. There are no regular reports on incidents and casualties in the workplace, however sporadic news reports show that working conditions were inadequate. For instance, in a major explosive incident, some miners were killed at Golandrud Coal Mine in Mazandaran province in February 1953. Investigation

167 Fatemeh Hormozi and Fatemeh Hajiha and Forugh Hariryan, *Seyr-e Tatavor-e Moqararat VA Sazman-e Ejtema'i-ye Kar dar Iran* [The Changes in Labour Law and Social Organisation of Work in Iran] (Tehran: Ta'min-e Ejtema'i, 1387[2008]).

168 Farshad Moemeni and Bahram Naqsh Tabrizi, *Eqtesad-e Iran dar Doran-e Dowlat-e Melli* [The Iran's Economy during the National Government] (Tehran: Nahadgera, 1394[2015]).

revealed that the ventilation system had broken down, so that flammable gas was discharged inside the tunnel. The glass of the only mining light had also been broken which led to the explosion of compressed gas.¹⁶⁹ In another accident, a few months later, 11 miners were killed when a tunnel collapsed at Gajereh Coal Mine in Northern Iran.¹⁷⁰

The State and Expanding Mining Industry from 1960-1979

The 1960s and 1970s are identified as the decisive decades in the contemporary history of Iran. The period started with the White Revolution, a series of top-down, radical social and economic reform programmes, and culminated in a political revolution which overthrew Mohammad Reza Shah in 1979. The country had remained politically steadfast until early 1978, with Amir Abbas Hoveida being the longest serving prime minister from 1965 to 1977.¹⁷¹ Under his leadership, the state implemented effective developmental plans which resulted in rapid economic growth, and fostered a social policy in the 1960s which anticipated a promising future. The standard of living rose and elements of modernity changed the way of life, specifically amongst the urban middle class and some of the industrial working class.

Following the 1953 coup, and expansion of the US presence in Iran, American companies smoothed their path by making a huge

169 Mardom-e Iran Newspaper, "Cheguneh Aram va Biseda Dastehjam'i Jansepordand, Amma che Hadeseh-ye Bozorgi bud Agar be Gosheh-ye Servat-e Bipayan-e Yeki Az Hezar Famil Chap Negah Mishod [They all Died in Silence, but Questioning about the Wealth of Oligarchy Would be a Big Incident]," Mardom-e Iran Newspaper, Esfand 4, 1331 [February 23, 1953], 2.

170 Mardom-e Iran Newspaper, Khordad 18, 1332 [8 June 1953], 2.

171 That was considerable in compare with the previous prime ministers during the past decades who hold the office for maximum three to four years.

contribution to business growth and industrial development. The infiltration started with the establishment of a consortium to control Iran's oil, so that British and American companies got an equal share of 40 percent each, whereas it used to be under Britain's control.¹⁷² Iran-US trade then increased tenfold from 1967 to 1977.¹⁷³

Although the US domination primarily favoured US interests, it was also supportive of Western countries generally, specifically with regard to the oil market. In effect, as Nikki Keddi states, the nationalisation of oil created concern among international powers, so they tried to avoid another critical threat by Iran's future leaders.¹⁷⁴ As a result, the US showed no desire to support a democratic political system in Iran, its intention being mainly to found an authoritarian regime in the aftermath of the coup.

A reshuffle in the structure of world power obliged Britain to re-evaluate its strategy in the Middle East. It then determined to reduce its presence in the region, which had been under its authority for a long period. The US strategy, based on Richard Nixon's doctrine, identified the two countries of Iran and Saudi Arabia as the gendarmes of the region to fill the power vacuum created by Britain pulling out of the Persian Gulf.¹⁷⁵ As a consequence, Iran became a crucial agent of US strategy in the region and negotiated a costly disbursement for training and equipping Iran's army. One of Iran's major contributions to preserving the Western-oriented order of the

172 Nikki Keddie, *Modern Iran: Roots and the Results of the Revolution* (New Haven & London: Yale University Press, 2006), 132.

173 Gholamreza Karbaschi, "Ruzshomar-e Ravabet-e Iran va Amrika" [Timeline of Iran-US Relationships], *Yad* 51-52 (Autumn and Winter 1377[1998]), 205.

174 *Ibid.*

175 Roham Alvandi, *Nixon, Kissinger and the Shah: The United State and Iran in the Cold War* (Oxford: Oxford University Press 2014), 33.

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Persian Gulf, which was also in line with Iran's strategic interests, was its military intervention in the Oman civil war in favour of the Sultan of Oman, Qaboos bin Said al Said, against the communist rebels in 1973.¹⁷⁶ Iran's military forces suppressed the communist rebels and turned the war's tide in favour of the Sultan. That military action presented Iran as a real regional power and policeman of the area.

The Land Reform

After the 1953 coup, the Shah attempted to modernize the country by destroying the dominant power relations. He therefore instigated the White Revolution, which was the most significant event after the coup, leading to transformation of Iran's social structure and economic foundations. Foremost among his initiatives, the land reform restructured private property rights to redistribute landownership in rural areas. It aimed to determine the land ownership of large landowners as well as attributing land to the peasants, which had a deep impact on the rural class structure. The programme also influenced the formation of a labour force for other economic sectors including mining and industry.

The plan was introduced in 1961 during the prime ministry of Amini, and implemented in January 1962. It was fulfilled in three phases, each tailored according to the outcome of the previous phase.¹⁷⁷ The four provisions of the first phase were: 1- Ownership to be limited to

¹⁷⁶ Ibid., 64.

¹⁷⁷ The first was, as Ashraf states, a quasi-revolutionary movement. The second was more conservative and counter-revolutionary, while the last was a modest reform. See Ahmad Ashraf, *From the White Revolution to the Islamic Revolution*, in Saeed Rahnama and Sohrab Behdad, *Crisis in an Islamic State* (London: IB Tauris & Co Ltd, 1996), 26.

one village or six Dangs in separate villages.¹⁷⁸ The orchards, tea plantations, homesteads, groves, and land which used mechanised cultivation must employ daily wage labour. 2- Landowner to be compensated by the state over ten years (later extended to 15 years) through the tax system. A peasant qualifying for land ownership must pay back the value of the land plus 10 percent in 15 years. 3- The order of priority for redistribution of farming lands was as such: oxen-owner, then Nasaq-holder and finally labourer. 4- The arbitrary dismissal of a peasant would be illegal in places which are still owned by a landowner. Sharecropping would be increased by 5 percent on irrigated land and 10 percent on non-irrigated land.¹⁷⁹

The land reform brought together two aims, firstly to validate the reformist tendencies of the regime in pursuing justice, and to address the circumstances of the least privileged.¹⁸⁰ The second was to reduce the power of landowners, whose interests, as the traditional leading class, were often in conflict with the Royal Court. These were also the decades of welfare state development in the West and coincided with the expansion of the socialism movement across the globe, especially in developing countries. The socialist movements in Latin America greatly inspired people in the global south, including Iran. The emancipatory discourse of socialism, founded on class conflicts and the power of the working class, opened up new horizons to people ruled by a non-democratic regime that had close attachments to the West. Moreover, the Soviet Union, epicentre of world communism and with considerable influence in the country, was Iran's neighbour

178 A "Dang" is a unit for share ownership. A sixth of a land or a commodity.

179 Fred Halliday, *Iran: Dictatorship and Development* (London: Penguin Book, 1978), 110.

180 Fakhreddin Azimi, *Iran the Crisis of Democracy: From the Exile of Reza Shah to the fall of Musaddiq* (London: IB Tauris & Co ltd, 2009), 167.

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to the north. The Shah was alarmed by the penetration of socialism which empowered leftist forces in Iran. Therefore, he strategically accorded importance to the welfare of the working classes, aimed at reducing class conflict.

In the interests of socialism, mentioned above, the land reform also had foreign supporters. The administration of US President, John F. Kennedy, insisted on running land reform, since it was part of US strategy to establish bulwarks against then-influential waves of communism. The US plan was not merely restricted to Iran, with support coming as foreign aid designed to encourage land reform in developing countries in order to improve the population's welfare and reduce the threat of communism and peasant revolt.¹⁸¹ Initially, US policy took the form of advice to the Shah, although he received financial and technical aid too. The advisory ambiance changed into pressure in 1960, following heavy Soviet propaganda against the Shah as well as the socialist-oriented revolutionary coup of 1958 in Iran's neighbour, Iraq, which could inspire Iran's political atmosphere.¹⁸²

The land reform frameworks did not completely reach their targets. They succeeded in reducing the position of landowners in the political hierarchy, where they had occupied a significant number of parliamentary seats: around 40 percent in the late 1950s, but by the mid-1960s that had declined to roughly 20 percent and had dropped as low as 9.8 percent by the late 1970s.¹⁸³ However, the plan had little success in improving the distribution of income to the countryside. For many peasants their share of land was less than sufficient to cover

181 Ahmad Ashraf, "From the White Revolution to the Islamic Revolution," in *Iran after the Revolution: Crisis in an Islamic State*, eds. Saeed Rahnama and Sohrab Behdad (London: I.B. Tauris, 1996), 22.

182 Ibid.

183 Marvin Zonis, *Political Elite of Iran* (Princeton: Princeton University Press, 1971), 159.

rural family expenditure, a situation particularly true for peasants who had never previously had land.¹⁸⁴ The plan's outcome was as such: "It created 1,300 commercial enterprises throughout Iran. Each enterprise consisted of three classes of 640,000 landowners who had between 10 to 200 hectares, 1,200,000 families who were mostly former sharecroppers with tenancy rights and whose lands were less than 10 hectares, and more than 700,000 labourers who were former non tenant peasants. As a minimum of 10 hectare was needed to cover life expenditures, most small landowners' conditions were the same as those of landless labourers."¹⁸⁵

The redistribution of land turned out not to be a complete success, as official documents show that even by 1972 implementation of the law had extended to cover only 30 percent of villages in Iran, so that in other words, 10 years from its start, only a fifth of the peasant population had been affected by the land reform.¹⁸⁶ Also, by using gaps in the law and bribing officials, large landowners were able to escape its effects. It can be said that the plan had broken the traditional rural structure but without providing an appropriate replacement based on a capitalist structure.¹⁸⁷ The thirst of the industrial sector for labour might have seemed the most apposite place absorb the rural jobless, but there was insufficient capacity in the newly established industries to hire them all. As a result, some of the rural unemployed resided on the urban margin, some employed in the industrial sector and some in construction, while a significant

184 Jamshid Amouzegar, Faraz VA Forud-e Dudman-e Pahlavi [The Rise and Fall of Pahlavi's Dynasty] (Tehran: Markaz-e Tarjomeh va Nashr-e Ketab, 1375[1996]), 321.

185 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014) 132.

186 Fred Halliday, *Iran: Dictatorship, Development* (London: Penguin Book, 1978), 110-111.

187 Abolhassan Danesh, "Land Reform, State Policy, and Social Change in Iran," *Urban Anthropology and Studies of Cultural Systems and World Economic Development* 21, no. 2 (Summer 1992):153-179.

number were involved in the informal sector working as peddlars and such like.

Rise of Oil Income

The shift in the global source of energy from coal to oil elevated oil to one of the most strategic commodities of the 20th century, determining the world order as well as the producers' own domestic political affairs.¹⁸⁸ Therefore, it promoted countries with rich oil reserves in international power relations. Consequently, any political change in the oil countries has always been under the scrutiny of the superpowers due to its possible profound impact on world economy and international relations. Subsequently, the relationship between the oil countries and the superpowers has inevitably been more strained. They attempt to control the three main phases of production, distribution, and demand.

The discovery of a rich oil reserve in Iran in 1908 turned the country's history, leading to a dramatic transformation in Iran's strategic world status, with Iran and its oil industry receiving close attention from foreign powers and investors. The growth in oil income gradually became a pillar of Iran's economy. In the early years of the 20th century, oil represented 6.49 percent of Iran's total export value in 1919, increasing to 10.42 percent by 1926.¹⁸⁹ The growth accelerated in the coming decades so that its contribution to national income rose steadily until the economy was reliant on oil. It

188 Apart from the economic worth of oil, some scholars recently have focused on the specifications of oil complex, including the character of commodity and method of extraction and distribution, to raise an argument about the oil complex impact on the process of world democracy. See Timothy Michael, *Carbon Democracy: Political Power in the Age of Oil* (London: Verso Book, 2013).

189 Homa Katouzian, *The Political Economy of Iran: Despotism and Pseudo Modernism 1926-1979* (London: MacMillan Press Ltd, 1981), 83.

was an easy access source of capital which gave the rulers huge scope to run ambitious programmes to shortcut the path of development. This assured revenue encouraged the state to place greater importance on industrial and mining development, with the intention of moving Iran's agrarian economy to an industrial economy. An oil income of \$22.5 million in 1954 rose to \$254 million in 1958 and reached approximately \$342 million in 1962.¹⁹⁰ In fact, in just eight years it had increased 15-fold.

The wealth generated from oil was increasingly noticeable in society in the 1960s. The pace of modernisation dramatically increased and the big cities, mainly Tehran, were glittering examples of modernity by the end of the 60s.

The price of oil reached a new level in the early 1970s when the Arab-Israeli war of 1973 destabilized the world's crucial oil region, the Middle East. In a backlash, the OPEC¹⁹¹ members, consisting of countries which supplied a sizeable share of the global oil demand, proclaimed an embargo against the countries who supported Israel in this war. That manoeuvre caused a substantial rise in the price of oil, leading to dramatic hike in transport expenditure across the world. Subsequently, it increased the final price of most commodities, which effectively generated an economic crisis in the West. While oil-shock dominated public discourse in Western countries, oil-producing countries gained an unprecedented rise in their oil revenue. As a result, Iran received a record \$20 billion of oil income in 1976 which

190 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran* [The Second Wave of Authoritarian Modernisation in Iran] (Tehran: Nilufar, 1392 [2013]), 36-37; Majid Purshafe'i, *Eqtesad-e Kucheh: Gozaresh-e Pul-e Melli-ye Iran, Hazineha-ye Zendegi va Dastmozdha dar Do Sadeh-ye Gozashteh 1157-1357* [Street Economy: A Report on Iran National Currency, Living Costs and Wages during the Past Two Centuries 1779-1979] (Tehran: Gam-e No, 1384[2005]), 244.

191 The Organisation of Petroleum Exporting Countries.

greatly amplified the contribution of oil to the state income (See table 3).¹⁹² This resonated in the GDP as its 43 percent contribution to GDP in 1961 increased to 49 percent in 1967, and 53 percent in 1972. This corresponded with an increase in Iran's GDP of 14.2 percent in 1972-73, 30.3 percent in 1973-74, and 42 percent in 1974-75.

Table 3: Contribution of Oil Income in State Income

Year	Contribution of Oil Income in State Income (%)
1971	56.5
1972	54.7
1973	63.1
1974	84.3
1975	75.7
1976	77.2
1977	73.3

Source: Majid Purshafe'i (1385) [2006]: 254.

The State Institutions and Running the Developmental Plans

The Budget and Plan Organisation comprised a body of highly-educated professionals whose success in drafting the third development plan sprang from the contribution of new technocrats, as well as independent advisers of stature, within its structure. The third development plan, which preceded the land reform, was in effect from 1962 to 1967. It was more comprehensive than the second plan and was amended to last five years.¹⁹³ This plan was the Budget and Plan

192 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran* [The Second Wave of Authoritarian Modernisation in Iran] (Tehran: Nilufar, 1392 [2013]), 36-37.

193 Gholamreza Afkhami, *Tose'eh dar Iran: 1320-1357: Khaterat-e Manuchehr Godarzi, Khodadad Farmanfarmaian, Abdolmajid Majidi* [Development in Iran: The Memoirs of Manuchehr Godarzi, Khodadad Farmanfarmaian, Abolhassan Ebtehaj], (Tehran: Gam-e No, 1381[2002]).

Organisation's most successful —indeed it was often ahead of schedule and exceeded expectations, as the GNP growth rate reached 8.8 percent which was 2.8 percent above the target.¹⁹⁴

The third plan also highlighted the Budget and Plan Organisation's achievements, based on a transition of state developmental policy whereby the planners focused more on industry and mining development to increase their share of Iran's economy. For instance, agriculture and animal husbandry's contribution to the GDP of 30.9 percent dropped to 23.4 percent in 1967 when the third plan came to end, while mining and industry's contribution in 1967 rose to 14.4 percent (See table 4). Mining also recorded a 0.5 percent contribution in GDP in 1962 which increased to 0.9 percent in 1967, higher than the growth of industry in GDP (See table 5).

194 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran* [The Second Wave of Authoritarian Modernisation in Iran] (Tehran: Nilufar, 1392 [2013]), 85.

Table 4: The Contribution of Main Economic Sectors in GDP at the Beginning and End of the Third Plan (Billion rial)

	1962		1967		Annual Average Growth during Third Plan
	Value	%	Value	%	
Agriculture and Animal Husbandry	101	30.9	115.8	23.4	2.8
Industries and Mining	39.1	12	71.2	14.4	12.7
Construction	17.5	5.3	-30	6.1	11.4
Water and Electricity	3.1	0.9	6.1	1.2	14.5
Oil	38	11.6	71.7	14.5	13.6
Other Sectors	128.3	39.3	119.8	40.4	9.3
GNP at factor cost	327	100	494.6	-100	11.7

Source: Sa'ïd Leylaz (1392) [2013]: 86.

Despite the state running the third plan, the private sector was also identified as a major player in economic development. Private enterprise was encouraged to invest mostly in small and mid-sized industries while investment in heavy and large concerns remained the preserve of the state.¹⁹⁵ In the third plan, a total of 27 billion rials' credit was allocated to mining and industry, out of which 800 million rials were allotted to mining development, 300 million rials to the private sector and 500 million rials to the state.¹⁹⁶

¹⁹⁵ Omur-e Eqtesadi-ye Sazeman-e Barnameh va Budjeh [Economic Affairs of the Budget and Plan Organisation], Gozaresh-e Moqadamati-ye Barnameh-ye 'Omrani-ye Sevvom [The Initial Report on the Third Construction Plan], (Tehran, 1340[1962]), 126-127.

¹⁹⁶ Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Qanun-e Barnameh-ye 'Omrani-ye Sevvom-e Keshaver [The Law of Third Developmental Plan], 20 and 22.

Table 5: Contribution of Mining, Industry and Oil in GDP (Billion rial)

	The last year of the Second Development Plan (1962)		The last year of the Third Development Plan (1967)		The last year of the Forth Development Plan (1973)		The last year of the Fifth Development Plan (1977)	
	Billion rial	%	Billion rial	%	Billion rial	%	Billion rial	%
Mining	1.7	0.5	4.5	0.9	9.8	0.9	77.5	1.4
Industry	29	8.8	55.3	10.8	124.3	11	415.8	7.7
Oil	46	13.8	86.1	16.7	263.4	23.3	1755	32.5

Source: Sherkat-e Motale'ati-ye Tarha-ye Jame'-e Felezat-e Iran (1368) [1989]: 6.

Contrary to the first three developmental plans, the fourth one, 1968-1973, preserved its primary framework to the end. Specific attention was paid to mining and industry which received 22 percent of the disbursement, as the preferred sector of the Budget and Plan Organisation. Credit of 17.337 billion rials was available to private industry through the International Mining and Development Bank of Iran, and 7.664 billion rials through the Industrial Credit Bank, in the 1968-1973 period.¹⁹⁷ Despite the state's preference, mining was still not an investment priority for Iranian entrepreneurs, with statistics from the late 1960s depicting that most mining development relied on the state's contribution (See table 6) and the allocated loan for metal ore extraction was maintained at 2.4 percent of the whole allocated loan to the industrial sector (See table 7). Economic policy makers still identified the state as the leading actor in industrial development, building heavy industries and large-scale and capital-intensive

¹⁹⁷ Ibid.

enterprises.¹⁹⁸ In the fourth developmental plan, the state invested 17.3 billion rials in mines while the private sector's share was 3.70 billion rials (See table 6).

Table 6: Estimation on Investment in Industry and Mining as well as Job Creation in Industry and Mining in fourth and fifth Development Plan.

	Develop ment Plan	Investme nt (Billion rial)	Job Creation (Thousand)	State Investment (Billion rial)	Private Sector Investment (Billion rial)
Basic Metals and Metal Production	Fourth Plan	72.40	64.7	45	27.40
	Fifth Plan	116.50	105	57	59.50
Mines	Fourth Plan	21	12.5	17.30	3.70
	Fifth Plan	50	25	44.80	5.30

Source: Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Qanun-e Barnameh-ye Panjom-e 'Omrani-ye Keshvar [The Fifth Developmental Plan]: 884.

The gap increased dramatically in the fifth plan with the state's investment rising three-fold to 44.80 billion rials, while the private sector increased slightly to 5.30 billion rials (See table 6). As a result, the state possessed 65 percent of iron ore, 95 percent of copper ore, 36 percent of lead, 43 percent of coal, and 95 percent of red soil.¹⁹⁹ The metal industries also gained from the development plans, because of their fundamental role in industrial development. Then, in the

198 Keith McLachlan, "Iranian Economy 1960-1976," in *Twenty Century Iran*, ed. Hossein Amirsadeghi (London: Heinemann, 1977), 150.

199 Edareh-ye Aamar-e Vezarat-e Sanaye' va Ma'aden, *Amar va Fa'aliatha-ye Ma'dani-ye Iran* [The Statistics of Mining Activities in Iran], (1960) [1339], 37

fourth developmental plan, around 72 billion rials were invested in the main metal industries. That increased to 116.5 billion rials in the fifth development plan, creating an annual growth of 24 percent. A budget of 82 billion rials was disbursed to the steel industry, 10 billion rials to the copper industry, and 1.5 billion rials to aluminium.²⁰⁰

Table 7: Loans Allocated for Industrial Sectors (percent)

Sectors	Loan Allocated for Each Sector (%)
Textile Industry	35.95
Sugar Industry	18.54
Chemical Industry	13.86
Food Industry	9.55
Construction Industry	7.66
Mechanical Industry	6.34
Rubber and Plastic	4.34
Metal Ore Extraction	2.4
Cupboard Manufacturing Etc.	1.36

Source: Rabi' Badi'i, (1338) [1959]: 304.

200 Hossein Asayesh, *Joghrafya-ye San'ati* [Industrial Geography] (Tabriz: Mo'aseseh-ye Tahqiqat-e Ejtema'i va 'Olum-e Ensani, 1354 [1975]), 69-70.

Mine Workers 1963-1979

Population growth, the top-down reforms (mainly the land reform), industrial development, and the rise in oil income transformed social and economic structures in the 1960s and 1970s.²⁰¹ It structurally affected the bottom layer of society and it numerically increased the workforce population, including industrial workers.

The rapid economic growth and industrial expansion increased the number of commercial and industrial units. Consequently, the number of small plants rose from 1,502 in 1963 to more than 7,000 in 1977, while medium-sized units grew from 295 to 830 and large units increased from 105 to 159.²⁰² This had an impact on the demographics of the labour market and the growing number in the paid labour force. As a result, 70,000 workers worked in large workshops with ten or more employees in 1940, climbing to 1.25 million by 1976. Of those 1.25 million, 750,000 were employed in industry and mining and 500,000 were working in the construction sector.²⁰³ In 1962-3 the proportion of the total workforce in industry was 20.6 percent, but by 1977-8 it reached 33.2 percent, showing an annual growth rate of 9.3 percent.²⁰⁴

The undeveloped state of the mining industry resulted in only a small portion of a large population being engaged as its labour force. Along with the slow growth of the sector, the average number of workers showed a slight increase. For instance, the number of mining workers

201 Ahmad Ashraf, "From the White Revolution to the Islamic Revolution," in Iran after the Revolution: Crisis in an Islamic State eds. Saeed Rahnema and Sohrab Behdad (London: I.B. Tauris, 1996), 29.

202 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 434. The statistics are sometimes slightly different in comparison with the other sources. For instance, see Bank-e Markazi-ye Iran [Central Bank of Iran], *National Account*, 408, 409; *Iran Statistical Year Book*, 1361[1981], 433, 436.

203 Markaz-e Amar-e Iran [Iran Statistics Centre], 1360[1981], 68, 85.

204 Assef Bayat, *Workers and Revolution in Iran* (London: Zed Books, 1987), 25.

was 10,930 in 1959 on an average wage of 60 rials per day. Of that number, 2,793 — 26 percent — were working in state-owned mines.²⁰⁵ The top four metal-ore bodies which employed the greatest number workers were lead (3,000 workers), chromite (1,596), iron ore (522) and copper (340). Three years later in 1962 the number had risen to 13,339, with 30.2 percent of them, 4,035, working in state-owned mines.²⁰⁶ Table 8 shows that job creation in the mining sector had doubled, which was a significant increase, by the end of the fifth plan in 1977 compared with the end of the fourth plan in 1972.

Table 8: Output and Jobs in Iran Mining Sector and Metal Production

	Year	Production Value (Billion rial)	Job Creation (Thousand)
Mine	1967	3.3	16.7
	1972	8	29.2
	1977	31.5	54.2
Basic Metal and Metal productions	1967	15.5	209.6
	1972	5.8	78.9
	1977	74.3	244

Source: Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Barnameh-ye Panjom-e 'Omrani-ye Keshvar [The Fifth Developmental Plan]: 883.

205 Daftar-e Amar [Office of Statistics], Amar-e Ma'dankari [Statistics of Mining], 53.

206 Rabi' Badi'i, Joghrafiya-ye Eqtesadi: Manabe'-e Tabi'i VA Servati-ye Iran [The Economic Geography: The Iran's Natural Resources and Wealth] (Tehran: Dehkhoda, 1347 [1968]), 185.

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Land reform appreciably impacted on the formation of the labour force for industries. The plan in effect destroyed the rural power system, which shaped a new structure comprised of rural bourgeoisie, middle-ranking and poor peasant landholders, and landless rural workers.²⁰⁷ This created a surplus rural labour force which received insufficient benefit from the land reform. It affected 1,200,000 families who were mostly former sharecroppers with tenancy rights, and whose lands were less than 10 hectares, as well as more than 700,000 labourers who were former non-tenant peasants. As a minimum of 10 hectares was needed to cover the cost of living, most small landowners' conditions were the same as those of landless labourers.²⁰⁸ More than a million of the lower-ranking peasants, including those with smallholdings of less than two hectares, had too few resources to ensure their survival, since their land was insufficient to afford them daily subsistence to support their dependants.²⁰⁹ In 1972-73 the rural labour force numbered more than 5,500,000, while the agricultural labour force was 3,200,000. Of those not among the agricultural labour force, some were involved in handcraft industries and rural businesses, but the vast majority of rural people who were not working in agriculture were unemployed. Moreover, the consequences of land reform coincided with a wave of population growth, which created a large body of rural people without

207 Assef Bayat, *Workers and Revolution in Iran* (London: Zed Books, 1987), 24.

208 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 132. In the mid 1970s, the 930,000 peasants who had not been landowners each acquired 10 hectares, and they took to working their land as well as doing seasonal work in cities. See Ahmad Ashraf, "From the White Revolution to the Islamic Revolution," in *Iran after the Revolution: Crisis in an Islamic State*, eds. Saeed Rahnema and Sohrab Behdad (London: I.B. Tauris, 1996), 29.

209 Jamshid Amouzegar, Faraz VA Forud-e Dudman-e Pahlavi [*The Rise and Fall of Pahlavi's Dynasty*] (Tehran: Markaz-e Tarjomeh va Nashr-e Ketab, 1375[1996]), 321.

work.²¹⁰ Iran's population was 23,000,000 in 1963, growing to 35,000,000 by 1979. However, population growth was not solely a demographic fact. There was an uneven rate of growth between urban and rural areas, for while in rural areas average growth was 1.2 percent per year, urban areas faced a growth of 4.6 percent. A major factor in the discrepancy was the influx of jobless peasants to the larger cities. Surveys indicate that the rural population represented 65 percent of the total population in 1963, then dropped to 53 percent by 1979.²¹¹ To draw a wider picture of labour population and its distribution across different sectors see table 9 and 10.

Table 9: The Sectorial Distribution of Total Labour Force 1963-78 (Thousands)

	1962-3		1967-8		1972-3		1977-8	
	Number of Labour Force	%	Number of Labour Force	%	Number of Labour Force	%	Number of Labour Force	%
Agriculture	3672	55.1	3861	49	3600	40.9	3200	32.2
Industry	1372	20.6	1947	24.7	2550	29	3300	33.2
Services	1584	23.8	2020	25.7	2600	29.5	3379	34
Oil	36	0.5	46	0.6	50	0.6	60	0.6
Total	6664	100	7874	100	8800	100	9939	100

Source: Katouzian (1981): 259.

The rapid growth of urban development resulted in an explosion of urban job opportunities as well as improved facilities and amenities in the cities. Therefore, the larger cities became the main destination for

210Habibollah Zanjani, "Eslahat-e Arzi Ta'sir-e Chandani dar Mohajerat be Shahrha Nadasht" [The Land Reform Had No Too Much Impact on Emigration from Rural Areas to Urban], Tarikh-e Irani Online, Bahman 1, 1391[January 20, 2013], <http://tarikhirani.ir/fa/files/58/bodyView/604/>

211 Homa Katouzian, the Political Economy of Modern Iran: Despotism and Pseudo-Modernism 1926-1979 (London: Palgrave Macmillan, 1981), 304.

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poor peasants and the unemployed who were living in hardship in the countryside. However, the migration did not lead to amelioration of their status, since the structure of urban development did not provide equity in access to facilities and job opportunities between different social classes, which mostly benefited the new modern middle class. In effect, the poor peasants who had left their lands to move to a city found less opportunity compared with the urban workers and the urban middle class. Consequently, they were unable to afford to live within the urban areas and were marginalised on the outskirts, where they were obliged to become a potent labour force for small, medium and large industries. Therefore, one of the commonest characteristics of urban workers was their rural background. The industrial demand for a workforce partially accounted for the new dwellings on the outskirts. For instance, in 1979 more than 50 percent of Shahr-e Rey's residences²¹² and more than 30 percent of Zurabad in Karaj city²¹³ were being rented by nearby modern industries.²¹⁴ However, the industrial capacity was not sufficient to employ all, so between 60 and 80 percent of family guardians were involved in unskilled work, construction, or seasonal work.²¹⁵

212 Shahr-e-Rey is a city adjacent to the capital, Tehran, and on its south side.

213 Karaj is a city located 30 km far from west of Tehran.

214 Markaz-e Motale'at-e Shahr-sazi VA Me'mari [Centre for Architecture and Urban Design], Hashyeh Neshini dar Iran: Gozaresh-e Marhaleh-ye Chharom, Maskan, Sokonatgahha-ye Gheir-e Rasmi VA Barnamehrizi-ye Tose'eh-ye Mohiti, Vol. 2 [Marginal Settlement in Iran: A Report on Phase 4, Housing, Unofficial Settlement and Environmental Development Planning, Vol 2], 29-35.

215 Ibid.

Table 10: Number of Urban Working Class in 1975

Modern Industrial Factories	880,000
Oil Workers	30,000
Gas, Electrical and Power Plant Workers	20,000
Fishery and Lumberyard Workers	30,000
Miners	50,000
Dock Workers, Railwaymen, Truck Drivers, and other transport workers	150,000
Workers in plants with more than ten employees	600,000
Total	1,300,000

Source: Ervand Abrahamian (2014): 138-139.

The expansion of the working class was a double-edged sword to the authorities. As one of the main contributors to industrial development they could be moulded into a social force to petition for its class interests, particularly in the 1960s, when socialist movements flourished in Iranian intellectual discourse, particularly among groups of younger people and university students. It was feared it would spread revolutionary ideas among the working class, generating a threat against the non-democratic political system in Iran. As a result, along with deploying hard suppression, the state also applied a softer approach to maintain the workers' satisfaction and keep them away from political activism. Hence, the social phenomena compelled the state to improve workers' living and working conditions, paying

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particular attention to the industrial working class. For instance, one of the six articles of the White Revolution addressed workers, and the ordinance that company shares must be sold to workers was to that end.²¹⁶

Despite the rapid economic growth and promotion of social policies, the development plan was unable to distribute benefits and facilities equally among workers in different sectors. When considering the growth of wages from 1963 to 1973, an average growth of 2.9 percent is seen in the industrial and transport sectors. However, this portrayal does not represent the differences between sub-sectors. While, for example, the wages of workers in the leather industries rose by just 0.5 percent annually, there was a 9.8 percent increase for workers in the chemical industries.²¹⁷

The cause of the inequality derived from Iran's industrial plan which principally had evolved from the two economic policies of import substitutions and state protection, placing some industries in monopoly positions.²¹⁸ Subsequently, the monopolies' high economic performance enabled them to offer better employment conditions to the skilled work force when contending with the other competitors, since the country had a shortage of skilled labour. Reviewing the top of the table for paid labour with regards to social position, job security and wages, confirms that those employed in large industrial complexes, including the new industries such as oil, petrochemicals,

216 Even in spite of that rule, only some 50,000 of 540,000 workers receive their company shares until 1976. See Aliasghar Sa'idi and Fereyduun Shirinkam, *Moqe'iat-e Tojar VA Saheban-e Sanaye' dar Iran-e Doreh-ye Pahlavi: Sarmayedari-ye Khanevadegi, Khanevadeh-ye Lajevardi* [The Statues of Traders and Industrial Owners in Pahlavi Era in Iran: The Family Capitalism, Lajevardi Family] (Tehran: Gam-e No, 1389[2010]), 237-238.

217 Hassan Hakimian, "Industrialisation and Standard of Living of the Working Class in Iran 1960-1979," *Development and Change* 19, no. 1 (January 1988): 11.

218 Assef Bayat, *Workers and Revolution in Iran* (London: Zed Books, 1987), 27.

steel and industrial manufacturing, had a better deal.²¹⁹ The workers in those industries made up a third of the total paid workforce in Iran, but received five times more salary than workers in other industries and sectors.²²⁰ The remaining two thirds were semi- and non-skilled workers in the mining industry, construction, and small industries and services in urban areas.

Conclusion

This chapter overviewed the social and industrial development in Iran with particular emphasis on mining development within the economic and political context of the Pahlavi reign. Iran's economic and political structure shaped a state-centric industrial development programme in Reza Shah's period. This was true of the mining industry, where the weakness of local entrepreneurs due to the capital intensity of mining led to state control and expansion. As a result, the state became the main actor in development of the mining industry, which also shaped the workers' living and working conditions and placed the miners in a direct relationship with the state as an employer.

WWII and the occupation of Iran significantly distorted the pace of mining development. The war also created an impoverished period for the workers, including the miners. However, governance began to return to normal following the departure of the allies in 1946, and Mohammad Reza Shah gradually established a structure of political power. That did not last long, as the country faced further international crises, generated by Britain's embargo on Iranian oil.

219 Fred Halliday, *Iran: Dictatorship, Development* (London: Penguin Book, 1978), 189-190.

220 *Ibid.*, 189-190.

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The sanction instigated the nationalisation of the Iranian oil industry, as a measure to cut off Britain's domination of Iranian oil. There was then a backlash from Britain as it banned the sale of Iranian oil on the international market. However, the economic pressure on the oil industry led the state encourage private sector development of industries relevant to non-oil resources, included mining. The nationalisation of the oil industry consequently unified external powers with domestic forces to overthrow the prime minister, Mohammad Mosaddeq, through a coup in 1953 backed by the US and Britain. The Shah returned to power, which led to the start of a suppressive political period.

The chilling atmosphere of the cold war impelled the Western bloc to reconsider its social policies in order to neutralise the Soviet Union's propaganda on social justice. That also drove the Shah to revise the Iran social order through implementing some radical top-down reforms to move the country towards modernisation. This followed a proposal initially prepared in the US to design a pathway of development for countries in the global south, with technical and financial support supplied by the US.

The newly established state institutions, in particular the Budget and Plan Organisation, brought together well-educated experts and Iranian graduates who had mostly studied at top US and European universities. They focused on designing Iran's industrial strategy as well as the development plans.²²¹ Therefore, the Budget and Plan Organisation significantly contributed to Iran's industrial

221 Thos H. McLeod, *Barnamehrizi dar Iran bar Asas-e Tajarob-e Goruh-e Moshavereh-ye Daneshgah-e Harvard dar Iran dar Tahyeh-ye Barnameh-ye Omrani-ye Sevvom* [National Planning in Iran: A Report Based on Harvard Advisory Group in Iran], trans. Ali Mo'azam Mohamadbeygi (Tehran: Nashr-e Ney, 1380[2001]), 49.

achievements in the 1960s. The third developmental plan, arguably the most successful plan in the Pahlavi era, led to a surge in industrial development in 1960s. The mining industry showed considerable growth in the 1970s, having received the leading disbursement from the state. This was an achievement reached through a combination of structural conditions, state institutions and human agents. The political stability in the 1960s until the mid-1970s laid the ground for expanding investment in developmental plans. Rising oil prices also empowered the state to carry out more ambitious programmes for economic and social development. Also, the scholarly technocrats of new corporations, such as the Budget and Plan Organisation, significantly contributed to the design and implementation of industrial and mining reforms.

An expansion of the labour market saw the population of workers grow and become a social force in society. The structural specifications of mining curbed the miners' social activism for the general condition of the working class, however, they continued to enhance their living and working conditions mostly through petitioning as well as less protesting. The country then experienced political stability which originated from social and economic reform and improved welfare conditions on one side, and running a suppressive state political machine against political activism, on the other side. However, the welfare policy did not succeed evenly, and a large population of workers did not properly benefit from the social development and the economic growth.

