



## 40. Yıldönümünde İran Devrimi'nin Yeniden Değerlendirilmesi: Nedensel Dinamikleri

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### Öz

Bu makale, İran Devrimi'nin 40. yıldönümüne yaklaştığımız şu günlerde, 20. Yüzyılın bu son kapsamlı dönüştürücü modern hareketini yeniden değerlendirmeyi amaçlamaktadır. Modern devrimci hareketler, sınıf bilincini pekiştiren bir ideolojik söylemle kıvılcımlanır; yükselen milliyetçilik duygusu üzerinden serpilir ve toplum ile devlet arasında yabancılaşmayı derinleştiren bir tetikleyici unsur üzerinden kitleleri harekete geçirir. Başlangıç motivasyonları itibarıyla İran Devrimi de, modern bir siyasi harekettir. İran Devrimi'nde ideolojik söylem, belli toplumsal grupları kayıran yönetimi hedef almış, Şah rejimi ve yabancı destekçilerine karşı ilk husumet tohumlarını ekmıştır. 1920'lerin sonu ile 1950'lerin başı arasındaki dönemdeki modernleşme reformları ve millileştirme politikaları, toplumda etkili hoşnutsuz gruplar arasında ortak milliyetçi hislerin oluşmasını sağlamış, bu hisler, dış gücün desteğine dayalı yönetime karşı tepkisel duruşu güçlendirmiştir. Eski rejimin, 1973 Petrol Krizi sonrası artan petrol gelirlerini toplumsal gelişim projeleri yerine ağırlıklı olarak hızlandırılmış ağır sanayi yatırımları ve ordunun modernizasyonuna tahsis etmesiyle toplumla yönetim arasında yıkıcı bir yabancılaşma oluşmasına neden olmuş ve kitleleri harekete geçirmiştir.

**Anahtar Kelimeler:** İran Devrimi, ideolojik söylem, milliyetçilik, petrol gelirleri ve dağılımı, tahsisat ve rant devleti, boom-bust döngüleri.

## Reassessment of the Iranian Revolution in its 40<sup>th</sup> Anniversary: Its Causal Dynamics

### Abstract

This article reevaluates the Iranian Revolution as a modern movement. Modern revolutionary movements spark with an ideological discourse reinforcing class-consciousness; flourish upon growing sentiments of nationalism, and mobilize masses with a trigger that deepens the estrangement between state and society. In terms of its initial motivations, the Iranian Revolution was a modern political movement. In the Iranian case, ideological discourse targeted political elites favoring certain segments of the society, and planted the first seeds of hostility towards Shah's regime and its foreign supporters. Modernization reforms and nationalization policies of the 1920-1955 period gave birth to common nationalist sentiments among influential and discontented social groups strengthening their reaction against the regime. Finally, the regime's decision to allocate growing oil revenues after the 1973 oil crisis to heavy industry investments and military modernization programs instead of social development projects deepened the estrangement between state and society mobilizing masses towards a revolutionary movement.

**Keywords:** Iranian Revolution, ideological discourse, nationalism, oil revenues and allocation, rentier state, boom-bust cycles.

## Introduction

The Iranian Revolution of 1979 has been portrayed as “Islamic revolution” in many works in literature. However, as pointed out by leading scholars of Iranian studies, it is in fact a modern revolution just like the French Revolution of 1789 and the Russian Revolution of 1917 in terms of its initial motivations, and has been mainly triggered not by religious, but by socioeconomic circumstances peculiar to modern politics. The seizure of power by religious groups after the revolution is not directly related to its causal dynamics, but rather to post-revolutionary political and social developments. In this context, as the 40<sup>th</sup> anniversary of the Iranian revolution approaches, this article reassesses the causes of this last popular revolution of the 20<sup>th</sup> century in an effort to underline its common points with other popular transformative movements.

The first step in analyzing the causes of the Iranian revolution requires the understanding of the critical relevance of 1973 oil crisis in terms of the revolutionary dynamics in Iran. In fact, the 1973 oil crisis triggered by the Arab embargo against Western oil-importing states supporting Israel in the Arab-Israeli War of 1973 was not the first oil crisis in the post-Second World War international system. Between the years 1950 and 1970, when Arab nationalism was at its zenith, Arab states tried to use their “oil power” as a political weapon in, at least, two other occasions: The closing of the Suez Canal and the Iraq Petroleum Company pipeline from the Iraqi oilfields to Mediterranean in 1956, and the closing of the Suez Canal in 1967 for the second time. Although these two crises caused increases in oil prices, they were “small-scale” crises as the increased production in other oil-exporting countries prevented a supply shock, and as the structure of the oil trade functioned in the framework of a “buyer-market,” that is, a market in which oil companies held the bargaining power to a great extent in their transactions with the producing countries (Maull, 1980, p. 4).

What made the 1973 crisis different from its predecessors was the transformation in the structure of oil trade and market throughout the 1950's and 1960's. As a result of the economic boom in the industrialized countries, the dependency of the OECD states on Arab oil had grown to the extent that by 1973 even a 15% reduction in Arab supplies could not be replaced (Krapels, 1980, p.8). The nationalist current in the Middle East inspired Arab states to effectively use this leverage for their political and economic interests in their relations with the Western states (Maull, 1980, p. 4-5). Therefore, the gradual transfer of the bargaining power in oil market to the producers was completed, and the use of “oil weapon” in 1973 in the form of embargo during Arab-Israeli War had created a massive supply shock in the world. The Organization of the Petroleum Exporting Countries (OPEC), the sole organization with a price-determining power in oil trade, had interpreted this supply shock into a sharp price increase that led the price of oil to go up from \$2.90/barrel in September 1973 to \$11.65/barrel in December 1973 (Yergin, 1992, p. 608 and 791).



Iran under Shah Muhammad Reza Pahlavi obtained two benefits as a result of these developments. Firstly, its oil-export revenues reached a level of \$21 billion in 1974 with nearly 300 percent increase from its 1973 level provided by the new price of oil (Amuzegar, 1999, p. 246). Secondly, its role as “the regional policeman” in the Nixon Doctrine (that sought to establish close relations with the local powers friendly to the United States) was strengthened. Iran had avoided to act with the Arab states in their embargo against the United States and other Western powers, and had remained loyal to its alliance. Therefore, in a region hostile to the United States and its support for Israel, developing cooperation with Iran, and assisting its regional leadership seemed plausible for the American administration as it would serve American interests in the Middle East.

Iran’s financial strength accumulated through exports of oil between 1974 and 1977, the presence of a well-equipped army and a strong secret intelligence agency (SAVAK) combined with the support of the world’s dominant power had created the “Supersah Syndrome,” according to Mahson Milani, who pointed out to the general assumption about Shah’s “invincibility” (1994, p.1). Under these circumstances, President Carter’s description of Iran in his 1978 visit to Teheran (months before the beginning of mass riots and demonstrations that led to Shah’s deposition) as “the island of stability,” in the “stormy waters of regional politics” did not contradict with the belief of many scholars and experts on this country.

But in 1978, the tides changed in Iran as in most oil-rich countries, and in January 1979, the “Supersah,” who, in the words of Daniel Yergin, brought back a decade ago, the ancient Persian Empire of Persepolis (and its emperor Cyrus the Great) to life in a \$100 million celebration for the 2,500<sup>th</sup> anniversary of its foundation, had to abandon his throne to seek asylum in the West without success (Yergin, 1999, p. 563). His “empire” was disintegrated and his regime was collapsed in a matter of months.

This essay concerns two questions about the 1979 Iranian revolution: What were the dynamics that led to this revolution in Iran? What was oil’s impact on the emergence and development of these dynamics? In this context, it will solely focus on the causes of the revolution without discussing its consequences.

## 1. Conceptual Framework

In terms of the questions that this study addresses, the Iranian revolution offers a case study in two important issues in political science. The first issue is related to the phenomenon of revolution itself while the second one concerns the impact of revenues from oil exports on a country’s political structure. I shall begin by examining the dynamics that trigger a revolution. In this context, I shall focus on the arguments of two Persian scholars, namely Mahson Milani and Mansoor Moaddel, about this issue in order to



set up the general framework in which the Iranian revolution is discussed. For the impact of revenues from oil exports on a country's political structure, on the other hand, Giacomo Luciani's argument concerning oil revenues and "allocation state," and Terry Lynn Karl's thesis about the "boom/bust cycles" in oil trade will be considered. The main objective of this part will concern the construction of a synthesis of these arguments for studying the Iranian revolution.

### 1.1. Ideological Dimension of the Revolution: Emergence of a Revolutionary Discourse and Class Consciousness

Defining revolution as a "rapid, fundamental change in the social structures as well as in the state's personnel, institutions, and foundations of its legitimacy, accomplished from outside the legal channels and accompanied in part by a movement from below," Mahson Milani refers to the general framework shaped by Samuel Huntington for understanding and explaining the factors that create political instability and constitute the basis of a revolutionary movement. Huntington argues that "societies in which socioeconomic development outpaces the institution building of an incumbent regime are most prone to experience political instability" (Huntington, 1966a, p. 763-788). Milani, on the other hand, elaborating on this statement known as "the gap theory," indicates that this gap provides the basis for political instability, but in order to draw upon this basis and transform it into a revolutionary movement particularly in Third World countries, some other factors should be present (1994, p.15). One such factor, according to him, is the point explained in James Davis' "J-Curve Hypothesis" concerning the theory of revolutions, which posits that "revolutions are likely to occur when a period of economic development, which increases expectations, is followed by a period of sharp reversal, which widens the gap between expectation and gratification" (Davies, 1962, p. 6). However, the existence of a gap between the rate of socioeconomic development and the level of institutionalization, and between expectations and realization are not sufficient to materialize a rapid regime change. It also requires; 1) a weakening in the level of support that the dependent Third World state obtains from its powerful foreign ally(ies); 2) a revolutionary ideology to strengthen in the masses the belief that "a fundamental change is desirable and possible;" 3) a high level of organizational capacity among the people who would make the revolution so that they could overcome the modern state's instruments of repression against their opposition; and 4) a multi-class coalition in the society that could carry out an efficient movement (Milani, 1994, p. 15-17).

Although Mansoor Moaddel agrees with Milani on the vitality of an ideological discourse for the efficiency of an opposition movement, he approaches to the dynamics of revolution in the Third World countries from a Marxist approach and emphasizes its "class struggle" dimension.



Referring to Parsa's analysis in *Social Origins of the Iranian Revolution*, he argues that revolutions develop in the Third World as a struggle between the classes that were favored by the state through its intervention in capital allocation and accumulation, and a coalition of classes that were disadvantaged by these policies. However, he also underlines the importance of the experience with direct foreign occupation or intervention, and of the dependency on a foreign power in the emergence of reactionary movements in these countries against ruling classes which usually base their legitimacy on the support of these foreign powers. He concludes that these dynamics (class struggle and reaction to foreign influence) are organized into a violent opposition through a revolutionary ideology acceptable and attractive for a significant segment of "discontented groups" (Moaddel, 1993, p. 1-25).

## 1.2. Economic Dynamics of the Revolution: The Impact of Oil Revenues on the Political Structure

Since 1980's, considering economic and political instability in many oil-exporting countries contrary to the expectations of the previous decade, economists and political scientists examine the reasons why the oil-exporters could not effectively use the boom in their revenues caused by the oil crisis and the subsequent sharp price increase in 1973. Economists argue that the process known as "the Dutch Disease" is the main reason of this poor performance. The Dutch Disease refers to the distress that "new discoveries or favorable price increase in one sector of the economy" cause in other sectors. While the Dutch disease "provokes a rapid, even distorted, growth of services, transportation and other non-tradables," it discourages industrialization and agriculture, and creates economic and political instability. However, the explanation brought by the political scientists differs from the economists' argument. According to their explanation, the economic problems that follow a resource boom do not develop mainly as a result of the variation in the growth rate of different sectors caused by the increase in the revenues of one sector. They believe that there are other factors involved. One school of political science, for instance, argues that oil, as a source of revenue, has a tendency to cause economic and political backwardness as it creates a structure based upon domestic allocation of export revenues, shaping and limiting the policy alternatives of decision makers. However, other scholars indicate that although this argument might be valid for some cases, it does not explain the impact of the 1973 boom on the political structure and institutions of the oil-exporters which have relatively developed political processes and diversified economies. While Giacomo Luciani's rentier state thesis represents the former argument, Terry Lynn Karl's study about the political implications of boom/bust cycles sets an example for the latter.



Giacomo Luciani, in his article "Allocation vs. Production States," argues that "the nature of the sources of income of the state influences the basic rule of political life in each individual country" (1990, p. 66-78). He explains this phenomenon basing his argument on several factors. According to Luciani, extracting revenues from oil for a relatively "weak state" (i.e. a state that does not have a strong geographic, demographic, political and economic ability "to exercise authority over the territories that fall under its sovereignty") requires 1) "the creation of an integrated network of hydraulic installations" which can only be established effectively by a state organization (due to the poor economic and political structure that prevents the development of a strong private sector), 2) high level of coordination among different oil-rich regions which improves the territorial integrity of weak states, 3) a relatively small specialized labor force as a result of which "the vast majority of the population is not involved at all in oil operations," and 4) exporting a high percentage of oil production in order to maximize revenues as "oil has value only to the extent that it is exported." "Thus," he concludes, "the specific characteristics of oil production and trade may well be said to have an impact on the stability and configuration of state formations." These characteristics, according to Luciani, shape a weak state's political structure, and transform it into "allocation state," or, using Hossein Mahdavi's terminology, "rentier state." Luciani puts forward the common characteristics of rentier states as follows: 1) They derive more than 40 percent of their revenues from exogenous sources (they are "exoteric states," basing their revenues mostly on rents from foreign sources) 2) all revenues accrue directly to the state, 3) these exogenous revenues "free the states from the need of raising money domestically," as a result, taxation is minimum in these states, and 4) allocative function of the state is "the only relationship that they need to have with their economy." Under these circumstances, Luciani believes that democratic norms and institutions to influence the decision-making, national myths to establish a social constituency which would participate in allocation process, and industrial development to diversify source of revenues do not exist in rentier states.

Terry Lynn Karl, on the other hand, considers oil-exporting states in two different categories: "capital-surplus" countries that possess high level of reserves, low population, high reserve per capita, high GDP per capita, and a high depletion horizon; and "capital-deficient" countries that have opposite values in these parameters (Karl, 1997, p. 16-18). Although the economic activities of the countries in both categories are centered around oil-export (she uses, like Luciani, the World Bank criteria that refers to a country as "oil-exporter" if it generates at least 10 percent of its GDP, and 40 percent of its total merchandise exports from oil exports), Karl argues that following the significant expansion in oil export revenues in 1973, the use of these revenues differed in capital-surplus and capital-deficient countries for several reasons. Capital-surplus countries demonstrated a rentier



(allocation)-state type spending pattern as their demographic, geographic, economic and political indicators correspond to Luciani's description of weak states and as they have relatively high reserves. However, different needs of the capital-deficient countries stemming from the presence of a larger population, larger skilled labor force, a more diversified economy, and less time for the exploitation of available oil resources compared to capital-surplus countries caused them to pursue an alternative spending pattern. As a result of these factors, Karl indicates, capital-deficient countries used the increased oil-export revenues after the boom for further diversifying their economy in a relatively narrow time-frame. They accelerated their industrialization and modernization process, and they gradually became, at the end, net-importers of capital. She reaches the following general conclusion about the impact of booms on the political structure of an oil-exporter capital-deficient country:

Oil booms seem to promise the opportunity for real choice and for the alteration of a development trajectory. But when they occur in countries with a legacy of oil-led development, especially a decision-making apparatus dependent on petrodollars, choice is in fact quite narrow. Regardless of the other alternatives available, booms generate powerful and even overwhelming incentives to sustain existing trajectories but on a grander, more accelerated, and ultimately unmanageable scale. Thus they are catalysts for future trouble (Karl, 1997, p. 16).

In other words, Karl argues that while a significant expansion in oil revenues strengthens expectations among disadvantaged groups for a change in the economic and political development path, the institutions established according to the previous objectives of the state as well as groups who are favored by the regime and its institutions resist change. This situation creates social tension and political instability (Karl, 1997, p. 8-12).

### 1.3. Synthesis of the Dynamics

In the light of the theoretical and conceptual discussions on the dynamics of revolutions and the impact of oil revenues on the political structure of an oil-exporter country, it is possible to combine the above mentioned arguments in order to develop the main thesis of this study about the Iranian revolution which is as follows:

The 1979 Iranian Revolution developed as a result of a persistent class struggle between a small fraction of society favored by the ancien regime and a coalition of masses disadvantaged by its policies. This struggle had its origins in the reign of Qajar dynasty that marked the beginning of: 1) a gradual estrangement of the regime and its institutions from the society, and 2) close interest relations (e.g. concessions) between the upper classes and the foreigners who were blamed for the problems of the country.



The gap between the state and society widened as a result of the modernization reforms of the 1930's. Reza Pehlavi's reform program aimed to establish a modern and secular state based on the principle of nationalism requiring national allegiance of the society to the state. In other words, the reforms equated nationalism with secularism and modernity. However, nationalism had a religious/sectarian dimension in the mind of the Iranian society since the Saffavid rule (1501-1745). Therefore, while the modernization program of the 1930's brought a growing sense of nationalism in Iran, it contributed to the widening of the gap between the state and society as they differed in their perceptions on nationalism. Although the nationalization policies of Mohammad Mosaddaq who became the prime minister in Iran in 1951 brought a brief period of narrowing in this gap, the overthrow of the Mosaddaq government with a coup plot organized by the American and British intelligence agencies in favor of the Shah regime further deepened the hostility of the ruled towards the ruling elites.

The significant expansion in the oil-export revenues after the 1973 oil crisis was perceived as a remedy for this problem. Disadvantaged masses had expected the Shah regime to reflect the increase in state's financial capability to programs that would contribute to the social and economic development of the country while the "capital-deficient" state, under the influence of its institutions based upon the objectives of 1920's, continued investing on military and heavy-industry projects which increased the social tension. The beginning of the bust period with 1978 diminished the state's economic power and the belief in Shah's invincibility. These developments strengthened the opposition movement as the society perceived these developments as relative decline in the support of the foreign power to the monarchy.

The coalition of classes consisting of *bazaaris*, *ulemas*, nationalists and leftists were mobilized and organized with a revolutionary ideology that combined nationalist, socialist, liberal and religious discourse, and by the end of 1978, the state's instruments of repression (the army and SAVAK) were rendered ineffective against the highly organized opposition. As a result of mass violent riots and demonstrations, the Shah's regime was overthrown in February 1979, and was replaced by a provisional government that reflected the coalition of groups which made the revolution. Therefore, it is possible to argue that although "the roots of revolution" were born in the past, the disagreement between the monarchy (and its supporters) and the society on the use of oil revenues and the beginning of the bust period were the catalyst



that transformed a strong but manageable opposition into a large-scale revolutionary movement.<sup>1</sup>

## 2. The Pre-Revolutionary Process in Iran: How Was the Iranian Revolution “Made?”

### 2.1. Emergence of Class Struggle and Reaction to Foreign Intervention: The Qajar Period

Popular struggle against the ruling classes and reaction to economic and political influence of foreigners on Iran preceded the reign of the Pahlavis. After the end of the Saffavid rule and the beginning of Qajar era in 1745, the process of estrangement and polarity between the society and the rulers began (Keddie, 1981a, p. 40-70).

The Saffavid dynasty, that established Twelver Shi’ism as the state religion in Iran in 1501 with their rise in power, had created a national identity that equated “Iranism and Shi’ism.” As a result, the Saffavids had enjoyed a widely recognized base of legitimacy achieved through their control over the religion and religious leaders. However, their successors, the Qajar dynasty which seized power in 1745, did not have a strong base of legitimacy rooted in religion. Additionally, when they assumed power, the *ulema* had reached economic self-sufficiency with non-governmental contributions in the form of religious taxes and *waqf* (endowment) donations which had provided them a high level of independence from the ruling class. This economic leverage and independence gave the *ulemas* the opportunity to exert their political influence through the institution of *ijtihad* delivered by *mujtehid*s. In Shi’ite practice of Islam, “each believer must choose a living *mujtehid* as a ‘source of imitation’ ” for the interpretation of the faith. As a result of the independence of the religious leaders from the monarch, these *mujtehid*s could become more critical of the governmental policies, and their assessments were widely accepted due to the belief that they had the knowledge and authority to weigh these policies in the light of religious teachings in the Quran and the *hadith*. The *ulema* also had strong relations with the other influential classes of the society, and particularly with the *bazaaris*. These close social ties paved the way for the emergence of the *ulema* as an important part of the popular movements against governmental policies.

The strengthening social basis for potential opposition caused the Qajars to seek assistance and support from foreign powers such as Britain and Russia whose interest in Iran had increased with the growing trade opportunities in the region. But the terms of trade between Iran and the foreign powers were

<sup>1</sup> I borrowed the term “roots of revolution” from the title of Nikkie Keddie’s book, *Roots of Revolution: An Interpretive History of Modern Iran*.



against the interests of *bazaaris* and small-scale manufacturers, as the foreigners exported manufactured goods with competitive prices while Iran's exports were mainly centered around raw materials and agricultural products. In addition to ruling class, the only segment of the society that benefited from increasing trade relations with the foreign powers were a small part of the merchants as well as landlords, and officials with an ability to expand "their control of raw materials or crafts that were newly profitable." Most Iranians, on the other hand, were suffering from the implications of the growing trade deficit and competition, and sharp declines in currency which increased the social unrest while preventing the country from constituting an efficient industrial base. The social unrest that imposed by the 1850's a potential threat to the Qajar rule, and that was strengthened by the modernizing effect of increased relations with the West, caused the monarch to expand its relations with the foreign powers, and this expansion resulted in concession arrangements to Britain and Russia. As a result of these developments, the political and economic structure in Iran gradually became dependent on foreign powers. Nikki Keddie's words explain this phenomenon:

Iran's dependence on Western economic forces; its political and military weakness; its government search for Western advice and approval; and Russian and British protection for the Qajars against revolts made Iran a country with very limited independence. Iranian internal politics in the Qajar period are frequently shadow politics, with real politics often occurring not only, as in many other countries, behind the scenes, but even beyond the seas (Keddie, 1981a, p. 39).

Reactions of the masses to the foreign intervention invoked by the ruling class strengthened the class coalition against the monarchy and resulted in mass protest movements led by influential classes of the society namely *ulemas*, *bazaaris* as well as secular intellectuals from different parts of the political spectrum. The first such movement that targeted the tobacco concession provided by the government to a British subject was successful in forcing Naser ad-Din Shah to cancel the concession, and the second one that began in December 1905 and ended in October 1906 paved the way for the opening of the first *mejlis* and the drafting of the first constitution (the Constitutional Revolution). The constitution was never put into effect, and the first revolutionary attempt failed. The political awakening motivated by the Constitutional Revolution ended with Muhammad Ali Shah's bombardment of the *mejlis* and restoration of autocracy in 1908. As a result, political organizations were banned, and the two political parties represented in the *mejlis* (the Moderates and the Democrats) gradually declined. Although the second *mejlis* that was established in 1909 after Muhammad Ali Shah left the country attempted to introduce several reforms particularly in finance through foreign advisors from France and the United States, these reforms did not yield the expected results. As a



consequence, Iran remained in the period between 1906 and 1921 a victim of foreign intervention (especially of Britain's) and of social unrest which were strengthened with the discovery of oil in 1908, the dissolution of the second *mejlis* in 1911, and the beginning of the First World War in 1914. Said Amir Arjomand summarizing this period writes that

The Constitutional Revolution of 1906 did not succeed in setting up a strong modern state. On the contrary, ..., it was followed by the restoration of the autocracy and civil war, and finally, Russian occupation of northern Iran in 1911... [T]he Constitutionalists of the first decade of the twentieth century did not inherit a centralized state. This fact goes a long way toward explaining the fifteen years of anarchy and disintegration that followed the Constitutional Revolution (1988, p. 59).

Despite these failures, however, the multi-class movement behind the revolution of 1906 initiated the development of a political consciousness in Iran. In brief, the Qajar period marked the beginning of class struggle and active opposition to foreign intervention.

## 2.2. New Regime, its New Institutions, and Growing Nationalism: The Pahlavi Dynasty and Mosaddaq Era

Reza Pahlavi, commander of the Cossack Brigade (founded in 1890, it was the best organized armed forces under Qajars), assumed power in 1921 following a brief service in the government as the Minister of War. In 1923, he persuaded the last Qajar Shah, Ahmed, to leave the country. After a two-year "flirt" with the *ulema*, the army and Britain, he established his own regime in Iran in 1925 which marked the beginning of the Pahlavi Dynasty.

Reforms for social and economic development had started in Iran under the rule of Reza Shah Pahlavi (Arjomand, 1988, p. 59-68). He strengthened his rule in Iran in the early 1930's with the support of the urban classes and by appointing figures with personal loyalty to his administration to the central posts. This rather patrimonial approach consolidated his autocratic style.

His reform program drawn upon Atatürk's reforms in Turkey targeted the establishment of a centralized state based upon secular nationalism. This nationalist ideology became the basis of the modern state which is a "totally independent, territorially and linguistically homogeneous, secular – and probably republican/parliamentary" entity (Hobsbawm, 1996, p. 89). In order to maintain the geographic unity (territorial homogeneity) of Iran, he began with the modernization of the army, and he initiated military measures that aimed to subdue the tribes which became effective in politics after the fall of the Saffavids in 1745. The reforms for secularization, on the other hand, mainly targeted the gradual decline in the political influence and power of the *ulema* through reforms in the judiciary field (in the form of the adaptation of Western civil and penal codes) and in the education, and they were supported with the symbolic reforms such as the banning of veil



for women in 1936 (Keddie, 1981a, p. 108). He also symbolically returned the country to its pre-Islamic roots by replacing Arabic lunar calendar and name of months with the Persian solar calendar and names of months in order to generate a new identity based upon secular-national consciousness. The economic development that aimed to establish a capitalist structure within the national borders was accelerated with the improvements in transportation (railroad) and with the encouragement and financing of the local investors by the government (Keddie, 1981a, p. 100). These economic reforms were supported by the fiscal policies based upon state monopolies, import duties and increases in taxes. The labor movements were also banned in order to prevent them from stalling the capitalist evolution. He created a relatively large bureaucracy for the effective implementation of these reforms which paved the way for the emergence of a new elite in political hierarchy.

However, this modernization project did not yield desired results for several reasons. Firstly, the *mejlis* lost its political influence and impact becoming a "rubber stamp for the Shah's measures through the deputies he handpicked" (Arjomand, 1988, p. 64). This status of the *mejlis* prevented the development of a republican/parliamentary tradition which is an important component of the modern state. Secondly, the foreign interference in the form of USSR influence in the North, and British influence in the oil-rich south prevented the Shah to reach his objective of modern state that requires total independence. He attempted to achieve this purpose by abolishing the capitulation in 1928. But the importance of Persian oil for British interests, and Reza Shah's efforts to modernize the country which required Western technology as well as the "meager" royalties from Anglo-Persian Oil Company (APOC) rendered these attempts unsuccessful (Milani, 1994, p. 33). Thirdly, his policy of industrialization widened the gap "between the growing...middle and upper classes, and the vast majority of the poor" (Keddie, 1981a, p. 111). Milani writes that,

Reza Shah's impressive achievements suffered from a number of weaknesses. Most historians would agree with Arthur Millspaugh's assessment that the heaviest burden of the expensive development projects was borne by the poor classes. The construction of the Trans-Iranian Railroad, for example, was financed entirely from the imposition of rapacious tax rates on such items as tea and sugar. The poor financed these projects, but the merchants, monopolists, contractors and some politicians with connection to the court, as Millspaugh pointed out, were its main beneficiaries (1994, p. 34).

While the industrialization process also rendered the traditional bazaar class to gradually lose its commercial strength, the results of the land reforms strengthened the landowners as they enlarged the land under their control whereas the peasants had to carry the burden of the heavy taxes imposed on the lands which were reflected on their rent payments (Keddie, 1981a, p. 105). Finally, the secular policies initiated by the Shah aroused an opposition



among the *ulema* to the Shah's regime. In brief, the reform process introduced by the Shah had created poverty and dissatisfaction for the majority of the population which led to the formation of an anti-regime alliance among the most dynamic classes of the Iranian society (namely *ulema*, *bazaar* and seculars), and to an unrest among the peasant class alienated from the political system while adding a relatively new component to the Iranian political process, namely the nationalists.

After Reza Shah was forced to abdicate in 1941 due to his pro-Nazi tendencies, he was replaced by his son, Muhammad Reza Shah Pahlavi. As Muhammad Reza Pahlavi, a Swiss educated young man, did not have a strong and charismatic leadership as his father did in resisting social demands for political participation, the period of parliamentary democracy with leftist, Islamic, and nationalist parties began. Following the end of the Second World War and the beginning of the Cold-War period, the interest of the United States in Iran grew (due to its large oil resources). The new inexperienced Shah, due to his concern about the threat imposed by Stalin on Iranian territory, used this growing interest to approach to the United States, while the Soviets attempted to sustain their influence in Iranian politics by supporting the newly established socialist Tudeh Party.

However, neither the leftist and Islamic parties, nor the Shah supported by the United States were successful in consolidating their power. It was the National Front led by Dr. Mohammad Mosaddaq and its call for the nationalization of the APOC that mobilized political support of the society as a result of growing nationalism in the country. Although the National Front represented a small minority in the new *mejlis*, his relatively radical discourse against foreign intervention drew the support of the representatives from other parties which carried him to the post of prime ministry in 1951 (Milani, 1994, p. 37-40).

After Mosaddaq assumed power, he nationalized the oil industry, and APOC's name was changed to National Iranian Oil Company. Milani writes the following about the impact of Mosaddaq's twenty-eight-month term as the prime minister on Iran's relations with foreign powers:

[T]he Shah was forced to reign and not to rule as the 1906 Constitution had stipulated, and democracy flourished. Mosaddaq was the first Middle Eastern leader to defiantly nationalize a major Western-controlled industry. This is why he was never supported by the major Western powers. In the beginning of his rule, he counted on support from the United States: The Truman administration, probably influenced by the U.S. oil companies that were anxious to find their way into Iran, lent moral support to the nationalists. Consequently, Averill Harriman went to Iran in July 1951 to work out a compromise between England and Iran. U.S. intervention bore no fruit, as Mosaddaq demanded nothing short of complete control over the oil industry, and the British refused to accept this plan (1994, p. 39).



Mosaddaq's search for American support led the Soviet-sponsored Tudeh to criticize his policies labeling him as the "representative of regressive national bourgeoisie" serving the interests of American imperialism. While Mosaddaq's unwillingness to take action against Tudeh gave the opportunity for the Tudeh leadership to prevent any improvement about the nationalization of Iranian oil, the growing effectiveness of the Tudeh in national politics and Mosaddaq's alleged "non-Islamic policies" resulted in National Front's loss of support of the *ulemas* and *bazaaris* who were worried about the prospect of a communist takeover. This loss of constituency combined with the foreign powers' efforts to restore their control over the Iranian oil resources threatened Mosaddaq's power, and with a joint covert operation organized by the MI-6 and the CIA, a coup was initiated in August 1953. This coup marked the end of Mosaddaq's nationalist government and the restoration of the rule of the Shah who was convinced not to allow any political figure to rise in power in the future. However, although Mosaddaq's government eventually failed to reach its objectives, it reawakened political consciousness strengthened with nationalism while its end increased the hostility of a large segment of the society towards foreign intervention.

### 2.3. Completion of the Chain: The Oil Boom of 1973 and Allocation of Petrodollars

The 1953 coup against Mosaddaq had ended popular admiration in Iran for the United States as an anti-colonial power and had directed the American administration to provide support for the Shah as the only alternative in order to secure their access to cheap oil and to prevent a communist expansion in the Middle East. Muhammad Reza Shah who consolidated his power after Mosaddaq's fall, on the other hand, set the clock back to his father's era in order to pursue the objective of establishing a modern state. However, the fundamental difference between his and his father's rule and their modernization perspectives was the role of the foreign powers in Iran. While Reza Shah tried to minimize foreign influence on Iran under the circumstances of interwar years, his successor became mainly dependent on the West, especially the United States. As a result, he became an agent of American interests in the eyes of the Iranian society.

Mohammad Reza Shah focused on a reform program to alter this image and to modernize the country (state's main objective since Reza Shah), and initiated the so-called White Revolution in 1963 with the encouragement of the Kennedy administration. The White Revolution consisted of the following six-points: (1) the land reform, (2) sale of some state-owned factories to finance the land reform, (3) the enfranchisement of women, (4) nationalization of forests and pastures, (5) formation of literacy corps, and (6) institution of profit-sharing schemes for workers in industry (Arjomand, 1988, p. 72). The land reform was the most effective point of this



program. However, while the land reform created hostility against the monarch among the large landowners, the masses who took advantage of this reform perceived it as a success of not the Shah, but the prime minister Ali Amini and his minister of agriculture Hassan Arsanjani. The ruling elite, on the other hand, contrary to their expectations, became subject to severe critics from influential classes, and particularly from the *ulema* under the leadership of Ayatollah Khomeini who opposed the reforms as they granted suffrage to women and capitulatory rights to American advisers and military personnel as well as their dependents. In the light of his experiences during Mosaddaq's era, the Shah decided to pursue his father's methods against opposition. Arjomand notes that,

As was the case with his father, Mohammad Reza Shah's reform and modernization programs of the 1960's and 1970's went hand in hand with the strengthening of his personal rule and establishment of neo-patrimonial dictatorship. The mejlis once more became the rubber stamp for royal dictates. The secret police, the SAVAK ... became increasingly omnipresent and increasingly hated. The army was expanded to an efficient force of 400,000 men equipped with the technologically advanced US weapons (1988, p. 74).

The celebration of the 2.500<sup>th</sup> anniversary of the Cyrus the Great's Persian Empire of Persepolis was an example emphasizing the gradual estrangement between the Shah and the society: His reference to the pre-Islam Iran caused a reaction among the religious segment; the expenses which totaled around \$100 million for this party while the income per capita was around \$500 was perceived as an insult to the poor; his inviting of the leaders of the Western world (while the political figures of Iran were not invited) was labeled as a treason to the nationalist cause (Miller, 1996, p. 431-432).

However, the sharp increase in oil prices in 1973 strengthened the optimist expectations of the Shah for the future of his regime, and for the success of his rapid modernization program. The 300 percent increase in the oil export revenues in 1974 directed the Shah to insist on an increase of nearly \$100 billion (from \$49 billion to \$145 billion) in the Five-Year Development Plan pertaining to 1973-1978 despite the warnings of some planners about the limitations of Iran's "absorptive capacity and the pernicious consequences of a sudden economic expansion" (Milani, 1994, p. 95). The Shah, however, believed that he had to take advantage of this boom in a short time period as it was estimated that Iran only had 27 years of reserves (Karl, 1997, p. 18).

While the inflow of petro-dollars continued, the Shah's allocation policies did not seem wise. While he spared only an insignificant part of the increasing oil revenues to private-sector investments in the form of low-interest loans, the larger share went into state-controlled infrastructural and heavy industry projects, and military modernization. The expansion of the private sector loans and increased production yielded to an unexpected side-



effect by also increasing the demand for products. The meeting of this growth in demand by imports strengthened Iran's dependency in Western financial institutions. The military modernization program, on the other hand, increased military expenditures from \$77 Million in 1979 to \$7.8 billion in 1978, and deepened Iran's dependency to the United States as its main supplier. This high spending, combined with the increase in imports both deteriorated the country's balance of payments and created inflation while strengthening the regime's dependency on the West. The optimistic expectations set into motion by the boom period had caused Iran to bite more than it could chew (Milani, 1994, p. 96-97).

The economic development in the early years of the boom also had important social consequences. It created job opportunities in the cities while it increased the poverty of the rural areas. Consequently, the urban population rapidly increased throughout this period and this strengthened the political power of the "urban landed class" as the rate of higher education among the new generation in cities was relatively strong (Arjomand, 1988, p. 74).

The Shah's close relations with the West, and his loyal alliance with the United States in particular, his interest in the use of ultra-modern technology in industrial investments (which affected the traditional merchant class negatively), the conspicuous consumption of the rising classes provoked by the influence of the ruling elite, the corruption between the members of the Shah's family and rising business circles in the distribution process of the oil wealth, and his secular policies diminished further the already weak popular support for the Shah. "Those without access to the center of power could not benefit from the many amenities offered by the state and became increasingly disenchanted with the regime" (Milani, 1994, p. 97).

Faced with a large opposition, he chose to be gradually autocratic and for protecting his rule he used the military, which, together with the other security forces, became the sixth most powerful military force in the world as a result of his investments: "he suppressed the political parties, silenced critics, and packed the Parliament with stooges" (Miller, 1996, p. 431-436).

The objective of the Iranian state throughout the Pahlavi dynasty was to establish a modern state. This objective required urbanization, industrialization secularization, education, democratization, and media participation (Huntington, 1968b, p. 32). The socioeconomic developments that the growth in oil export revenues provided, combined with the Shah's autocratic regime paved the way for achieving to a certain degree the first four phases. However, the institutional resistance to establish a democratic structure and media participation prevented a social cohesion as the majority of population was excluded from the political and economic development process. Therefore, although new social forces emerged with a national consciousness as a result of the socioeconomic developments, the



lack of new institutions to include these forces to the political process constituted the basis for a strong opposition movement which led to mass demonstrations in 1978 pioneered by the *ulema*, *bazaar*, nationalist and socialist segments of the society. Economic problems such as the 10 percent decline in the oil revenues the same year which pointed out to a bust period combined with the high inflation rates resulted in the transformation of this opposition into a revolutionary movement as they weakened optimistic expectations. The coalition of classes which was mobilized and organized with a revolutionary ideology embracing nationalist, socialist, liberal and religious discourse increased the effectiveness of the movement, and overthrew the Pahlavi regime in February 1979.

This narration about the Iranian revolution demonstrates the modern character of this popular movement in terms of its pre-revolution phases. As indicated by one of the most prominent scholars of Iranian studies, Nikkie Keddie, considering the conditions that brought about the revolution, the Iranian case fits well into the framework developed by Davies's J-curve hypothesis as his theory of revolution (1983b, p. 579-598). Keddie also points out to the fact that in the revolutions of the modern societies, the leading groups pursue a leftist agenda at the initial phase and assume a secular stand. That has also happened in Iran. Organizations like People's Mojahedin Organization (MEK) and Organization of People's Guerrillas (*Fada'ian-e Khalq*) that had Marxist/leftist tendencies played important roles in spreading the popular movement enlisting "large educated and student groups and newly politicized class of urban poor" through the use of leftist ideological discourse. Therefore, the motivations and the methods of the Iranian movement in the pre-revolution phase was modern. The significant difference of the Iranian case compared to Western revolutions was the transformation of a religious figure, Ayatollah Khomeini, into a revolutionary symbol even by the secularists as the *ulema* played a critical role in attracting masses to the movement through the web of mosques. But the general character of the movement in the pre-revolution phase gave a modern outlook. The events after the overthrow of the Shah's regime that led to the elimination of leftist and secular groups from the process turned this modern movement into a religious/sectarian revolution. In other words, as the leader of the MEK movement Massoud Rajawi once said, "Khomeini and his mullahs hijacked the revolution."

## Conclusion

The events in Iran's history since the nineteenth century justify the main argument of this article about the causes of the Iranian revolution. The "roots of revolution" (estrangement between the state and society, and the hostility of the influential classes against foreign intervention) that emerged



during the Qajar rule in the nineteenth century were relevant in every popular movement in Iran. The modernization project of the 1930's and the policies of the Mosaddaq era added a nationalist dimension to the reactionary sentiments. However, what turned these sparks into a full-fledged fire in the form of a revolution and a radical regime change in 1979 was the allocation of growing oil revenues and its impact on the institutions. The inability of the Shah to adapt the objective of the regime and its institutions to the socioeconomic developments that stemmed from the growth in oil revenues, and its insistence on a rapid economic modernization plan neglecting the social and political demands of the society devastated, at the end, his regime.

In this context, the pre-revolution phase of the Iranian movement in 1978-79 bore the features of modern revolutions in terms of its roots: 1) It had an ideological discourse that triggered class-consciousness; 2) It flourished on the basis of growing nationalism that was a product of the reforms and policies of the period between the late 1920's and early 1950's; and 3) it was triggered by the estrangement between the state and society stemming from the uneven allocation of oil revenues in the 1970's.



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