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# Modernization From Above: Social Mobilization, Political Institutionalization and Instability: A Case Study of Iran (1953-1979)

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Modernization From Above: Social Mobilization, Political Institutionalization and  
Instability: A Case Study of Iran (1953-1979)

by

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A thesis submitted in partial fulfillment  
of the requirements for the degree of  
Masters of Arts  
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## **DEDICATION**

This work is dedicated to my wife Julie, who urged me to enroll in graduate school and begin this journey. This work is also dedicated to my son Jodin, who is always a reminder that no matter what titles I have earned or will earn, none is more important than the title of father. This work is also dedicated to fellow paleo-conservatives fighting to return the United States to its founding principles. It is my hope that this work and the future works of others contribute to the better understanding of the importance of traditional elements within societies and leads to the reexamination of United States interventionist policies.

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## **ABSTRACT**

This case study is in an effort to demonstrate the disastrous effects of modernization via social mobilization and economic development when initiated from above and through foreign intrusion. Initially, this research will examine previous theoretical literature regarding the political phenomenon of modernization and social mobilization. My primary focus will center on the problems that occur when rapid modernization, based on an exogenous model, is forced onto a traditional society by elites and social mobilization outpaces political institutionalization. My case study will focus on the country of Iran, as the political and societal factors of interest seem to be highly illustrative of the period leading up to the revolution. A brief historical analysis will be conducted. I will then analyze Iran from 1953 to 1979 by looking at the policies of the shah and the Western influence of those policies, the evidence of social mobilization that may have taken place, any moves towards urbanization, possible affects on traditional groups, and the state of political institutionalization. This study's central argument is that rapid modernization through social mobilization while lacking political institutionalization results in instability and possibly revolution. This study is being conducted in an effort to demonstrate the validity of this proposed political phenomenon by analyzing Iran in the years leading-up to the revolution.

## **CHAPTER ONE: INTRODUCTION**

Since the end of World War II and the victory of the Allied Powers, westernization began to permeate many traditional societies. As a result of the spread of westernization, many traditional countries began to modernize. In general, Western societies began to have a greater impact on economic, political, and social development in many of these developing states. The West believed that if heavy influence was placed on developing countries it would result in them becoming more like “us.” During the Cold War, the United States attempted to gain and maintain as many allies as possible in an effort to move towards global free trade and U.S. hegemony. The West needed a paradigm to accomplish these goals and counter the Soviet Union’s Marxist framework. The West felt they could accomplish all of these things with the use of modernization theory. Modernization theory presupposes that all countries modernize in similar fashion.

At the time, it was the belief of many Western oriented theorists that traditional countries could develop in a similar fashion to that of Western countries.

“Theories of modernization assumed the evolution of capitalist development along a linear path toward modernization. The idea of modernization seems to have originated in the nineteenth-century belief that the Western world would civilize other backward areas by spreading Western values, capital, and technology. Underdeveloped areas would evolve into developed, modern nations along paths charted in the West” (Chilcote and Johnson 1983, 9).

If true, these countries would become more Westernized and likely allies of the West. During the Cold War era, the United States engendered developing countries to Western ideals rather than risking their fall to the threat of the Soviet Union's communist ideology.

“For modernization theory there were two forms of developmental pathology: degenerative backwardness, on the one hand, and cancerous communism, on the other. In contrast to both these, modernization theory defined healthy modernity as a fully realized New Deal America: a god-fearing but secular society in which race and gender were of little import; a privately run, full-employment economy of well-paid workers, all of whom owned a house and a car; a formal democratic system in which widespread agreement existed about societal goals, the details of which would be worked out by technically trained public service elites. Modernization theory was thus the foreign policy analogue to “social modernism” at home, namely the idea that a meliorist, rationalizing, benevolent, technocratic state was capable of solving all social and especially economic ills” (Gilman 2003b, 56).

Lenin's Soviet superpower, however, gave developing postcolonial countries an appealing alternative to the West that did not contain the histories of the subjugation that colonialism contained. During the Cold War, any realistic American policy toward developing areas of the world must “treat explicitly the problem of communism” (Pye 1957, 73). Many political theorists and policymakers in the U.S. believed that modernization would allow decolonizing, developing states to adopt Western values and stop the spread of communism. “By defining a singular path of progressive change, the concept of modernization simplified the complicated world-historical problems of decolonization and industrialization, helping to guide American economic aid and military intervention in postcolonial regions” (Gilman 2003a, 3). Western style development based on modernization theory became the West's ideological equivalent and alternative to communism.

“Modernization theorists and Leninists believed that the relevant unit of economic and political analysis was the individual nation-state. And both also believed that this process was “revolutionary,” irreversible, and most important, salutary. They also both believed that modernization was an inexorable process, but one which could be accelerated by the right kinds of leaders. Both believed a single modernity would eventually emerge as well. Even if they differed sharply in the political details of that vision, modernization theory and Leninism both believed that technology and industrial civilization had features that transcended their political contexts; assembly lines and factories were the world’s destiny, both sides agreed” (Gilman 2003b, 49-50).

As a result of this shared view, both the United States and the Soviet Union sought to gain as much control as possible regarding the world’s natural resources in an effort to continue to grow their respective industrialized nations. Oil was chief among these natural resources. In addition, both the U.S. and Soviet Union believed that gaining a geopolitical foothold in the region would result in an advantage over the other.

Due to the United States interest in oil and the strategic importance of the region, there was a particular importance in preventing Soviet control of the Eurasian land mass. In the case of Iran, during the Cold War the U.S. gave billions of dollars in aid and allowed an almost unlimited access to arms purchases. The shah’s access to this aid and military armament allowed for an unnatural economic and political development. This thesis will study modernization using Iran as a potential example of how Western oriented indigenous leaders coupled with foreign culture can often have a negative effect on traditional societies.

The case of Iran would not be an isolated one. Many developing agrarian societies have made an effort to control their development process without interference from state government or foreign intrusion. These types of issues involving

modernization are often found in the Middle East, Africa, Latin America, and in parts of Asia.

“One of the main reasons why postwar development has so often produced disappointing results in developing countries is that it has attempted, for the most part, to replicate the West, rather than promote processes of indigenous change within the Third World itself. Inevitably, efforts to replace the traditional values, relationships and institutions of Third World societies with alien Western ones have created rising tensions, uncertainties and feelings of anomie” (Brohman 1995, 129).

Conversely, modernization theorists generally viewed traditional society as an obstacle to economic growth through modernization. Modernization theorists also understood that modernizing, particularly at a rapid pace, would likely cause violence in changing traditional societies, yet it would be worth the cost. This conflict that many traditional societies face regarding modernization continues today.

The problem of modernization is further exacerbated when leaders offer no outlet for traditional groups being impacted to take part in the modernization process. It is equally problematic when the newly created modernized economic class is also barred from political participation. Therefore, if present, this thesis will also look at the effects of creating a modern, urban, and educated middle class without allowing for any sector of the citizenry to articulate political interests and views.

This study may prove important in understanding why political instability occurs and certain groups in a population ultimately decide to revolt. “One of the fundamental preconditions for revolution...is not so much the poverty of peasants (or workers), but economic change that threatens the relative security and traditional status of men and women living according to norms and habits that are rapidly becoming anachronistic” (Greene 1990, 164). In better understanding these economic changes that threaten the

cultural underpinnings of traditional societies, it remains to be seen whether the West can play a constructive role in their self-paced development. Ideally, a better understanding of the conditions that led to the Iranian Revolution in 1979 would in turn aid subsequent Western policy makers in an attempt to avoid another Islamic Republic or at a minimum gain a better understanding of the political phenomenon that caused it.

Modernization theory holds that attempts at rapid economic, social, and cultural changes of a state must be accompanied by political development. Regarding the process of modernization, Samuel Huntington states that in large part it involves the “multiplication and diversification of social forces in society” (Huntington 1968, 89). The impact on traditional groups, having for centuries changed at a slow and deliberate pace, suddenly faced with rapid modernization are tremendous. Daniel Lerner states the following regarding the modernization process on a society;

“We know that urbanization, industrialization, secularization, democratization, education, media participation do not occur in haphazard and unrelated fashion even though we often are obliged to study them singly. Our multiple correlations showed them to be so highly associated as to raise the question whether some are genuinely independent factors at all – suggesting that perhaps they went together so regularly because, in some historical sense, they *had* to go together” (Lerner 1958, 438).

It is no simple task for a traditional society to undergo this conglomerate of economic, social, and cultural changes without serious difficulties.

The ability of a society to cope with rapid modernization is further exacerbated when there is a lack of new institutions for political redress. Samuel Huntington states that, “rapid social change and the rapid mobilization of new groups into politics coupled with the slow development of political institutions are responsible for violence and instability” (Huntington 1968, 4). Political instability is derived from the failure to

address the issue of equality of political participation coupled with the much more rapidly growing art of modernizing societies to associate together (Huntington 1968, 5). In Iran, it is believed that a divide between the newly created urban economic classes and the old agrarian peasants and middle class merchants occurred as a result of rapid modernization through social mobilization.

The two key aspects of modernization are economic development and social mobilization. For purposes of this study, Karl Deutsch's definition of social mobilization will be adopted. Deutsch defines social mobilization as, "the process in which major clusters of old social, economic and psychological commitments are eroded or broken and people become available for new patterns of socialization and behavior" (Deutsch 1961, 494). Scholar Samuel Huntington states that social mobilization, among other factors, is the result of literacy, education, and urbanization (Huntington 1968, 33). Economic development involves the complete economic activity and output of a society (Huntington 1968, 33-34). Social mobilization comprises changes in the aspirations of individuals, groups, and societies; economic development comprises changes in their capabilities – modernization requires both (Huntington 1968, 34).

Social mobilization and economic development through modernization will be analyzed and measured through the use of primary sources, such as newspaper articles that document the policies of the government, Western influences, and the societal changes that were taking place in Iran.

The crux of this study's argument is that rapid modernization generated as a result of state enacted social mobilization and economic development coupled with the suppression of political participation will result in political instability.

The second chapter of this study will provide an examination of some of the most comprehensive theoretical literature that addresses development and more specifically, modernization theory. This study will utilize the arguments put forth by comparative political analysts such as Samuel Huntington, Edward Shils, David Apter, Nils Gilman, and Osvaldo Sunkel.

The third chapter of this study will give a brief historical review of Iran's traditional history and its initial brushes with modernization. The chapter will touch on four key historical phases, including the Reuter Concession (1872-1873), the Tobacco Revolt (1894), the Constitutional Revolution (1906-1911), and the modernization efforts made by Reza Shah (1926-1941) until his exile. This historical review is in an effort to add context and provide a contrast with the initial contact that Iran had with respect to modernization and the suspected period of accelerated modernization that potentially began in 1953. Modernization theorist Daniel Lerner, who wrote *The Passing of Traditional Society: Modernizing the Middle East* (1958), a scholarly work that involved nearly a decade of research, stated that a modernization process was barely visible in 1950 to 1951 Iran (Lerner 1958, 401). Yet, by 1954 Daniel Learner stated that Iran seemed to falter at rapid modernization (Learner 1958, viii). Therefore, it would seem that the period after the coup of 1953 would be the beginning point of rapid modernization in Iran. This chapter should provide a foundation that will aid in a more complete understanding regarding the extent to which the suspected, subsequent period of rapid modernization was somewhat foreign and certainly controversial to the traditional culture of Iran as well.

Chapter four will begin with Mohammed Reza Shah's reign following his father's exile. The chapter will analyze the 1953 British Military Intelligence Section 6 (MI6) and United States Central Intelligence Agency (CIA) led coup that ousted the charismatic nationalist Prime Minister Dr. Mohammad Mossadegh, due to his nationalization of Iranian oil. The coup replaced Mossadegh as the prime minister with General Fazlollah Zahedi and returned the fleeing shah to power. It is expected this study will show that the U.S. and Britain had growing concerns over the economic and political direction of the Mossadegh government. Specifically, due to Mossadegh's favoring of nationalization, it was feared that he would form an alliance with the Tudeh Party and as a result favor relations with the Soviet Union over the United States. Zahedi on the other hand was more pro-Western and supportive of Western style modernization. The successful coup in 1953 is a perfect starting point to this study as it marks the rise of Mohammed Reza Shah and the suspected beginning of Iranian dependence on the United States. This is also the potential beginning of U.S. supported Western oriented modernization efforts by the shah.

Chapter four will also analyze the effects of any increased rates of Western modernization in Iran, specifically regarding the shah's "White Revolution" reform. Also examined in this section will be the relationship and any potential influence the West, particularly the United States, had on Iran's possible rapid modernization. More precisely, it will examine Iranian revenues generated by the oil boom and any U.S. aid that Iran may have relied upon to fund any modernizing efforts. Modernization of the military and the state bureaucracy in particular will be analyzed.

This study will then look at possible urbanization, any negative effect on traditional groups such as the bazaar merchants, the ulama, peasants, and agrarian society in Iran, and any evidence of social mobilization that may have taken place. Evidence of a dual society that may have developed due to potential rapid modernization through social mobilization and any linkage to the economic policies of the shah over the previous two decades will be analyzed as well. Logically, this dual society could potentially have consisted of the landed upper class, traditional middle class, and peasants on one side and a newly created urban middle class on the other.

This chapter will also analyze the important role the level of political institutionalization and participation may have played. Samuel Huntington states that the level of institutionalization of any political system can be defined by its “adaptability, complexity, autonomy, and coherence” (Huntington 1968, 12). By identifying and examining these criteria, Iran’s level of institutionalization can be determined. Increased modernization generally results in higher education levels, which in turn lead to increased interest in political participation. Initial indications suggest the shah’s response to this interest was to suppress the opposition. In addition, the shah seemingly disallowed any change oriented institutions for interest articulation such as an effective parliamentary branch, the creation of unions, or to legalize the formation of political organizations. It is expected that the evidence will demonstrate a policy of suppression by the shah’s regime regarding the desires of greater political participation by many Iranians.

Chapter four will close by examining the political instability that ensued. It is expected that the evidence will demonstrate that the shah’s rapid modernizing policies, urbanization, social mobilization, and finally lack of political participation and

institutionalization led to this instability. One of the seemingly useful aspects of modernization theory is its understanding that without political participation violence may ensue. When the economy went into rapid decline in the mid-1970s the citizenry would have laid sole blame on the shah, as there was seemingly no one else to blame.

Chapter five will reflect upon the policies of the shah, the foreign policy decisions of the United States that may have potentially led to the revolution in Iran, lessons learned, and potential future policies. While this study will reveal some of the severe shortcomings of modernization theory, this study will not advocate for the tenets of dependency theory either. “While dependency theory has questioned old and static formulations, it has not provided concrete or consistent guidelines to transforming society” (Chilcote and Johnson 1983, 27). There is no unified grand theory of development that has risen from the theoretical debate between modernization and dependency theory. This is most likely due to the fact that “it has become increasingly evident that development may follow many diverse paths that lie beyond the experience of the advanced industrial countries” (Brohman 1995, 132).

This study will conclude by attempting to outline some of the lessons learned in an effort to avoid another Islamic Republic in the Middle East or an equally radical regime type. By looking at the lessons learned in Iran, it is expected that this study will show that policies of rapid modernization have ignored the intrinsic role of culture in the transition to modernity. This study will also utilize a portion of Osvaldo Sunkel’s economic development strategy that calls for independent efforts to achieve self-sustained development, *from within*.

## **CHAPTER TWO: THEORETICAL LITERATURE REVIEW**

The method used to analyze modernization theory and its effects is that of the case study method. Researcher Harry Eckstein equates case studies to that of clinical studies in medicine (Eckstein 1975, 81). Eckstein defines case studies as the study of individuals, both personal and collective (Eckstein 1975, 83). Eckstein argues that case studies have been applied to a physical person instead of properly applying it as a measure (Eckstein 1975, 132). For Eckstein, singular observations can be applied to all phases of theory building and particularly to case studies (Eckstein 1975, 132). This research concerning the rapid modernization of Iran will be in an effort to study rapid modernization as a collective measure to be applied to other developing countries facing similar obstacles. John Gerring, another researcher in the field of political science weighed in on case studies, defining them as the intensive study of a single unit with a goal of generalizing across a bigger set of units (Gerring 2004, 341). This is exactly what this research will attempt to do.

The process of modernization is intimately linked to the study of comparative politics as the “study of change involves the comparison of similarities and differences through time” and “comparative politics involves the analysis of similarities and differences through space” (Huntington 1971, 285). Modernization as an idea may have begun with “the growth of lending and fiscal devices, the need to support modern armies, the application of technologies in competitive market situations, and the influences of

trade and voyages on the scientific spirit – all of which are evidence that modernity in the West attacked religion and superstition, family, and church, mercantilism, and autocracy” (Apter 1987, 89). Modernization as a theory largely began in 1893 when French sociologist, Emile Durkheim, articulated the idea of social development through stages in *The Division of Labor in Society* (1893). Later, this idea was expounded upon by American political scholar W.W. Rostow in *The Economic Stages: A Non-Communist Manifesto* (1960). Rostow articulated five stages of economic growth; the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of mass-consumption (Rostow 1971, 4-11). Though their stages of development differ, both Durkheim and Rostow believed that all countries reach modernization in the same manner. This basic principle is the cornerstone of modernization theory.

Modernization theory is a conservative theoretical perspective in the field of comparative politics. As dependency theorist Ronald Chilcote states, “Modernization reflected the conservative intellectual tradition” (Chilcote and Johnson 1983, 10). Modernization theory’s basic principle that all nations modernize in similar fashion is certainly a West-centric approach, rooted in an Anglo-American ideal. United States foreign policy was based on this false premise during much of the Cold War period. This caused many unnecessary missteps along the way to the eventual winning of the Cold War. “Modernization theory represents the most explicit and systemic blueprint ever created by Americans for reshaping foreign societies” (Gilman 2003a, 5). Modernization theory was a disastrous American foreign policy paradigm while in use during the Cold War; one that caused the United States to replace former European colonial powers as a source of exploitation and intrusion.

As stated, modernization theory went into practice and was at the height of popularity during the Cold War era. During this era “the theory of modernization was embraced by political scientists, and comparative politics was looked at in the context of modernization” (Huntington 1971, 285). Consequently, the most prolific scholars of modernization theory derive from this period. The five theorists that will be utilized for the benefit of this case study are Samuel Huntington, Edward Shils, David Apter, Nils Gilman, and Osvaldo Sunkel.

Comparative political scientist Samuel Huntington, David Apter, and sociologist Edward Shils are three of the most influential scholars regarding the analysis of modernization theory. All three conducted much of their research and published much of their most celebrated works during the decades of the Cold War. Huntington, perhaps better than any scholar, has rigorously analyzed the political phenomenon of social mobilization and economic development. Shils, more so than any other scholar, has analyzed the elements of tradition and what exactly it encompasses. David Apter offers a more eclectic approach by selecting ingredients from both liberal modernization and radical dependency theory to overcome the limitations of each, thereby forming a superior framework for contemporary analysis. Nils Gilman is a more recent voice on modernization theory, having conducted much of his research during the post-Cold War era. The work of economist Osvaldo Sunkel will offer an economic way forward for developing countries through an autonomous capitalist solution.

Each theorist offers a unique perspective of modernization theory, which taken together offers a more complete understanding of the approach. This will in turn allow for the most exhaustive understanding of the political phenomenon that took place in Iran

during the years leading-up to the revolution and why United States and Iranian governmental over reliance on modernization theory so handily accounts for the events that occurred.

Modernization theory was chosen over other theories because initial research seems to indicate that this popular paradigm of the time more readily accounts for the changes in Iran in the decades leading-up to the revolution. Alternative theories such as Marxist theory cannot be taken seriously in accounting for the events preceding the revolution since the Communist Party in Iran, the Tudeh Party, had no effective organizational cohesiveness within the country during the years leading up to the revolution. In addition, they did not benefit or hold any power in the post-revolutionary Islamic Republic of Iran.

Systems theory also fails to account for the revolutionary events that transpired in Iran. This theory dictates that revolution occurs when existing social structures fail to conduct their essential functions. The problem with this theory in relation to Iran is that the existing social structure continued to perform as it always had, which it seems in many cases is to never have performed at all. More specifically, social structures that would allow for interest articulation through political participation seem to have never been offered to the modernizing society in Iran.

Lastly, the revolutionary theory of frustration-aggression holds that aggressive behavior results from feelings of frustration. Revolution can occur when levels of individual frustration morph into aggregate aggression against the state (Greene 1990, 192). As opposed to Marxist theory and systems theory, aggression-frustration theory did seem to play a role in the revolution in Iran. "This hypothesis is based on the supposition

that economic development increases people's expectation and its reversal generates deprivation and unfulfilled expectations, which can lead to collective violence" (Milani 1994, 16). This would have occurred after rapid modernization and economic development raised expectations greatly and was met with a sharp decline, which led to what James C. Davies calls his J-curve or gap hypothesis. Here is how the J-curve theory works;

"Revolutions are most likely to occur when a prolonged period of objective economic and social development is followed by a short period of sharp reversal. People then subjectively fear that ground gained with great effort will be quite lost; their mood becomes revolutionary" (Davies 1962, 5).

While James C. Davies J-curve and frustration-aggression theory seemingly demonstrate causality when analyzing the revolution in Iran, it would be subsequent to any potential rapid modernization and economic development that took place.

"Urbanization, literacy, education, mass media, all expose the traditional man to new forms of life, new standards of enjoyment, new possibilities of satisfaction. These experiences break the cognitive and attitudinal barriers of the traditional culture and promote new levels of aspirations and wants. The ability of a traditional society to satisfy these new aspirations, however, increases much more slowly than the aspirations themselves" (Huntington 1968, 53-54).

The paradigm of modernization theory, therefore, would potentially be the driving force that led to the revolution and hence will be the subject of this study. Only modernization theory truly offers a conceptual paradigm that coincides with the political phenomena that seemingly occurred prior to the revolution.

### **Samuel Huntington**

Scholar Samuel Huntington presents one of the most in depth and fascinating views of modernization theory offered to date. The following works by Huntington will

be utilized for this study; *Political Order in Changing Societies* (1968), *The Change to Change: Modernization, Development, and Politics* (1971), and *No Easy Choice: Political Participation in Developing Countries* (1976). Huntington offers modernization theory as a multifaceted process that involves changes in all areas of human thought and activity in a developing society.

“At the psychological level, modernization involves a fundamental shift in values, attitudes, and expectations. At the intellectual level, modernization involves the tremendous expansion of man’s knowledge about his environment and the diffusion of this knowledge throughout society through increased literacy, mass communication, and education. Demographically, modernization means changes in the patterns of life, a marked increase in health and life expectancy, increased occupational, vertical, and geographical mobility, and, in particular, the rapid growth of urban population as contrasted with rural. Socially, modernization tends to supplement the family and other primary groups having diffuse roles with consciously organized secondary associations having much more specific functions” (Huntington 1968, 32-33).

American foreign policy did not respect or fully understand the complexities and possible complications of pursuing a policy of modernization of developing countries. The prevailing assumption of American policy in the 1950s was that economic assistance promotes economic development, economic development promotes economic stability, and progress on economic development will led to progress on political stability (Huntington 1968, 6). This study, coupled with Huntington’s well-articulated analysis regarding modernization theory, will demonstrate how inaccurate and wrongheaded this policy was.

Ironically, the American policy from the late 1950s and 1960s was based largely on modernization theory as it was espoused at the time. It was “rooted in the fundamental contrast between “traditional” and “modern” societies, modernization theory posited the existence of a common and essential pattern of “development,” defined by

progress in technology, military, and bureaucratic institutions, and the political and social structure” (Gilman 2003a, 3). “By defining a singular path of progressive change, the concept of modernization simplified the complicated world-historical problems of decolonization and industrialization, helping to guide American economic aid and military intervention in postcolonial regions” (Gilman 2003a, 3). It is expected that the primary case study for this research will demonstrate this singular path to development by Iran and the United States intrusive role regarding this policy. This policy seems to have led to many foreign policy mistakes by the U.S. during the Kennedy and Johnson administrations.

Samuel Huntington fully understood the role that culture represented in the process of societal development. Unlike previous modernization theorists, Huntington rejected the attempts by Western society to change the postcolonial world and he rejected the idea that modernization was a progressive impetus. “Modernization thus tends to produce alienation and anomie, normlessness generated by the conflict of old values and new” (Huntington 1968, 3). This was the ideological basis on which many modernization theorists advocated for United States intervention during the 1950s and 1960s. From the 1950s through the 1960s, modernization theory dominated American social scientific thought regarding economic, political, and social change in the postcolonial world (Gilman 2003a, 3).

Huntington also makes the distinction between early modernizers such as the European and North American regions where modernization was spread out over several centuries and non-Western regions where issues of centralization of authority, national integration, social mobilization, economic development, political participation, and social

welfare have arisen simultaneously (Huntington 1968, 46). Therefore, it is not modernity that constitutes instability it is instead the path that leads to it. As Huntington argues, rapid social change and the rapid mobilization of new groups into politics coupled with the slow development of political institutions are responsible for violence and instability (Huntington 1968, 4). Modernization theory therefore has led developing countries to modernize at an unnatural pace, leading to more societal detriment than positive development.

Rapid social change and rapid mobilization of new groups with an expanded social consciousness naturally calls for increased opportunities for political participation.

“The principle difference between traditional and modern societies is the scope, intensity, and bases of political participation. Socio-economic modernity and political participation seem to march hand-in-hand through history. The higher the level of socio-economic development in a society, the higher the level of political participation” (Huntington and Nelson 1976, 43).

According to Huntington, if the development of political institutions lags too far behind social and economic change, instability will result. “Political instability derives precisely from the failure to meet this condition: equality of political participation is growing much more rapidly than the art of associating together” (Huntington 1968, 5). Social mobilization often forces increased urbanization through an exodus from the agrarian areas. These traditional agrarian groups, now forced to interact with urban groups, often become frustrated and can lead to violence. “The most fundamental aspect of political modernization consequently, is the participation in politics beyond the village or town level by social groups throughout the society and the development of new political institutions, such as political parties, to organize that participation” (Huntington 1968, 36). Dislocating culturally traditional groups in an attempt to modernize through social

mobilization, coupled with a failure to provide political participation, can lead to feelings of alienation and frustration. This frustration can often lead to violence.

As a remedy to this phenomenon, Huntington believed that more of an emphasis should be placed on stability when rapid social and economic changes accompany modernization.

“The most important political distinction among countries concerns not their form of government but their degree of government. The differences between democracy and dictatorship are less than the differences between those countries whose politics embodies consensus, community, legitimacy, organization, effectiveness, stability, and those countries whose politics is deficient in these qualities” (Huntington 1968, 1).

Huntington’s theory favors stability and order, as he sees this as an essential element to all political systems. Huntington further states that “a government with a low level of institutionalization is not just a weak government; it is also a bad government” (Huntington 1968, 28). In this context, the Iranian government of the shah was a bad government.

### **Edward Shils**

Edward Shils is another scholar of modernization theory that understands and respects the role of culture and self-paced modernization by traditional societies. Shils’ most well-known work regarding culture and modernization theory, *Tradition* (1981), articulates why culture should be revisited by many social scientists. Shils believes that too much of an emphasis is placed on change and Western views of improvement, not in maintaining institutions that have been erected.

“The appreciation of past accomplishments and of beliefs inherited from the past as guides to conduct has been more widely observed in many societies of the past than it has been in Western societies in the last two centuries. In law, literature, politics, and religion there was – unevenly – more than there is at present a belief that past conduct, past practices, past

beliefs had evidence on their side. Whether because of revelation or genius or experience or reverence for ancestors and for no reason other than the fact that such things already existed and “worked,” human beings were often knowingly respectful towards the things which they had inherited from the past and they guided their behavior accordingly” (Shils 1981, 20).

Founders are praised, innovators are praised, maintaining what innovators create however is not (Shils 1981, 2). This cognitive viewpoint of many societies, mainly Western, is an important perspective when looking at the goals of modernization.

In stark contrast, traditional societies are often guided morally by religious leaders. Religious leaders also act as teachers to many in traditional societies. Much of the society works in the agricultural field passing down their agrarian knowledge from one generation to the next.

“If the schools become separated from religion and family and work against them, traditions will not be transmitted; they will become very attenuated. The tradition seeking capacities will be left without the framework which they need. They will be like vines unwatered and untrimmed and without a trellis on which to attach themselves” (Shils 1981, 315).

Traditional societies are thus intertwined. By analyzing indigenous societies in this manner, one can better see how rapid modernization would severely disrupt their long held beliefs and practices. “Modern technology, in its wide utilization, has brought about so many changes in the organization of labor, in the distribution of the population, and in the standard of living, so many new pleasures and new problems, that it seems utterly alien to anything traditional” (Shils 1981, 82). This is precisely why rapid modernization can produce such a strong negative reaction from a traditional populace engaged in traditional practices dating back generations.

Shils directly addresses the issue of how long a pattern, belief, or practice must be transmitted and received for it to be regarded as a tradition. Shils states that a tradition in the sense of an “enduring entity” must last over three generations to become a tradition (Shils 1981, 15). Obviously, the practice of the Muslim religion is a long standing tradition in Iran. As it stands, monotheism is currently between two and a half and three millennia in duration (Shils 1981, 16). In Iran, Shi’a Islam has been the state religion since the year 1501. Traditions in effect for this duration are not easily or quickly changed. Though they are not easily changed, substantive traditions are less prominent than they once were. “Substantive traditions continue, however, not because they are the exterior manifestation of still unbroken habits and superstitions but because most human beings constituted as they are cannot live without them” (Shils 1981, 304). Traditions, particularly substantive traditions, are not backward rituals that can simply be discarded. They are deeply engrained within the make-up of the traditional man.

In *Tradition*, Shils takes issue with much of academia and educated Western society that view traditional beliefs, practices, and institutions as to be simply discarded in favor of modern ones. Change must not be resisted, it must be accepted, better is to seek change, and best is to initiate it (Shils 1981, 4). Shils understands that some traditions, when vetted over time, may be subject to change by society. Shils analyses both exogenous and endogenous factors regarding the changing of tradition. Rapid modernization drastically alters the process for changing traditions. Shils defines tradition as simply a *traditum*, anything transmitted or handed down from the past to the present (Shils 1981, 12). Modernization involves changing the way in which things are

done and have been done. Modernization theory thus comes into direct conflict with tradition, particularly if the modernization is drastic.

Like Thomas Kuhn, Shils believes that social sciences cannot neglect the past as do the natural sciences by way of continuous accumulation. Shils lays out a detailed overview of the importance of tradition in culture, which are intertwined and if drastically altered, can negatively affect modernization efforts and society as a whole.

“As a temporal chain, a tradition is a sequence of variations on received and transmitted themes. The connectedness of the variations may consist in common themes, in the contiguity of presentation and departure, and in descent from a common origin. Even in the course of a short chain of transmission over three generations, a tradition is very likely to undergo some changes. Its essential elements persist in combination with other elements which change, but what makes it a tradition is that what are thought to be the essential elements are recognizable by an external observer as being approximately identical at successive steps or acts of transmission and possession” (Shils 1981, 13-14).

Rapid modernization changes the essential elements of tradition and thereby alters the fabric of a society. Slower changes allow society to adapt to changes made and further allow for their acclimation to pre-existing traditions. Rapid modernization, however, destroys the fabric of a society by altering the essential elements of tradition within a culture.

### **David Apter**

David Apter has been a comparative political scholar since the early 1950s. In one of his more recent works regarding dependency and modernization theory, *Rethinking Development* (1987), Apter has gone back and taken a fresh look at the paradigm to which he, in previous years, analyzed a great deal. Rethinking development is the goal. In pursuit of this goal, Apter states that “development is a continuous intellectual project as well as an ongoing material process” (Apter 1987, 7). Apter

believes that the discarding of modernization theory has largely been a mistake by the field of comparative politics.

Apter states that terms such as development, modernization, and modernism remain fundamental to contemporary thinking and benefit from the vigor of a serious opposition” (Apter 1987, 8). This point of view is a stark contrast with more radical views such as those of scholar Immanuel Wallerstein. Wallerstein declared modernization theory dead, “Requiescat in Pace” (Wallerstein 1976, 135). Apter maintains a much more useful approach to dependency and modernization theory in the field of comparative politics. Apter states in regards to the limitations of liberal modernization and radical dependency theory “the question is whether it is possible in more than an eclectic way to take selected ingredients from both and form a better framework for contemporary analysis” (Apter 1987, 32). This study will utilize Apter’s use and definition of terms, as well as concepts regarding dependency and modernization theory.

David Apter defines what he feels are important concepts such as growth, development, and modernization, terms he feels are used indiscriminately. Apter defines the term *development* as referring to expanding choice and *choice* referring to the range of articulated alternatives available to individuals and collectivities (Apter 1987, 16). Apter goes on to say that increasing choice always has been the central development goal and “how to control access to choice and promote the sharing of it according to approved rules and conditions of equality has been the special political concern of development” (Apter 1987, 16). The term *modernization*, while closely aligned with industrialization, has developed separately into two separate entities, Apter distinguishes these by referring

to them as “modernization I” and “modernization II” (Apter 1987, 16). Modernization I encompasses theoretical questions as to “how to best convert growing complexity into social integration, how to create the nation by means of the state, and how to incorporate within the state social networks that generate development” (Apter 1987, 16-17). For this study, however, Apter’s second line of modernization will prove more useful.

“Modernization II describes the contradictions of growth. Among these are negative impacts of innovation on the labor force, the changing social composition of classes in terms of increasing asymmetrical reciprocities, growing inequality, and compensatory political controls. Modernization II has stimulated a perspective opposite to the more “integrative” assumptions of modernization theory. It is a form of conflict theory. It emphasizes the way innovation and efficiency lead to retrenchment, and how elimination of unprofitable enterprises and investment in capital-intensive rather than labor-intensive industry may result in the “marginalization” of industrial labor. Economic efficiency can thus lead to rising social overhead costs. Modernization II suggests that enlarging choice – the ultimate goal – will require restricted access to it in the short run in order to generate surpluses, authoritarian controls, discipline, planning, and mobilization” (Apter 1987, 17).

Certain parallels should be able to be drawn between some aspects of Apter’s second entity of modernization and the preceding years leading up to the revolution in Iran during their period of rapid modernization.

Another term Apter defined and associated with modernization is *marginal*. *Marginal* does not just refer to the unemployed, but a subculture such as urban squatters and others living on the fringes of a productive society (Apter 1987, 18). Those that subscribe to modernization I believe that those that become marginalized are absorbed into the new classes and groups created by the modernization process. Those that subscribe to modernization II believe these groups continue to be marginalized. “External hegemonies, multinational corporations, and other instrumentalities work for their own interests” (Apter 1987, 19). Traditional societies under this type of

development are under decreasing control of their own economic resources over time and maintain fewer choices in their lives. Again, the tenets of modernization II seem to be more indicative of the political phenomena that took place in Iran leading up to the revolution. “More and more frequently it is the marginalized groups, especially those *dispossessed* of their lands and *displaced* from their communities, who form into semi organized groups and press demands on governments under circumstances, economic and political, that the latter are unwilling or unable to satisfy” (Apter 1987, 33). This is particularly true regarding the traditional agrarian workers who were forced to move to more urban areas. Those marginalized by modernization according to Apter, “live under conditions of high uncertainty, great personal risk, and with few prospects for regular work” (Apter 1987, 18). This situation would more than likely cause a great deal of instability and violence within a society.

Apter also articulates what is believed to be another key aspect to the revolutionary downfall of Iran, political development. Apter defines *political* development as “regimes, state systems, and political systems whose institutional functions, evolve along with developmental equity,” requiring “greater participation and elite accountability” (Apter 1987, 18). This study will examine whether political development failed to keep pace with the level of economic development that took place in Iran. “Critics argue that the response to greater development and modernization is such a far cry from a moving equilibrium that the more development and modernization, the more disequilibrating are the consequences, that is, protest, violence, and insurrection, coups, military regimes, and petty despotism” (Apter 1987, 25). We will examine this

case to see if the consequences of modernization and development laid out by Apter became a reality for the country of Iran.

### **Nils Gilman**

Scholar Nils Gilman, in his work *Mandarins of the Future* (2003), and his contributory work on *Staging Growth: Modernization, Development, and the Global Cold War* (2003) also offer an invaluable critical look of modernization theory. Gilman analyzes modernization theory's complex nature, ideological roots, and role regarding United States foreign policy. Gilman states that modernization is, "rooted in the contrast between "traditional" and "modern" societies, modernization theory posited the existence of a common and essential pattern of "development," defined by progress in technology, military, and bureaucratic institutions, and the political and social structure" (Gilman 2003a, 3).

Gilman's analysis of modernization theory includes as part of its theoretical basis the belief in the complete superiority of the Western lifestyle, its political structures, and institutions. Gilman's analysis further reveals modernization theorist's belief in the eventual destiny of the aggregation of the West and the Third World. He summarizes the ideological perspective of modernization theorists;

"The world was homogenizing: all countries, insofar as they were "modern," would eventually look more or less alike, and modern people would all think, act, feel, and behave more or less alike. The notion that the world was converging from a congeries of traditional lifeways onto a unique modernity was the central leitmotif of modernization theory" (Gilman 2003b, 50-51).

It was the modernization theorists' position that the United States should act as the archetype to the Third World as a development model for this process.

Gilman also addresses the U.S. foreign policy Cold War tactics of tolerating callous dictatorships in the names of modernity and security. Modernization theorists believed that modernization was an inexorable process, but one that could be accelerated by the right kinds of leaders (Gilman 2003b, 49). Unfortunately, some of these dictatorial leaders supported by the U.S. government may not have been in the best interests of the people.

Nils Gilman's most relevant analysis in relation to this study is regarding his identification of a segment of modernists termed "high modernists." High modernists are distinguished from other modernists by their "ruthless willingness to apply unrestrained state force to achieve their modernist dreams" (Gilman 2003a, 11). Particularly after the Communist victory in China in 1949, American scholars and diplomats perceived the need to promote a more rapid, radical vision of modernization in postcolonial regions during the 1950s and 1960s (Gilman 2003a, 11). This study will endeavor that Iran was an example of this push for high modernization that was taking place during the Cold War era.

### **Oswaldo Sunkel**

Oswaldo Sunkel is a Chilean economist and developmental specialist in the area of Latin America. Although Sunkel specializes in the Latin American region, his work is applicable to other developing areas. Much of Latin America and the country of Iran are similar in that they have both had persistent issues regarding development and intrusion of the United States. Sunkel's development perspective is concerned with promoting modernization, structural reform, productive transformation, and the diversification of exports through industrialization and the adoption of technical progress (Sunkel 1993,

18). Sunkel provides an ideological framework that better allows for peripheral countries to develop from within. Sunkel believes that countries along the periphery are better off in terms of their development if they can control their development strategy without interference from the center.

“An underdeveloped country possessed quite distinctive features (very different from the supposed well-functioning markets and full employment of factors of production of neoclassical economics), where there was ample availability of factors (particularly human and natural) but insufficient capital. Capital is used here in the sense of a stock of accumulated economic infrastructure (productive capacity, transportation, energy, communications) that would enable the mobilization of those resources, and capital in the sense of a flow of savings and investment that could be added to them. This latter form of capital could be obtained from two sources: from the better utilization of the surplus generated by the export sector and from direct foreign investment or external financial contributions” (Sunkel 1993, 27-28).

Sunkel certainly does not subscribe to the modernization theory paradigm that all countries modernize in a similar fashion.

Sunkel not only believes countries develop differently, he feels they should develop independently as well. “Independent efforts undertaken from within to achieve self-sustained development” is Sunkel’s goal for countries in the periphery (Sunkel 1993, 9). Sunkel’s development strategy from within is “based on national effort and the exploitation of our own resources (countries in the periphery), demands that we come down from exaggerated levels of abstraction to the concrete consideration of the specific availability of human resources and technology, the characteristics of size and location of each country, the relation between population and natural resources, and the degree and characteristics of urbanization” (Sunkel 1993, 56-57). These characteristics will vary for each developing country and therefore will require individualized development strategies as a result.

Sunkel's economic ideological perspective for developing countries will be given even more weight once modernization theory and foreign intervention is shown to be debilitating to developing countries. Sunkel's economic philosophy of development from within can then be seen as a legitimate way forward for developing countries around the world, not just in Latin America.

### **Summary**

Scholars Samuel Huntington, Edward Shils, David Apter, Nils Gilman and Osvaldo Sunkel all agree that the paradigm of modernization theory will have an effect on the country in which modernization is being applied. According to Samuel Huntington, Edward Shils, David Apter, and Nils Gilman; rapid modernization will have a destabilizing effect on modernizing countries. Osvaldo Sunkel showed that countries in the periphery require their own individualized development plan, though all developing countries are better off developing from within. Modernization theory is therefore a failure on one level or another from the perspectives of all five theorists. All five theorists seem to agree that modernization theory was at its peak and in use as a paradigm and theoretical framework during the 1950s and 1960s during the height of the Cold War era. Samuel Huntington best articulates the problems that occur when rapid modernization is forced onto a traditional society by elites and social mobilization outpaces political institutionalization. Edward Shils articulates the importance of substantive traditions in a society and how detrimental rapid modernization can be to a traditional society. David Apter articulates his view that instability and violence are the result of increased development and modernization. Perhaps the most recent scholar of modernization, Nils Gilman, most appropriately gives a retrospective view of

modernization theory and the United States central role in the development of, espousing of, and the dissemination of this detrimental theory to many developing countries and eager dictatorial regimes.

Another seemingly undisputed reality of modernization is that late modernizers, countries attempting to modernize in recent times, are forced to modernize over a much shorter period of time. The modernization theorists highlighted in this study have also concluded that forced rapid modernization is due to change generated often by dictatorial regime types and prevailing United States foreign policy during the Cold War. As a result, traditional societies are forced to deal with many issues of modernization simultaneously. Samuel Huntington, Edward Shils, David Apter, Nils Gilman, and Osvaldo Sunkel all agree that this route to modernization is unnatural and bound to be problematic and cause instability within the modernizing society. It has been found that this rapid pace of modernization is often the result of pressures from out of touch regime types and the West.

The next chapter will analyze how modernizing regimes and Western entrepreneurs have historically underestimated or simply failed to comprehend the ability of traditional groups to resist, push back, and act as a counter balance to external pressures to modernize. Historical examples of this have taken place throughout the tumultuous history of Iran. The next chapter will focus on a few of the most glaring examples. This will include the Reuter Concession (1872-1873), the Tobacco Revolt (1894), the Constitutional Revolution (1906-1911), and the modernization efforts made by Reza Shah (1926-1941).

### **CHAPTER THREE: HISTORICAL ANALYSIS**

The country of Iran is located between Asia and Mesopotamia. Iran came to inhabit many ethnic groups over the centuries. These groups included; Arabs, Turks, and Mongols. However, the first Iranians were Persians. Persians settled in Iran around one millennium B.C., “descendants of an Indo-European group that originally migrated out of central Asia, they were known as Aryans” (Mackey and Harrop 1996, 2). “The Golden Age of Islam that set the standard of civilization between the eighth and eleventh centuries A.D. came largely out of Persian art and knowledge” (Mackey and Harrop 1996, 6). Persians constitute approximately half of the population of Iran today. As a nation, Iran has practiced the Shia sect of Islam since the sixteenth century. Iran maintains two distinct, but equally important traditions; the tradition of ancient Persia and the tradition of Islam. These two ancient, intertwined traditions only recently became introduced to the modernizing culture of the West.

“In the nineteenth century, Shia Persia met the Christian West. Until 1979, it was an uneven encounter in which Western nations sought individually and collectively to use Iran as a pawn of their own interests. Concurrently, the Iranians confronted the deeply disquieting challenge of creating a modern civilization. In this weaving of Iran and the West, tradition and modernization, the threads of Iranian identity knotted” (Mackey and Harrop 1996, 6).

This chapter will analyze the initial modernization encounters between Iran and the West. By analyzing these modernization efforts it is expected that a contrast will be demonstrated between the initial modernization and the modernization that began in

1953. By analyzing the Reuter Concession (1872-1873), the Tobacco Revolt (1894), the Constitutional Revolution (1906-1911), and the modernization period of Reza Shah (1926-1941) this study will better demonstrate the apparent differences between the previous levels of modernization or attempted modernization and the subsequent rapid modernization that is believed to have taken place under Mohammad Reza Shah Pahlavi.

Unlike the suspected extended period of modernization under Mohammad Reza Shah, the previous efforts were met with immediate and successful challenges in the case of the Reuter Concession and the Tobacco Revolt. These two events dealt with specific issues that were somewhat narrow in focus, though still of considerable importance to many Iranians at the time. The Constitutional Revolution in Iran was brought about by cross-cutting segments of the Iranian population who wanted first and foremost a check on the executive power of the shah. Additionally, the Constitutional Revolution of Iran put in place laws such as; the creation of a Majles or parliament, and the creation of a judiciary. All were the product of a delicate compromise by various groups in Iran that were often unable to come to an agreement. Many Iranians supported the Constitutional Revolution because they believed it was in the best interest of Iran. Unfortunately, their hopes were dashed in the end by the shah and foreign powers. The last section of the chapter will then analyze the period of modernization under Reza Shah. A period believed to be of a more moderate modernization than the subsequent period brought forth by his son, Mohammad Reza Shah.

This chapter will also establish the modern history of foreign intrusion into Iran. Prior to the United States intervention beginning during the Cold War, it was Britain and Russia that maintained dueling interests in Iran.

“Iran’s encounters with modernity began with her perennial military conflicts with Russia, which also led to closer contacts with Britain and – to a lesser extent – other European powers. Iran was thus introduced to modern techniques of warfare, modern technology and, above all, the European systems of law and government which tried to adopt with little material success, although it was inevitably affected by the actions and reactions involved in the process” (Katouzian 2009, 141).

This conflict largely began in 1804, with the outbreak of the Russo-Persian wars. The British were motivated to keep the Russians from expanding their empire any further and maintaining the status quo (Katouzian 2009, 142). The historic lines drawn in the contest between Imperial Russia and Imperial Britain have inevitably shaped the Iranian role (Learner 1958, 353). Unlike the United States and the Soviet Union, who were engaged in an ideological battle, Britain and Russia in the nineteenth century and early twentieth century were exclusively interested in Iran for financial and territorial purposes. As a result, Britain and Russia did not have any particular interest regarding the modernization of Iran. The financial concessions Britain and Russia made with Iran, however, did require some change or modernization but only as a byproduct of their financial dealings. Iran was therefore under less foreign pressures during this historical period to modernize. This was a stark contrast from the Cold War period when the U.S. foreign policy paradigm was based heavily on modernization theory.

### **Reuter Concession (1872-1873)**

During the mid-late nineteenth century, Britain sought successfully to exercise a great deal of influence over the country of Iran. Britain’s interest was in maintaining an economic foothold in Iran. At the time, Britain was emerging as a leading commercial partner of Iran. An increasing number of foreign concessions were being offered by European investors to the shah of Iran, Naser al-Din. The shah encouraged these types of

arrangements to fund his wealthy lifestyle and obtain new sources of government revenues (Abrahamian 1982, 55). Concessions in essence were Iran's introduction to government and foreign led modernization efforts.

“The first battle between the modern West and traditional Iran was not fought on the battleground with guns and ammunition, but on the ideological front. The collision of consciousness which took place at the end of the nineteenth century was between two opposing forces. The modern West, represented by the concession hunters and Iranian modern intellectuals, who often played the role of the middle man, and traditional Iran advocated by traditional intellectuals, the bazaar, and the majority of the ulama. The modern intellectuals wanted to create modern institutions and spread modern consciousness in Iran, and the traditional forces were fighting not only to protect their social and economic interest but Muslim morality, norms and values. The first phase of this struggle between the ‘national’ interest and the ‘foreign’ interest, in this case Iran and the United Kingdom, was the Reuter Concession” (Vakili-Zad 1996, 146).

Concessions allow for an investor, often foreign investors in the case of Iran, to help economically develop an industry that had yet to be fully realized in that country. The investor would pay the government for the agreement, the investor would employ workers (often domestic and foreign), and the product or service would be developed. “The modernization of Iran through foreign capital and direct foreign intervention in the Iranian economy is known by the critics as the concession hunting era” (Vakili-Zad 1996, 147). Ideally, the government, the investor, and the workers would all financially benefit and the country as a whole would benefit as well. Unfortunately, concessionary agreements did not always benefit everyone and in many cases did not set out to do so.

In 1872, a wealthy British citizen, Baron Julius Reuter, who amassed his wealth through the news agency business negotiated a concession that became infamous and synonymous with foreign intrusion in Iran. One Iranian government official, Lord

Curzon, a firm economic and political imperialist in his own right stated the following regarding the Reuter Concession;

“When published to the world, it was found to contain the most complete and extraordinary surrender of the entire industrial resources of a kingdom into foreign hands that has probably ever been dreamed of, much less accomplished, in history. Exclusive of the clauses referring to railroads and tramways, which conferred an absolute monopoly of both those undertakings upon Baron de Reuter for the space of seventy years, the concession also handed over to him exclusive working for the same period of all Persian mines, except those of gold, silver, and precious stones;...the exclusive construction of canals, *kanats*, and irrigation works of every description; the first refusal of a national bank, and of all future enterprises connected with the introduction of roads, telegraphs, mills, factories, workshops, and public works of every description; and a farm of the entire customs of the empire for a period of twenty-five years from March 1, 1874, upon payment to the Shah of a stipulated sum for the first five years, and of an additional sixty percent of the net revenue for the remaining twenty. With respect to the other profits, twenty percent of those accruing from railways, and fifteen percent of those derived from all other sources, were reserved for the Persian Government” (Keddie 1966, 4-5).

Consequently, there was a strong backlash from the Iranian people for the shah giving away so many of the countries developmental rights to a foreign investor. “Iranians in general were suspicious of the real intention of foreign interest, as well as the sincerity of their own government in granting concession to foreign companies” (Vakili-Zad 1996, 147). As a result, an anti-Reuter Concession coalition developed.

Due to the pressure being levied by Iranians, the shah sought to back out of the concessionary agreement. The shah accomplished this through a provision contained within the concession that stated that Baron Julius Reuter must start construction on his railroad by a date certain or pay a penalty of 40,000 British pounds (Keddie and Yann 2003, 55). As a result, the shah was able to void the concession and in 1873 the concession was cancelled and the deposit confiscated.

The voiding of the Reuter Concession was an early victory for Iranian citizens and select officials in the government opposed to the shah's granting of foreign concessions. "Whatever the relative strength of the factors involved in the cancellation, there is no doubt that the Reuter Concession called forth an internal protest which shook the Iranian government and forced the shah to act in ways distasteful to himself" (Keddie 1966, 6). Most importantly, however, was the cancellation of the concession which was a victory for late nineteenth century traditional society in Iran.

The cancellation of the Reuter Concession did not end concessions all together in the country of Iran. In 1884, a more modest concession covering oil rights to a small area in the foothills northeast of the Persian Gulf port of Bushire was granted to an A. Holtz, a member of a British firm with extensive business interests in British India and the Middle East (Paine and Schoenberger 1975, 4). Even Baron de Reuter was granted a more moderate concession reinstating his former right to the operation of the Imperial Bank of Persia and the exclusive working of Iranian mines (Paine and Schoenberger 1975, 4). Traditional groups in Iran had failed to stop foreign intrusion through concessions to foreigners, but through their actions in stopping the Reuter Concession they were able to demonstrate that there was a limit to which they would allow such intrusion.

#### **Tobacco Revolt (1894)**

In 1890, another such British concessionary intrusion was granted. This concession was again granted by Naser Al-Din Shah, this time to the British Imperial Tobacco Company owned by a Major Talbot. The agreement gave Major Talbot and British Imperial Tobacco a monopoly over the production, sale, and export of all tobacco in Iran for a period of fifty years (Paine and Schoenberger 1975, 4). This concession was

similar to the Reuter Concession, yet differed in that it was limited exclusively to one product; tobacco.

Despite the fact that the concession was limited to one product, the Iranian people were equally enraged. This was due to the fact that tens of thousands of peasants grew the highly prized tobacco, thousands of small merchants sold it, and hundreds of thousands who smoked it realized that control of a product that came out of the sacred soil of Iran had been handed to the British (Mackey and Harrop 1996, 141). Despite the seemingly limited scope of the concession, the economic implication was equally devastating when compared to the Reuter Concession. Protests began in the spring of 1891, when agents of the tobacco company began to arrive and post deadlines for the sale of all tobacco to the company (Keddie and Yann 2003, 61). These protests involved peasants and the middle class bazaar merchants due to the detrimental economic effect of the concession.

The protests of the tobacco concession also elicited the assistance of the religious ulama. Hajj Mirza Hasan Shirazi, leader of the Shi'a ulama issued a fatwa forbidding all Iranians to smoke tobacco (Vakili-Zad 1996, 150). The ulama became involved due to their self-proclaimed role of tending to the interests of Iranian society. The traditional peoples that inhabited Iran continued to be concerned over perceived European domination. "A cable sent by Mirza Shirazi to the shah (January 1892) lists the danger of foreign domination over Iran and the possibility that foreigners would dominate the Iranian economy and commerce and contaminate Muslim ethics" (Vakili-Zad 1996, 150). The fatwa issued by Shirazi was wide spread and successfully implemented.

"All over the country people broke their water pipes. Even the women in the royal harem refused to consume tobacco or serve it even to the Shah

himself. The use of the telegraph, installed by Malkum (Khan Malkum, Freemason founder) years earlier, enabled the coordinating committee to be in touch with supporters in Europe, Turkey, and Russia and even the Shiite clergy in Iraq” (Price 2005, 137).

The religious ulama were essential in the assisting of other economically impacted traditional groups in Iran. Consequently, in 1892, the shah was forced to cancel the entire concession due to the well-organized demonstrations. “The movement was the first successful mass protest in modern Iran, combining ulama, modernists, merchants, and ordinary townspeople in a coordinated move against government policy” (Keddie and Yann 2003, 62). It was the second time, however, that traditional groups in Iran defeated the shah’s efforts to modernize Iran at the expense of their traditions.

The Tobacco Revolt not only rebutted the shah’s Western oriented modernization, but was a rejection of Western encroachment. Iranian peasants took pride in the methods they had developed to harvest their tobacco crops and the bazaar merchants maintained a long history of selling tobacco products. Iranians were insulted and outraged at the notion that a British company would be given the rights to their tobacco for a period of fifty years. Middle East scholar and expert Nikki Keddie had the following historical analysis regarding the Tobacco Revolt;

“The tobacco rebellion of 1891-92 shared with later revolutionary and rebellious movements a substantial anti-imperialist and anti-foreign component. Although this component is found in most of the world’s colonies and dependencies, anti-imperialism seems to have been stronger and to have resulted in more mass rebellions and revolutions in Iran than in most other Middle Eastern countries. Iranians have resisted foreign domination more than have most other peoples” (Keddie 1995, 99-100).

This resistance, which resulted in the cancellation of the concession, came at great personal embarrassment and public defeat for the shah. After the cancellation of the concession, the religious edict forbidding the use of tobacco was lifted. This victory of

the Tobacco Concession brought the bazaar and the ulama together for the first time - an alliance that would be brought together during subsequent conflicts in Iran, namely the Constitutional Revolution and the Iranian Revolution of 1979.

### **Constitutional Revolution (1906-1911)**

After the Reuters Concession and the Tobacco Revolt many Iranians had a festering distrust of the shah's government and a distain regarding foreign interference in Iranian affairs. In 1905, sugar merchants were forced to raise their prices due to increasing international prices. This resulted in riots on the streets of Iran. Feeling mounting pressure that had built-up over time, beginning with the concessions, the shah promised a "house of justice" be assembled in addition to other concessions, but the shah failed to deliver (Keddie 1983, 586). As a result, in 1906, revolt broke out.

The constitutional movement was motivated by an Iranian desire to develop a government with diffused power and less influence from foreigners. Strong feelings of nationalism developed, stemming from the memory of a former Persian empire. These feelings were strongest among traditional groups such as the peasants, middle class bazaar merchants, and the religious ulama. The bulk of the reformers, however, consisted of high government bureaucrats in Persian embassies abroad, the few Western-educated Persians, and some graduates of the Darolfonun, Iran's first modern school (Milani 1994, 27). Regardless of the diverse opinions expressed by the various groups, "two concerns unified them: the creation of a code of written law and modernization from above" (Milani 1994, 27). The Constitutionalist Movement in Iran thus developed after the recent incidents involving the shah and his blind granting of concessions to European powers.

Despite contempt for the exertion of power and dominance by Europe, Iranians admired their strength. Many Iranians believed that by developing a constitution it would enhance their power. The Iranian constitution was modeled using mainly the Belgian and to a lesser extent the French constitution. As stated, the Constitutional Revolution was primarily an effort to reduce monarchical and foreign power. Despite the fact that Iranians maintained a consensus regarding these fundamentals, each group had their own self-interests for supporting the constitution.

“For the secular intellectuals, it translated into the adoption of some form of Western liberalism. For the merchants, it equaled economic redress. For the reformist clerics, it converted into strength for the Shia state. For the traditionalist Mullahs and their followers, it stood for reestablishing the Koran as the legal, political, social, and cultural model for society” (Mackey and Harrop 1996, 143).

In the end, the constitution was reluctantly signed by Naser Al-Din Shah in 1906, just prior to his death. The final draft of the constitution that was signed into law was more Western than many traditional groups had desired. One of its detractors was Sheikh Fazlollah Nuri, a prominent member of the ulama. Nuri and others who opposed the constitution tried to at least tailor it to the principles of Islam by fighting for concessions to be added. Nuri won a major concession for the ulama when he successfully fought for a council of five *mujtahids* to review all legislation passed by the Majlis, having the ability to reject any law contrary to Islam (Mackey and Harrop 1996, 150-151). This became known as the Supplementary Laws of 1907. The provision, however, never went into effect as the Constitutionalist were unwilling to concede power to their clerical rivals in the Majlis. The Majlis in the end did broker peace by assuring the ulama that the constitution would limit monarchical tyranny and not contradict Islamic law (Mackey and Harrop 1996, 151). Of further help to the Constitutionalist came when three of Shiism’s

most respected scholars from the Shia religious center at Najaf, in Iraq, bestowed religious sanction to the constitution (Mackey and Harrop 1996, 153). At the time it was an overall victory for traditional groups in Iran. They had hoped that the shah's powers would be diffused, foreign influence limited, and Islamic principles respected.

Following the Constitutionalist victory, Nuri, the outspoken clerical opponent of the constitution was hanged for his opposition. In 1911, under the new rule of Muhammad Ali Shah, the shah's cabinet along with twelve thousand Russian troops led a coup d'état against the Majlis (Mackey and Harrop 1996, 155). The Russian troops under command of the shah ordered the parliamentary deputies expelled or face death. This marked the end of the Constitutionalist movement in Iran. In the final analysis it was the two extremes that brought down all hopes of a constitution in Iran. It was the extreme elements within the ulama like Nuri on one side and Western oriented modernizers on the other that brought about its end.

“In trying to impose on Iran an alien culture, the modernizers unwittingly robbed the Iranians both of their sense of identity and their chance to build a new social order from their own traditions. For their part, the foreigners, Britain and Russia, tragically denied the Iranians the time needed for the political maturing process that should have occurred with the establishment of the Majlis” (Mackey and Harrop 1996, 155).

What did occur is that the Constitutional Revolution in Iran introduced Iranians to representative government, something that was previously inconceivable in the minds of the traditional peoples of Iran. Understandably, many groups in Iran continued to be increasingly resentful of the shah, Western led influence, and modernization.

### **Reza Shah's Modernization Effort (1926-1941)**

In late 1925, Reza Khan had come to power, becoming shah and founder of the Pahlavi dynasty. Many Iranians during this period were ready to put previous divisions

behind them. Reza Shah provided a strong military record and in the years leading up to his taking of power provided stability in Iran by suppressing local tribal revolts. Iranians had a feeling of nationalism at the time and Reza Shah was the strongest unifying leader of the time.

“The Constitutionalists wanted a government that would modernize and strengthen the Iranian state. After the internal disintegration and foreign intervention during the Constitutional era and World War I, Iranian nationalists of all major political parties came to believe that only a strong military leader could give Iran the unity, strength, and modernity that the Constitutionalists had sought. By the time of his coronation, Reza Shah had become the receptacle of the nationalists’ hopes” (Ansari 2001, 219).

Reza Shah sought to modernize and strengthen the state of Iran, both economically and socially during his reign from 1926 to 1941.

Reza Shah had majority support in the Majlis, and most of the middle and upper class younger Iranians. The new shah sought to modernize Iran economically through reforms targeted at creating modern institutions such as: civil laws, primary and secondary schools, universities, police forces, hospitals, modern military, and railways. “Because the people of the Western world had achieved in a material sense many of the things that he desired for his own country, Reza Shah seized aspects of the West as tools with which to build Iran into a modern, sovereign country” (Mackey and Harrop 1996, 172). This was not dissimilar to previous shahs, though what was different was the way in which the shah chose to fund these Western oriented modernizing projects. “While the shah had sought the expertise of a foreign national in sorting out the country’s finances, he was unwilling to subject Iran to the same kind of financial enslavement to foreign powers as the shahs before him had so readily done” (Kamrava 1992, 54). One of the

unfortunate results was that many suffered economically due to the drastic increase in taxes.

The biggest tax burden that was levied on Iranian people was in order to fund the shah's pet project, the Trans-Iranian Railroad System. Ironically, the North-South railroad had little economic benefit, whereas an East to West railroad would have been more useful (Ansari 2001, 224). Many of Reza Shah's economic expenditures were designed more to demonstrate to foreigners the modernization efforts in Iran than to create any real improvements in the lives of average Iranians. "Despite major expenditures of government money, and despite sincere efforts by some exceptionally talented administrators, the most striking feature of this period is the failure of any changes to extend beyond a fairly superficial level" (Ansari 2001, 221). The shah implemented legislation that benefitted landlords, the shah himself being the largest landowner at the time, and subjecting peasants to a military draft, and increased taxes on sugar and tea. "The common soldiers, mostly from rural areas, were mistreated and poorly paid during their two years of active service" (Ansari 2001, 225). Regarding the improvements to education, "Iran still had over 90 percent illiteracy when Reza Shah abdicated in 1941" (Ansari 2001, 225). As a result of these factors, the gap separating the rich and poor widened during the sixteen year reign of Reza Shah.

"Altogether he thoroughly milked the country, grinding down the peasants, tribesman and laborers, and taking heavy toll from the landlords. While his activities enriched a new class of "capitalists" – merchants, monopolists, contractors and politician – favorites – inflation, heavy taxation, and other measures lowered the standard of living of the masses" (Millspaugh 1946, 34).

Thus government changes to the economy were not meant to make permanent structural improvements to the Iranian economy and were instead aimed at improving the wealth of

the shah and the prestige of Iran in the face of the international community. The shah overlooked some of the more basic things, like a major irrigation project or a city water system (Paine and Schoenberger 1975, 15). These types of projects would have provided the kind of structural modernization that Iran needed, yet would not have provided the shah with the cosmetic changes that he sought.

In addition to the failed economic modernization, Reza Shah also attempted to modernize Iran socially as well. The social changes that Reza Shah enacted were just as superficial as the economic ones and even more Western. Shia Islam was victim to most of these social changes. “Reza Shah decided to bypass Islam by connecting the notion of modern Iran to a glorified image of ancient Persia” (Mackey and Harrop 1996, 177). The shah began by mandating Western-style dress in an effort to make Iranians look more Western and thereby more modern and sophisticated. In 1935, all men in Iran were ordered to wear a fedora or bowler hat, which was the style in Europe, one to which few Iranians had ever seen before (Atabaki 2007, 33). The problem with the bowler hat, putting aside its Western origin, was the fact that it was billed and failed to allow Muslim men’s foreheads to touch the ground while engaged in prayer.

Reza Shah’s modernization efforts encompassed more than just dress. Edifices of buildings with heritage and charm of age were ruthlessly destroyed in sections of cities, replaced with boulevards accessible to motorized vehicles, beggars were removed from the streets, and banned was the use of camels for commercial transport (Mackey and Harrop 1996, 173). Within the major cities, the shah sought to remove all visible signs of tradition in Iran. The shah not only changed how the West perceived Iran, but they also changed how they addressed the country itself. In 1935, upon the urging of Iranian

diplomats stationed in Berlin, “the government announced that foreigners had to call Iran just that instead of Persia, since Iran was the cradle of the Aryans” (Ansari 1996, 202).

The change that elicited the strongest backlash was regarding women’s status in the traditional Islamic society. Within the modernizing of women, no policy of the shah was more controversial than the mandated removal of the chador or veil. Not even scarves were permitted by the shah’s government.

“By tearing away the veil, an emblem of religious traditionalism, Reza Shah announced his intention to enlist women in the resurrection of Iran. But the unveiling of women enraged the religious establishment” (Mackey and Harrop 1996, 181).

The mandating that women be unveiled in public while embraced by the upper class Western oriented women, those women observing the traditions of Islam felt disgraced by leaving the home unveiled. Even those modernizing women who had campaigned against the chador only desired its voluntary removal, not the forcing of all women to remove it (Atabaki 2007, 34). Many women, as a result, stopped leaving their homes and became isolated from much of the outside world during this modernizing period in Iran.

In 1941, with the outbreak of World War II, further implementation of Reza Shah’s reforms went on hold. At the conclusion of World War II, as a result of the shah’s pro-German stance, the British removed him from power and he was forced into exile. After the shah’s removal his social policies were quickly and easily reversed. Men and women moved freely in the streets of Iran, wearing their traditional clothing without fear of governmental retribution. Reza Shah’s economic modernization policies, that did nothing to improve the infrastructure of the country, came to an abrupt end as well.

“For all his efforts, Reza Shah, in the end, failed to shred the fabric of traditional society. He wrested control of the army, parliament, and other instruments of power but he never completely subverted the clergy. It all

proved that Reza Shah, the ultimate Iranian nationalist, never came to grips with how deeply Shiism contributes to national identity. No matter how much the shah touted Iran's Persian past, Islam remained the other strand of the Iranians' intertwined identity" (Mackey and Harrop 1996, 184).

Though Iranians were not pleased with the occupation of the British following World War II, they were happy with the abdication of Reza Shah. As a result, for the first time in years, Iranians could practice their traditional ways without being made to feel backwards by their government. There is little doubt that if not for the allied victory in World War II and the shah's forced exile he would have continued his modernization efforts at an ever increasingly rapid pace, thereby becoming more detrimental and not as easily reversible.

## **CHAPTER FOUR: PRIMARY CASE STUDY OF IRAN (1953-1979)**

This chapter will begin by analyzing the possible significance of the United States and British led coup against the Mossadegh government in 1953, which seemingly allowed for a complete change in Iranian policy towards the distribution of oil, its position regarding the West, and possible consolidation of power by the shah. This chapter will also look at the subsequent policies of the shah regarding economic and military growth, the sources of funding that allowed for this growth, and evidence of it having led to urbanization, a dual economy between the old agricultural and service society and the new industrialized service economy, and social mobilization. Some of the other critical areas of the shah's modernizing policies will be analyzed, including; land reform, women's suffrage, and literacy. Political institutionalization will be analyzed by looking at the shah's government and his policies of political participation regarding the citizens whose lives were seemingly in transition. The chapter will then close by analyzing any political instability that may have ensued as a result.

### **The United States and British Led Coup of the Mossadegh Government**

In 1941, after the exile of Reza Shah, his son, Mohammad Reza Shah was sworn in by the Majlis. Britain and the Soviet Union strategically occupied the northern area of Iran. The shah, twenty-two years old at the time, watched with no military powers as his country was occupied until the end of World War II in 1945. "For the first decade of his reign, Mohammad Reza Shah survived as much as ruled" (Mackey and Harrop 1996,

189). In the late 1940s nationalism had begun to gain strength due to the recent British and Soviet occupation during the war. In 1949, Dr. Mohammad Mossadegh formed a nationalist organization, the National Front.

“The National Front was a reformist organization that represented the aspirations of the middle class, with the objectives of safeguarding the 1906 constitution. Mossadegh’s National Front quickly gained popularity by calling for the nationalization of the oil industry. This gradually evolved into a nationalist movement that represented the aspirations of a whole nation and transcended the parochial interests of anyone group” (Milani 1994, 39).

In 1951, Dr. Mohammad Mossadegh was appointed prime minister of Iran. Mossadegh’s tenure only lasted for twenty-eight months as prime minister. “For many among the educated, Mossadegh is still the sun king who ruled in that brief moment when Iran lived under neither Persian kingship nor Islamic theology” (Mackey and Harrop 1996, 195).

During this twenty-eight month period, post war occupation tensions developed between Iran and the Western powers, particularly regarding the issue of oil. Due to the continual atmosphere created by the occupying West, Iran maintained a sense of nationalism. The Mossadegh government was not interested in awarding any oil concessions to Western countries and as prime minister he nationalized the oil industry. This move aggravated the West, particularly Britain. The British had the most invested economically in Iranian oil at the time with their oil firm; the Anglo-Iranian Oil Company.

“The British thought Iran’s oil was by right British oil, and found the Iranian demand to reclaim it outrageous. They were convinced that the oil was theirs because the British had discovered, exploited, refined, transported, and marketed it. That the oil had been under Iranian soil was of little consequence in the minds of most British politicians” (Louis 2006, 731).

Mossadegh's nationalization of the oil industry defied the desires of the Western world, a world that relied on the use of oil. "Mossadegh was the first Middle Eastern leader to defiantly nationalize a major Western-controlled industry" (Milani 1994, 39). Mossadegh had to deal with serious economic difficulties as a result of his nationalization policy. The biggest economic consequence of the nationalization policy was the resulting Western boycott of Iranian oil and further sanctions imposed by the West on Iran (Milani 1994, 40). This nationalism, as courageous and proper as it was, would lead to the downfall of the Mossadegh government.

Another issue for the Mossadegh government involved its handling of the Tudeh Party. Though the Mossadegh government did not ally itself with the communist Tudeh Party, Mossadegh's liberalism in Iran allowed the Tudeh party to operate in the open and increase its influence. In addition, the nationalization policy was viewed by the West as being ideologically in line with a leftist government. These facts led to growing concerns by the British and United States governments. A CIA report generated in January 1953, stated the following; "If present trends in Iran continue unchecked beyond the end of 1953, rising internal tensions and continued deterioration...are likely to lead to a breakdown of governmental authority and open the way for at least a gradual assumption of control by the Tudeh Party" (Central Intelligence Agency 1953, 1). During this period of the Cold War, the United States had seen Czechoslovakia and Korea fall to the Iron Curtain. The United States did not want to see Iran fall to communism as well.

On July 11, 1953, the United States government approved operation TP-AJAX, later known simply as AJAX. The British government also approved the operation on their end, calling it "Operation Boot." The U.S. and British governments convinced the

shah to sign the orders dismissing the Prime Minister Mossadegh and installing General Zahedi. Mossadegh, however, upon discovering the plot had General Zahedi arrested and the shah fled Iran. On August 19<sup>th</sup>, CIA and MI6 agents helped organize demonstrations that turned violent and ended up removing Mossadegh from office. This foreign intervention put General Zahedi in as prime minister and Mohammad Reza Shah as the leader of Iran's constitutional monarchy. Before the coup of 1953, Iranians had "deep admiration for the United States," after the coup the United States lost much of its creditability and respect with Iranians (Milani 1994, 42). This event marked a passing of the torch from the fading colonial powers of the once British Empire to the growing empire of the United States. The United States would now officially take over the leading role of foreign intruder into Iranian affairs.

### **Modernization: the Policies of Mohammad Reza Shah and Western Influence**

The foreign intrusion of the United States, unlike with the Mossadegh government, was welcomed by the Zahedi government and the shah. In fact, the new Iranian government began to increase pressure on the U.S. for new levels of economic and military aid. The shah wrote in his book, *Mission for My Country* (1961), published eight years after the coup, that "since American military and other aid has brought my country such important direct and indirect benefits, I hope I shall not sound ungrateful if I state my conviction that we have been receiving glaringly inadequate amounts of it" (Pahlavi 1961, 312). Therefore, in 1953, the Iranian government, following the coup did a one-eighty regarding their view of Western influence. The United States was counting on this change in policy, as revealed in President Eisenhower's National Security Council report in 1953; "Over the long run, the most effective instrument for maintaining Iran's

orientation towards the West is the monarch” (Alexander and Nanes 1980, 268). Additionally, in 1953, President Eisenhower declared that “the United States must block communism in Iran and other Asiatic countries as “interference” in Iran’s internal affairs” (Eisenhower Draws Fire of Iran Press 1953, 14). This was a dubious declaration by President Eisenhower considering the recent coup in Iran, orchestrated by the U.S. government.

Due to the new relationship between the shah and the United States government, Iran sought out increased levels of economic and military aid to build a modernized industrial society with an equally advanced military. One of the key aspects of rapid modernization is economic development. Dealing with the oil dispute was the first order of business in this regard. Resolving the oil dispute would increase revenues for Iran and increase the likelihood of additional aid from the United States. The additional revenues were in an effort to fund the shah’s new modernization program, dubbed the ‘Great Civilization,’ which was aimed at modernizing Iran to an extent previously unseen.

The shah’s plea for increased aid from the United States was quickly answered. On September 5, 1953, President Eisenhower granted \$45 million to Iran, plus an additional \$100 million for military aid and technical assistance (Doty 1953, 3). U.S. economic and military aid continued to increase annually. On May 8, 1954, the U.S. added another \$9 million in additional emergency financial aid to Iran (U.S. Adds \$9,000,000 to Iran’s Aid Grant 1954, 54). By November 2, 1954, the United States had offered Iran \$127,300,000 in loans and grants to “support the country until its oil revenues can finance a “large-scale” development program” (U.S. Confirms Iran Aid 1954, 9).

The aid by the United States did not come without strings though. Increased U.S. aid came with an increase in U.S. economic and military advisors as well. These advisors were engaged in much of the modernizing reforms eventually put forth by the shah. Reforms that U.S. advisors were directly involved in include the establishment of an Iranian banking system, and arranging contacts between the Iranian government and U.S. businesses. (Saikal 1980, 53). These U.S. advisors assisted the Iranian government in disseminating these U.S. aid funds as well. Additionally, members of the Iranian government met with State Department officials and the International Bank for Reconstruction and Development regarding the establishment of an Industrial Development Bank of Iran sponsored by U.S. banking and industrial interests in the U.S. and Europe (Heffernan 1959, F1). The United States generously assisted in aiding Iran in order to get oil agreements in place that would get Iranian oil back into the world market.

On August 5, 1954, an agreement was reached by the Iranian government and a pact of eight international oil companies. Five of the eight of which were from the United States. The U.S companies in the consortium included; Standard Oil Company (New Jersey), Standard Oil of California, Socony Vacuum, the Texas Company, and the Gulf Oil Corporation (Hangen 1954a, 1). The agreement gave Iran \$420 million in revenue (Hangen 1954a, 1). Iran agreed to pay \$70 million over ten years as compensation to the British owned Anglo-Iranian Oil Company that was nationalized under the Mossadegh government (Hangen 1954a, 1). The consortium contract was for a term of twenty-five years, with a virtually automatic fifteen year renewal (Hangen 1954a, 1). "In theory, the National Iranian Oil Company remained in charge, but in reality this

consortium gained full control over management, refining, production, and distribution of oil” (Ansari 2001, 74).

After the agreement was finalized and tankers began loading oil in the Persian Gulf, it had been a period of three and a half years since Iranian oil had been on the market due to the mid-1951 nationalization (Carmical 1954, F1). Dr. Mossadegh, now serving a three year prison sentence, stated from jail that the new oil pact is an “insult” to the nation and it means the “enslavement of my country for forty years” (Oil Pact Insults Iran, Mossadegh Says in Jail 1954, 8). Obviously, the U.S. and Great Britain saw the oil deal as being significantly beneficial to the West.

The Iranian government felt that the oil deal would be beneficial to their interests as well. The shah had a five year development plan that would be devoted to drastic increases in the agricultural sector, funded partially by oil revenues. Prime Minister Zahedi stated that “the oil agreement is the key to the rehabilitation of our economy, but the oil income alone will not be sufficient to generate the comprehensive economic expansion we envisage...Iran would prefer further United States assistance” (Hangen 1954b, 1). The United States was more than willing to provide this economic assistance to the Iranian government. From 1951 to 1967, the United States provided Iran \$605 million in economic development aid, \$122 million in surplus food under Food for Peace, and \$77.5 million in development loans (U.S. and Iran Celebrate the End of Aid Program 1967, 13).

The United States was not the only large source of aid for Iran during this period either. The International Bank for Reconstruction and Development (World Bank) gave Iran a loan for \$75 million, a loan of this type having never been granted by the World

Bank to that point (Brewer 1956, 63). The loan was agreed to be paid back through oil revenues (Brewer, 1956, 63). The Iranian government leveraged its economy heavily upon the generation of those revenues, revenues dependant on the consumption of their oil by the United States and others.

“The international financial permissiveness that began to prevail in the late 1960s and increased in the 1970s made it possible to evade most of the emerging problems. During those years – characterized by easy access to abundant external financing – concern for development theory, strategies, and medium and long term concerns and policies waned; everything seemed solvable through external financing” (Sunkel 1993, 32).

The peripheral country of Iran had become dependent on the Western center, the U.S., for economic aid to fund their rapid modernization. The aid that the shah received from the U.S. was not contributing to the economic development of Iran, more accurate would be to consider it as aiding the economic growth. Osvaldo Sunkel stated that countries along the periphery need to develop independently, otherwise they fail to control their development or to truly develop at all. This is exactly what was taking place under the rapid modernization policies of the shah.

As stated by scholar Samuel Huntington, the prevailing assumption of American foreign policy in the Cold War era was that economic assistance promotes economic development, and economic development promotes economic stability (Huntington 1968, 6). This prevailing assumption was called into question in a study conducted by Peggy and Pierre Streit in 1958, which focused on aid provided by the United States to Iran over a ten year period. Appropriately they focused their study on those to whom the aid should be benefitting the most, the peasant class in Iran. They found the following;

“One of the first technical assistance projects was the improvement of local crops. In three years, the use of an inexpensive insecticide wiped out an age-old wheat scourge and, as a result, the crop yield was more than

doubled. In theory this would have seemed a sizable boon to the peasants. In fact, it was not, because of Shahabad's (an Iranian village) ancient land-tenure system. Under the system, one-fifth of the crop is allotted to the man who owns the land; one fifth to the man supplying seed; one-fifth to the man supplying water; one-fifth to the man supplying beasts of burden; one-fifth to the man supplying labor. In Shahabad, as in much of Iran, the impoverished villager supplies only the labor, and hence receives only one-fifth of the land's fruits. The landlord who, as supplier of the land, seed, water, and beasts received a doubled four-fifths share" (Streit 1958, SM7).

They therefore found that just because an assistance program makes sense in the West, it may not necessarily have the same results in a society that has not attained the same level of social and political development (Streit 1958, SM7).

Another example in the same vein took place on Iranian cattle farms. One hundred Holstein cows were transported to Iran from the United States in an effort by the shah to spur cattle production, within weeks 90 percent of the newborn calves died (Weinraub 1973, 11). Iran still had primitive farming techniques and was ill equipped to handle this new influx of Western cattle. Scholar David Apter articulated in his second line of modernization or modernization II that countries in which were "highly modernized but not fully industrialized" were exposed to the "negative impacts of innovation on the labor force" (Apter 1987, 17). This was yet another micro level example of modernization that did not easily transfer from the West to Iran.

These examples reinforce Osvaldo Sunkel's basic argument that countries develop differently and should also develop independently. "Independent efforts undertaken from within to achieve self-sustained development," as characteristics will vary for each developing country and therefore will require individualized development strategies (Sunkel 1993, 9). Additionally, scholar Edward Shils stated the following;

“A foreign society might be admired but this admiration did not require that one’s own society should be remade so that it became like the admired one. Nor was it thought that there was a natural, temporal order of development in accordance with which there was an obligation to conform with a norm derived from this temporal order” (Shils 1981, 288).

The shah and the United States government were operating under the ideological premise that rapid Western modernization, funded through the infusion of high levels of economic aid and oil revenues, could be achieved in a developing agrarian society.

In the beginning stages, the Iranian government had seemingly made a good economic decision by betting on increased revenues through oil. In 1955, crude oil production in Iran averaged 326,000 barrels a day and in 1956, it was up to 534,000 (Iran Nets \$152,103,879 1957, 61). In 1957, it increased to 716,000 barrels a day and in 1958, it increased further to 821,000 (Iran’s Output of Oil Increased in 1958 1959, 32). Through 1968, Iran was averaging 2.84 million barrels a day (Lydon 1969, 7). By 1973, when the energy crisis hit the United States, it overwhelmingly increased oil revenues above and beyond the increases that had already been seen in the preceding years. In 1974, the shah revised his fifth five-year development plan as oil revenues quintupled to almost \$20 billion (Iranian Oil Revenues Said to Quadruple 1975, 57). This also meant that Iran became even more dependent on the United States and other oil consuming countries. One tends to think of the United States dependence on oil from Arab countries, in this case Iran. In many instances though, it is equally if not more true that the oil producing countries are dependent on oil revenues from other countries.

“Iran, trying to develop economically and industrially, is in an acute stage of growing pains. The country has a seven-year plan and more than \$100,000,000 a year of oil revenues to put it into effect. These assets are proving both a blessing and a headache to Abol Hassan Ebtehaj, the plan organization director. He is trying to develop economic maturity in a country that appears to be economically adolescent. The once lush land of

the Persians is ambitious to recapture its ancient prestige and self-sufficiency – following the new Western ways. The plan is running on an allocation of about 60 per cent of the \$234,000,000 oil royalties a year now being paid to the government by international petroleum companies doing business here” (Walz 1958, 14).

Oil subsidies allowed various sectors of the economy to remain inefficient, unproductive, and dependant on the West. This was the situation Iran found itself in due to the rapid Western style modernization implemented by Mohammad Reza Shah.

Due to the increased revenues generated from Iranian oil and modernization efforts, a dramatic increase in foreigners living and working in Iran took place. By 1974, approximately 15,000 Americans were in Iran; 2,500 for military programs and contracts, others in banking, engineering, architectural firms, communications corporations, and other corporate enterprises (Clarity 1974b, 12). This contributed to the anti-American sentiment.

Another effect of the revenues generated from oil and foreign aid was that the shah’s government was able to escape the levying of many taxes on its citizens. This was beneficial to Iranian society in that they were not over burdened with high taxes as had been the case in the past. It also meant that the wealthy in Iran gained even more wealth while the peasants remained impoverished. In addition, the lack of taxation allowed the shah, in his mind, to begin his modernization process without the input of the citizenry.

One of those areas regarded the modernization of the Iranian military. From 1954 to 1967, Iran received about \$1.3 billion in American military aid (A Reform-Minded Ruler 1967, 10). The shah did not discriminate regarding the country he was willing to purchase arms from either. The shah signed a \$110 million deal in 1967, for Soviet arms, trucks, and communications equipment (Smith 1967, 1). However, this deal

proved an exception as Iran received almost all of its military aid from the United States. Under the Nixon administration in 1971, the shah was allowed to purchase unlimited quantities of the most advanced conventional weaponry the U.S. had to offer (Zahedi 2000, 155). One of Nixon's main motives for allowing Iran to build up its military with such sophistication was in an effort to keep Iran under Western influence. Cold War politics dictated at the time that the Soviets not gain a foot hold in the Eurasian land mass.

In 1973, with the additional, unexpected revenues from oil the shah increased the military budget. The budget went from \$290 million in 1963, to \$1.9 billion in 1973, and in 1978, reached \$8 billion (Amirahmadi and Parvin 1988, 59). This constituted "the most rapid buildup of military power under peacetime conditions of any nation in the history of the world" (Klare 1984, 108). OPEC's new pricing policy gave the shah even more oil revenues than expected beginning in 1973. The shah spent much of these revenues on rapid modernization of the Iranian military.

"In 1973 alone, the shah invested \$3 billion in military hardware. The shah's proliferating arsenal included laser-guided bombs, a hundred-plus F-4 Phantoms, KC-135 aerial tankers to refuel the Phantoms, nearly 1,800 state-of-the-art tanks, a fleet of American C-130 transport aircraft, and the largest military Hovercraft fleet in the world. At the same time, a naval base at Bushehr on the Persian Gulf and a vast new military complex at Chah Bahar on the Indian Ocean were rising out of the sand and virgin jungle" (Mackey and Harrop 1996, 244).

The shah's military spending may seem to have been a good idea on the surface but there were a few underlying problems. First, there was little evidence that the military establishment was consulted prior to purchasing weapons systems and it would have been equally unlikely that the military elite would have challenged it (Afshar 1985, 182). Second, as a consequence, many times parts of equipment were bought and the

complementary one was not purchased (Afshar 1985, 182). Aside from the debt that this put Iran in, it helped further solidify the dependence on the United States. Iran's substantial U.S. based militarization had additional influences. English had become the basic language for many military activities in Iran (Pace 1976b, 1). Iranian intelligence acquired a gigantic U.S. designed communications monitoring installation (Pace 1976b, 1). Also, due to thousands of U.S. military experts in Iran, the real-estate market skyrocketed (Pace 1976b, 1). Even the armed forces of Iran, who were almost entirely equipped by the United States, had become heavily westernized.

Further evidence of how dependant Iran had become on the United States was evident when Jimmy Carter was elected president of the United States. Jimmy Carter's politics were different than that of Nixon's and Ford's, who imposed no restrictions on the shah's military spending, with nuclear weapons as the only exception. Shortly after being elected to office in 1977, Carter enacted the Presidential Decision Memorandum 13. This memorandum placed a cap on arms sales to all countries except the members of the North Atlantic Treaty Organization (NATO), New Zealand, and Israel" (Vance 1983, 319). The Carter administration continued to sell arms to Iran, however, restrictions were imposed that the shah was not accustomed to. These limits did little to help Iran's domestic economy though. Even with the shah being limited from buying a few items, he continued buying others, the military budget continued to rise. In March 1978, the shah pressed ahead with his plans for a massive naval expansion worth more than \$5 billion and Carter allowed the sale of close to \$600 million worth of U.S. arms to go forward (Mackey and Harrop 1996, 279). This exorbitant spending by the shah only resulted in further deficit spending and a continued increase in U.S. dependence.

After receiving economic and military aid from the United States, and while continuing to settle the oil dispute, land reform was another important area of modernization for the shah. The shah initially sought to sell off much of his crown lands. Later, the shah instituted land reforms that came later under the shah's "White Revolution." The sales of the shah's lands were to be made to the peasants who were residing on and cultivating the various royal lands. On its face, the shah's land reform seemed a selfless act, meant to empower the peasants and give them better opportunities to gain wealth. The shah had been attempting to sell these lands since January 1951, when he issued an edict arranging for the sale of much of his lands to the peasants (Shah of Iran to Cut Up His Estates into Farms for Sale to Peasants 1951, 1). The Mossadeh government prohibited the shah from selling the lands however. This prohibition was put in place based on grounds that the lands had been illegally acquired by the shah's father, Reza Shah, and thus were not legally transferrable (Majd 2000, 73). After the successful coup, the shah saw his chance to sell the lands that were illegally confiscated by his father. The shah disposed of his crown lands "as rapidly as he could create the administrative machinery to do it" (Hunt 1960b, 3). Sales resumed in 1953, and were completed in 1962 (Majd 2000, 73). The terms of the land reform bill called for the principle used for the shah's lands to be applied to private holdings (Hunt 1960b, 3). The shah claimed that he did not personally benefit from the sale of the Pahlavi estates, as the purpose of the land reform was to increase farm production and spread social justice (Hunt 1960b, 1). The records that would have shown whether or not the shah received any funds related to the sale of these lands were never made public.

Due to the focus the shah placed on land reform, the agrarian society in Iran believed that agricultural sector of the economy was going to be a growing one. Despite the shah's emphasis on land reform in his modernizing society, the shah stated the following;

“Iran must be prepared to shift away from the agriculture and toward industry. The 75-25 ratio of agriculture to industry must be completely reversed in not more than one generation if Iran is to catch up with the advanced nations in the world” (Mehravari 1965, 68).

Samuel Huntington stated the following regarding the shift from an agrarian society to an industrial one during the process of rapid modernization;

“Agriculture declines in importance compared to commercial, industrial, and other nonagricultural activities, and commercial agriculture replaces subsistence agriculture. The geographical scope of economic activity is far greater in modern society than in traditional society, and there is a centralization of such activity at the national level, with the emergence of a national market, national sources of capitalism, and other national economic institutions” (Huntington 1971, 287).

In addition to the growth that many in the agrarian sector of the Iranian economy expected, they were also in need of additional revenues for this growth to take place. It was estimated in 1960, that as much as \$5 billion would be needed for seed, agricultural tools, and marketing services in order for the lands to thrive (Hunt 1960b, 3). At the time Iran's oil revenues totaled only \$250 million a year (Hunt 1960b, 3). Another problem for these new land owning peasants was that most were in debt to the landlords and money lenders. It was estimated that the debt peasants in Iran owed to the landed gentry was approximately \$5 million in total (Hunt 1960b, 3). Thus, in order for the peasants to begin to accumulate any additional wealth for themselves they needed the government to do more than give them barren land to plow.

Beginning in January 1963, the shah introduced some well intentioned progressive reforms to Iran. This first set of initial provisions was dubbed the “White Revolution”. It was termed the “White Revolution” because it was to be a revolution without bloodshed. This “White Revolution” included six initial provisions; land reform, nationalization of forests, sale of state-owned enterprises to the public, a workers profit-sharing plan, women’s suffrage, and creation of the Literacy Corps. The shah proudly admitted that that his reforms were more modernizing than any reforms previous in Iran.

“My program is the most progressive ever offered this country. I think I can claim it is more advanced than any you will find elsewhere in the Free World today” (Walz 1963a, 2).

The shah subsequently wrote in his book, *The White Revolution of Iran* (1967), the following;

“Iran needed a deep and fundamental revolution that could, at the same time, put an end to all the social inequalities and all the factors which caused injustice, tyranny and exploitation, and all aspects of reaction which impeded progress and kept society backward” (Pahlavi 1967, 15).

The “White Revolution” was a first step by the shah’s government in an effort to modernize Iran. Land reform, women’s suffrage, and the Literacy Corps were the priorities among the provisions.

Many of these modernizing provisions were pushed by the United States government, at the time under the Kennedy administration. “The Kennedy administration considered land reform an effective deterrent against communist expansion or an agrarian revolution of the Chinese type and a prerequisite of the success of any industrialization program” (Milani 1994, 45). Iranians overwhelmingly backed the shah’s reform laws. In a vote, 4,912,871 Iranians supported the shah’s referendum and only 3,824 Iranians voted against (Iran Voters Overwhelmingly Endorse Shah’s

Reforms 1963, 1). Obviously, the reforms were popular at the time in Iran. The land reforms called for a centuries old feudal system to be changed almost overnight.

The first phase of the land reform under the shah's "White Revolution" reform began in 1962. Under the land reform large landlords, defined as those who owned more than one village, were required to sell their land to the government for fifteen year bonds (Walz 1963b, 3). The land was then resold to the peasants, with preference given to peasants that have previously worked the land. Landlords were permitted no more than 1,200 acres of land and could only keep this land if they modernize it by utilizing machinery and paid farm help in real wages (Walz 1963b, 3). By the end of the first phase of land reforms 10,003 villages were purchased from the major landlords; 344,017 householders owned land as a result of land reform (Shah Opens Second Phase of Land Reforms in Iran 1965, 25). This first phase of land reform was popular with the peasant population, which comprised 75 percent of the Iranian population. The landownings "Thousand Families", powerful landlord tribal chiefs, "lost their socio-legal base and were thus liquidated as a class" (Arjomand 1988, 73). While the first phase was voted on and Iranians were therefore allowed input, their expectations were drastically raised as well.

The second phase of land reform began in 1965. This phase of reforms was more complicated than the first. The second phase involved divesting smaller landlords, defined as those who owned one village or less, of some of their lands. Smaller landlords were more likely to depend on their lands for income than the larger landlords. The smaller landlords that were affected by the second phase of reforms were estimated at 100,000 Iranians and who owned approximately 63 percent of the land in Iran (Walz

1964, 15). The second phase of land reforms was also popular with the peasant population in Iran and peasants continued to place higher expectations regarding their plight in rural Iran.

In 1969, the third and final phase of land reform began. This third phase of reforms was in an effort by the shah to abandon primitive farming methods in favor of Western mechanized methods (Weinraub 1973, 11). The third phase of reforms also required farmers to enter government run cooperatives. Many farmers resisted these reforms because they found it “alien” and contrary to their traditions to share their water and crops and work (Weinraub 1973, 11). Developmental theorist Edward Shils made the following observation that is directly on point;

“Modern technology, in its wide utilization, has brought about so many changes in the organization of labor, in the distribution of the population, and in the standard of living, so many new pleasures and new problems, that it seems utterly alien to anything traditional. The appearance of the new machines and the new products is vastly different from what was used and produced a century earlier. The scale of the application of their new technology is also unprecedented” (Shils 1981, 82).

When the third phase was instituted, the shah had removed the feudal landlord families that had controlled the agrarian economy of Iran for centuries. In the final analysis, however, the shah simply replaced control of the lands from the landlords to that of the government. The peasants had no reason to have a great deal of trust in either the landlords or the government. In doing this the shah also managed to anger and frustrate the peasant population with the implementation of the third phase by forcing changes in their traditional methods on farming lands. The peasants essentially had their hopes dashed after being raised upon the implementation of the first two land reform phases.

The second largest rapid modernizing reform under the “White Revolution” was the implementation of women’s suffrage. Under the reform, women were now made citizens and given the right to vote. On September 14, 1963, roughly nine months after passage of the “White Revolution” women voted for the first time ever in Iran (Iranian Women to Vote Tuesday 1963, 8). Men were also limited to a maximum of two wives and the husband was required to get the permission of the first, and the state had to approve it as well (Pace 1967, 1). Additionally, men seeking divorce must go through procedures more complex than just saying three times “Talagh” – “I divorce thee” (Pace 1967, 1). Unlike his father, Mohammad Reza Shah did not ban the wearing of the veil by women, but instead maintained a policy of discouraging its use (Lewis 1978, SM17).

The traditional groups in Iran, mainly the clergy, denounced and protested the reforms, stating that it was against Islam and their traditional ways.

“The disenchantment of the mullahs with the shah...is focused on the shahs 15-year-old modernization drive, in which he has taken away much of their property and power. His land reform program stripped the Shiite religious establishment, the second largest landowner in the country, of its holdings, and other measures ended their jurisdiction over marriage and divorce and their control of education” (Gage 1978c, 1).

On the other side, women’s associations also protested declaring their support in favor of women’s suffrage (Frankel 1963, 1). The state and progressives on the one side and the clergy on the other, clashed in the streets of Teheran as a result.

“Two days of riots, looting, street fighting and clashes between supporters of the majority Shiite Moslem sect and the security forces. According to official figures, 86 persons were killed and 200 wounded following the arrest of Rouhollah Khomai, a mullah or religious leader, for his opposition to Shah Mohammed Riza Pahlevi’s land reform and the granting of suffrage to women” (Teheran is Quiet after 2 Day Riots 1963, 6).

The “White Revolution” was no longer a “white” revolution, it had become stained red.

In the midst of this violence, the shah, rather than demonstrating a willingness to engage in positive dialogue with the traditional groups in Iran, he insulted them. “We are done with social and political parasites; I abhor the ‘black reaction’ (the clergy) even more than the ‘red destruction’ (the Marxists)” (Farmayan 1971, 105). In the shah’s efforts to attain women’s suffrage in Iran he did the movement a disservice by blatantly disrespecting the traditional and religious elements. Much blame lay with the shah as to why women’s suffrage became such a divisive issue. There is no doubt that regardless of how the shah handled the implementing of women’s rights, it would have faced clerical challenge. The shah, however, decidedly stoked the fire.

Another area in which the shah aggravated the ulama was in regards to the Iranian calendar. The shah, in his continuing pursuit to modernize Iran in every conceivable area, decided to change the Iranian calendar from Islamic to Persian. The change backdated the Iranian calendar to Cyrus the Great and the establishment of the first Persian Empire in the sixth century B.C. (Pace 1976a, 8). This change further offended the religious ulama and other traditional groups in Iran. Additionally, five years earlier in 1971, the shah had held an extravagant celebration of the 2,500<sup>th</sup> anniversary of the Persian Empire. This also upset many of the ulama in Iran.

The third major area of modernization under the shah’s “White Revolution” was the establishment of a Literacy Corps. It was estimated at the time that 80 to 85 percent of the Iranian population was illiterate (Article 1 -- no Title 1965, 3). Starting in 1963, when the reforms were signed into law, 10,000 Iranian high school graduates with an extra four months of training, and after attaining the rank of third lieutenant were

assigned a village to teach 400,000 to read and write (Article 1 -- no Title 1965, 3). In 1964, 52 percent of children attended primary school, but in villages it was only 27 percent (Article 1 -- no Title 1965, 3). By the early 1970's, 28 percent of the population was literate (Wedemeyer 1976, LI4). By 1977, government records stated the literacy rate was at 44 percent (Statesman's Yearbook, 1978). In late 1978, just prior to the revolution, the shah placed the literacy rate at over 50 percent (Gage 1978a, SM12). This was a commendable improvement in the literacy rate of Iran in a relatively short period of time. The shah, however, did not simply wish to improve the literacy rate. The shah wanted education in Iran to mirror the West, as with everything else he sought to modernize.

The educational system in general went through a rapid modernization process. Traditionally, the educational system in Iran was based out of the mosques. Under the shah, children were mandated to attend primary and secondary schools as the educational systems were rapidly modernized. Many traditional Iranians felt that along with the oil revenue dependence and the United States-Iranian arms deals, the educational system was the third area that was being encroached upon by westernization. Between 1963 and 1977 the educational system developed through a threefold expansionist policy (Hiro 1985, 53). There was a doubling of enrollment to secondary schools (Hiro 1985, 53). In addition, there was a rise in the student body of technical, vocational and teacher training colleges from 14,240 to 227,500 (Hiro 1985, 53). Lastly, there was an increase in the university population from 24,885 to 154,215 and an increase of Iranian students at foreign (mainly Western) universities from 18,000 to 80,000 (Hiro 1985, 53-54). In 1978, there were 67,000 Iranian students that went to college in Western nations (Unesco,

1981, 480). These were great educational accomplishments for many Iranian youths as a result of the shah's modernization in the area of education.

As a result of these educational accomplishments however, many young and newly educated Iranians, whether educated domestically or abroad, desired to seek out a career in Iran after graduating. Many had heightened expectations due to their higher levels of education to that of previous generations of Iranians.

This section analyzed the rapid modernization policies of the shah in a traditional society and the involvement and influence of the West, particularly the United States. Samuel Huntington stated the following regarding the modernization of a traditional society;

“The contrast between modern man and traditional man is the source of the contrast between modern society and traditional society. Traditional man is passive and acquiescent; he expects continuity in nature and society and does not believe in the capacity of man to change or to control either. Modern man, in contrast, believes in both the possibility and the desirability of change, and has confidence in the ability of man to control change so as to accomplish his purposes” (Huntington 1971, 287).

The shah wanted change and therefore forced the traditional people in Iran to change their basic psychological foundation by modernizing, and modernizing quickly. From 1960 to 1978, Iran had the highest rate of growth among industrialized and developing countries in terms of Gross National Product (GNP), averaging 7.9 percent annually (Charle 1983, 125). The shah accomplished this by using oil revenues derived from foreign, mainly Western countries. Iran's economy had become partially dependent on oil revenues from the West. Iran's trade deficit was only \$5 million in 1962, but Iran's non-oil trade deficit was approximately \$438 million (Commercial Statistics 1966, 32). The shah, with the full support of the U.S, even at its bequest, then implemented

modernizing reforms that caused Iran to become completely reliant on the West. Scholar David Apter suggested that enlarging choice is central to development, which requires restricted access to it in the short run in order to generate surpluses, discipline, and planning (Apter 1987, 17). The shah failed to do this and in fact did exactly the opposite.

### **Traditional Groups of Iran, Urbanization, and Social Mobilization**

The two key aspects of modernization are economic development and social mobilization. The previous section detailed the extent of economic development that had taken place in Iran during the period of this study. This section will detail the social mobilization that resulted from the Western oriented, modernizing policies of the shah. Scholar Karl Deutsch defines social mobilization as, “the process in which major clusters of old social, economic and psychological commitments are eroded or broken and people become available for new patterns of socialization and behavior” (Deutsch 1961, 494). According to scholar Samuel Huntington, social mobilization is largely the result of literacy, education, and urbanization (Huntington 1968, 34). As demonstrated in the previous section, the shah was committed to improving literacy and westernizing the educational system in Iran. These modernizing goals were largely accomplished. Once the shah’s land reforms were implemented he unknowingly created a condition that led to urbanization. This section will detail this condition and analyze the affect it had on the traditional groups in Iran.

The shah’s land reform, while intended to improve the lives of peasants, effectively replaced the landlords and inserted the state in its place. This resulted in a break of the communal bond between the landed gentry and the peasants and it failed to improve the wealth of the peasantry.

“Ali Dasagir received his 20-acre plot under a land-reform program decreed by Shah Mohammed Riza Pahlevi 15 years ago. Since then, Mr. Dasagir’s three sons have moved to the factories of Teheran, and though the capital is only 50 miles east, their father rarely sees them. With no one to tend the corn and cauliflower fields and the herds of goats and sheep as he grows older, the 62-year old Mr. Dasagir is thinking of selling his holdings to real estate developers. “I never wanted to move to this city but it has moved here,” he said. “It is all around me.” He was speaking literally. The compound of mud-walled houses that Mr. Dasagir and his older neighbors inhabit has been preserved like a shrine from a bygone era. Around them, Nazarabad has emerged as a community of 15,000 people, with asphalted streets, brick homes bristling with television antennas, small factories and modern stores” (Kandell 1978a, A11).

Though the landlords often shared only one-fifth of the profits with the peasants, the landed gentry and the traditional community within the village provided an apparatus for subsistence, whereas the government did not. The shah became so focused on modernizing Iran in the Western image he was oblivious to the break in traditional associations his reforms were causing. These policies by the shah led to a dual economy in Iran.

In the shah’s effort to modernize Iran, creating a newly modernized workforce was one of his first goals. In order to accomplish this he created more professional, technical, and clerical jobs in an effort to transform the economy. The shah had no plan for incorporating the traditional elements into this newly modernized workforce that he had created. A former Cabinet Minister of the shah’s stated the following;

“Looking back...if we should have done one thing differently, it would have been to strike a balance between urban industry and agriculture. We distributed land but we did not do enough to keep people in the countryside. It would have made this country more stable” (Kandell 1978a, A11).

The reforms of the “White Revolution” essentially signaled a change in power from the old landed gentry to the new modern middle class. The growth in government

bureaucracy increased demands by the public and private sectors for technicians and managers, rapid expansion of a Western style educational system that resulted from the rise of a new middle class. As the shah continued in his effort to modernize the economy in Iran, he simultaneously neglected the most traditional elements in his society and a dual economy developed. The shah attempted to change the economy from a primarily agricultural and service society to an industrialized service economy.

Farming best demonstrates the shah's neglect of the agrarian sector of the Iranian economy, while his modernization efforts were rapidly expanding elsewhere. In Iran, only about 5 percent of the land was under cultivation in 1978, and less than half of the farmlands were irrigated (Kandell 1978a, A11). The dominant agrarian sector of the Iranian economy began to stagnate due to the mass exodus that occurred with the shift to the urban sector.

“Demographically, modernization means changes in the patterns of life, a marked increase in health and life expectancy, increased occupational, vertical, and geographical mobility, and, in particular, the rapid growth of urban population as contrasted with rural” (Huntington 1968, 33).

Iranians were leaving the rural areas due to the shift in economic prioritization by the Iranian government, which translated to perceived increases in urban employment opportunities. The modernization in mass communications allowed for this information to become more widely disseminated as well. In 1966, the Iranian census did not mention ownership of radios, by the 1970s, over 65 percent of households owned radios, and in the urban areas it was more than 75 percent (Milani 1994, 66). This media access that most Iranians now had in the comforts of their own homes gave them new ideas about their future, which previously they did not have.

As migration from the rural areas to the industrialized areas of Iran occurred, coupled with the failure of the government to offer any economic incentive to stay, many of these former agrarian workers became disconnected from the newly industrialized economy. They essentially became marginalized by the rapid modernizing policies of the shah's government. Scholar David Apter stated the following regarding the term *marginal*, in the context of development;

*“Marginal* here does not only mean unemployed. It refers to a “pariah” subculture whose members are regarded as basically “unemployable,” which can include a very diverse population: urban squatters, “lumpens,” and many others living at the fringes of the productive system. Forming distinctive subcultures, “functionally superfluous” in terms of their contributions to a development output, they live under conditions of high uncertainty, great personal risk, and with few prospects for regular work” (Apter 1987, 18).

These were the conditions in which the shah's modernizing policies relegated the rural workers; living in the urban areas to which many had never previously ventured and with few if any transferable skills for employment. Scholar Edward Shils stated the following; “substantive traditions are more endangered by the disorder of urban idleness and the supplantation of local and tribal authorities than they are by the fragmentary and unsuccessful authority of a remote and spuriously rationalized bureaucracy” (Shils 1981, 298). For the traditional groups of Iran, they had all three of these factors working against them.

Another traditional group dealing with the dual economy created by the shah's policies was the bazaaris. This is best illustrated by the newly created middle class that began cutting into the bazaaris wholesale trade. The new middle class accomplished this by establishing their own retail chains and outlets. “The bazaar merchants seemed relegated to secondary status by a government which emphasized the industrial and the

“modern” sector of the economy” (Bakhash 1990, 191). This growth of independent professionals, civil servants, white collar employees, and technicians was not welcomed by the bazaaris.

The bazaaris were a powerful force throughout traditional society in Iran. The propertied bazaaris were divided into two distinct layers; the upper, comprised of whole sellers, commission agents, brokers, middle men, money-changers and work shop owners; and the lower consisted of shopkeepers, artisans, and craftsmen (Hiro 1985, 61). The bazaar is the area where they conduct their merchant business. The bazaar is a tightly knit and hierarchical society, held together by a complete system of guilds and trade networks (Afshar 1985, 7). Historically, the bazaar dealt with three-quarters of whole sale trade and two-thirds of retail (Hiro 1985, 61). The bazaaris are divided up within the bazaar according to their particular trade and some of the streets are named after gold, shoe, and fabric sellers” (Sciolino 2000, 328). The bazaar is a densely built community center that also includes; a maze of mosques, public bath houses, religious schools, teahouses, unlit alleys, and backrooms that often serve as meeting places and centers of communication (Sciolino 2000, 328). The bazaar itself was built at an angle on the street grid so that it could face Mecca (Sciolino 2000, 328). The bazaar is therefore not a place that caters to tourists as one may think. Scholar Edward Shils states that tradition can include “buildings, monuments, and landscapes,” among other things (Shils 1981, 12). It is easy to understand how the bazaar was an important cultural, economic, and religious center for Iran’s traditional society.

The fact that the bazaar was a cultural, economic, and religious center was an important fact that allowed for crosscutting segments of Iranian society to converse.

“In the traditional economy the bazaar was more than a market place; it was the granary, the workshop, the bank, and the religious center for the whole society. It was there that landowners sold their crops, craftsman manufactured their wares, traders marketed their goods, those in need of money raised loans, and it was there that businessmen built and financed mosques and schools” (Abrahamian 1968, 128).

The bazaar was an organizational tool that made it possible for various groups to collaborate with one another. The most important relationship of any two groups was that of the bazaaris and the ulama. The ulama were comprised primarily of the Shiite Muslims in Iran. The bazaaris were largely religious conservatives themselves. Intermarriage between the bazaaris and the ulama was fairly common and contributed to the close relationship between the two groups (Omid 1994, 10). Another reason that the ulama always viewed the bazaaris in a positive light was the fact that Mohammed himself was a merchant. This is also why Muslims in general hold merchants in high esteem. This economic, cultural, and historical relationship formed an important connectedness in Iran’s traditional society.

The modernizing policies of the shah not only threaten the livelihoods of the bazaaris, but it also threatened their culture and historical roots as well. In the shah’s new Iran, “traditional merchants occupied a smaller place in the economy under the modernizing Pahlavis” (Keddie 1995, 67). The bazaaris concerns regarding the shah’s modernizing economy were well founded, in 1956, there were 200,000 professional, technical, and clerical workers in Iran, and by 1976, there were almost 1 million, two-thirds of which worked for the state (Behdad and Rahnema 1995, 32). The bazaaris, as a result of the shah’s economic policies felt less represented by the government. Scholar Edward Shils stated the following regarding the growth of government sector jobs in a changing society;

“The growth in the power of the civil service is one of the most striking developments of the modern state in the present century. More than half a century ago leading students of modern society warned against the increasing power of the civil service and the dangers of rigidity and inadaptiveness to the exigencies thrown up by the changing environment of society and new tasks within the society” (Shils 1981, 191).

The bazaaris, a historical component of Iran’s economy, society, and culture were being swept aside by the government in favor of modernization. “The Pahlavis felt they could ride rough-shod over “old fashioned groups” like the ulama, the nomads, and the bazaaris, and rulers could believe this because of support by the USA and by oil money” (Keddie 1995, 67).

The two dueling societies in Iran, modern and traditional, had been living in different conceptual worlds under the shah’s rapidly modernizing economy. They soon began to live physically apart as well.

“The emergence of urban dualism – of a complete sociological division within the old residential quarters had included families of all ranks. This ensured social contact between different classes: the rich were in daily contact with the ordinary, the poor and even the beggars. But all this began to change when the wealth led, in the case of Tehran to an entirely unplanned movement towards the northern parts of the city, into new houses” (Segar 1986, 211).

Historically, in Iran, the agrarian upper class, peasants, merchant middle class, and bourgeoisie all associated and lived around each other. It was not until the shah created his new middle class of government workers and technicians that there was a divide and certain classes did not associate with one another.

Another of the shah’s modernizing goals was employing the indigenous industrial bourgeoisie. Looking at the change in the labor force in Iran over a ten year period tells the story. In 1966, 47.5 percent of the labor force was agriculturally based, 26.5 percent was industrially based, and 26 percent was service based (National census of population

and housing, November 1976, 1981). By 1976, the agricultural labor force decreased to 34 percent, the industrial force increased to 35.4 percent and the service labor force increased to 30.6 percent (National census of population and housing, November 1976, 1981). In a fifteen year period stretching from 1963 to 1978, Iranians living in rural areas dropped from 75 to 52 percent, and only one-third of the labor force was working in the countryside (Kandell 1978a, A11). Wages in the urban sector averaged six times the pay in rural areas (Kandell 1978a, A11). The two groups were put at odds by the Iranian government. They inhabited different worlds, one based on the newly modernized industrial sector and the other based on the old agrarian model.

Another effect of this urbanization was that it led to an increase in food consumption by Iranians. In the mid-1970s, consumption was increasing at approximately 22 percent, whereas production was only increasing at a rate of 7 percent (Pace 1975b, 2). In 1956, only 31 percent of the population lived in the cities, in 1975, it was estimated to be over 40 percent (Pace 1975b, 2). “With urbanization has come the tendency to eat more and better food” (Pace 1975b, 2). The Iranian government had either not conceived of this happening or just failed to plan for it.

Since farming production was unable to keep up with the increased rate of consumption, Iran was now reliant on the importation of food. At the increased rate of consumption in 1975, Iran would need to import 20 percent of its food by 1990, enough to feed 10 million people (Pace 1975b, 2). Prior to the early 1960s, Iran had virtually no reliance on food imports, by 1978, the modernizing country of Iran it became heavily reliant on other countries’ food.

“Ten years ago (1968), Iran was an exporter of grain, rice, and sugar. Although production has risen since then, it has lagged far behind the

population growth and the higher levels of consumption. Today, the country produces less than 80 percent of the wheat it needs and only about half the rice” (Kandell 1978a, A11).

Iran had now become reliant on oil revenues from the West to pay for enough food imports to feed their newly modernized society. The shah had managed to create a situation where the survival of a rapidly modernized and urbanized economy was completely dependent on foreign assistance.

The traditional elements of Iranian society continued to be troubled regarding the economic alliance Iran maintained with the United States. As an example, even while the Iranian economy was expanding, many Iranian citizens complained that foreigners were being paid higher salaries for the same work being performed (Clarity 1974b, 12).

Samuel Huntington stated the following in this respect;

“In a traditional society this inequality is accepted as part of the natural pattern of life. Social mobilization, however, increases awareness of the inequality and presumably resentment of it” (Huntington 1968, 57).

Iranians seemingly became resentful and began to see the influx of U.S. capital as the westernization or “westoxication” of Iran. This term “westoxication” came from a famous essay written by Jalal Ale Ahmad, in which it is suggested that Iranians should look to their oriental ways (Keddie 1995, 109). Traditional groups saw this “westoxication” manifest itself most prominently in three areas; the educational system that was traditionally based out of the mosques, the United States-Iranian arms deals, and the oil agreements between Iran and the West. Scholar Edward Shils stated the following regarding schools in traditional societies exposed to modernization;

“If the schools become separated from religion and family and work against them, traditions will not be transmitted; they will become very attenuated. The tradition seeking capacities will be left without the framework which they need” (Shils 1981, 315).

Traditional groups in Iran became resentful of the shah's Western modernizing government and the West in general. The message being communicated to the traditional groups was that Western modernization was better. The affect it had on these groups was resentment and perhaps a renewed sense of pride in their traditional practices. Traditional groups in Iran did not experience the benefits of Western modernization as perceived by the shah's government, only its severe drawbacks.

### **Political Institutionalization and Participation**

After the coup of 1953, the shah had the opportunity to modernize political institutions as he began modernizing the economy, thereby increasing opportunities for political participation. Samuel Huntington stated that, "the level of institutionalization of any political system can be defined by the adaptability, complexity, autonomy, and coherence of its organizations and procedures" (Huntington 1968, 12). The shah publicly stated in 1963, his desire to play a lesser role in a more diffused Iranian government.

"Shah Mohammad Riza Pahlevi said today the reforms he was making in Iran would bring democracy like that of the West and social advancement to his people. "Some day the Shah of Iran may be able to assume the same role in political affairs as do most European monarchs," he said. By that he meant a secondary role. But he said that Iran had not reached that stage of advancement. He pleaded for more understanding of the "disciplines" that may be required" (Walz 1963c, 6).

The shah certainly understood that the economic development in Iran would eventually need to be accompanied by political development in addition. Scholar David Apter defines *political* development as "regimes, state systems, and political systems whose institutional functions, evolve along with developmental equity," requiring "greater participation and elite accountability" (Apter 1987, 18). This section will analyze

whether the shah's government became adaptable and highly institutionalized or less adaptive, rigid, and less institutionalized.

As articulated in the previous section, Iranians began leaving the rural areas for the urban sector as economic prioritization of the government began to change. These rural workers, now living in the urban areas, isolated and detached from their former communal enclaves and looking for work, had no way to express their grievances. "More and more frequently it is the marginalized groups, especially those *dispossessed* of their lands and *displaced* from their communities, who form into semi organized groups and press demands on governments under circumstances, economic and political, that the latter are unwilling or unable to satisfy" (Apter 1987, 33). In similar fashion, as the urban areas grew around the bazaar, the bazaaris lacked any mechanism that would allow for their concerns to be addressed regarding the new Western style businesses cutting into their profits. Finally, the ulama were unable to voice their frustrations with respect to the modernizing policies of the "White Revolution," other than taking to the streets. Even riots in the streets had been largely silenced since the uprisings in the early 1960s. The shah tightened his control to the extent that there was not a "public squeak of dissidence" (Clarity 1974a, 65).

Iranian students were another group that the shah was particularly interested in silencing. The shah was largely able to silence the students in Iran, at least initially. Students living abroad, however, vehemently protested and demonstrated against the shah (Clarity 1974a, 65). Even these students were not completely safe. The shah openly admitted that he had Iranian government officials in foreign countries conducting surveillance on Iranian students' overseas (Shah, on Israel, Corruption, Torture and...

1976, 22). This failure to allow Iranians to express their feelings about changes and issues in their communities created an atmosphere of frustration and resentment against the shah and his government.

“The degree of community in a complex society...in a rough sense, depends on the strength and scope of its political institutions. The institutions are the behavioral manifestation of the moral consensus and mutual interest. The isolated family, clan, tribe, or village may achieve community with relatively little conscious effort. They are, in a sense, natural communities. As societies become larger in membership, more complicated in structure, and more diverse in activities, the achievement or maintenance of a high level of community becomes increasingly dependent upon political institutions” (Huntington 1968, 10).

When the shah chose not to modernize political institutions and allow for at least some limited political participation, after his policies dramatically changed the lives of so many Iranians, the shah’s monarchy effectively became an aristocracy.

The newly formed middle class of professional, technical, and clerical worker jobs that the shah created in an effort to transform the economy was another group that pushed for participation. “Segments of the new class of experts, technicians, and educated middle class refused to be mere functionaries of the state plans, and instead they pushed for political participation” (Vahabzadeh 2010, 232). The shah thought that the new middle class would be content with their modernized careers and way of life in Iran. It never occurred to the shah that this newly created group with increased levels of education would also have increasing levels of aspirations regarding political involvement and participation.

The shah, while modernizing the economy, failed to modernize institutions for interest articulation in any way. In fact, the shah immediately began moving in the opposite direction to consolidate his power. In 1955, he began by removing the Prime

Minister, General Fazlollah Zahedi, after he restored the oil industry in Iran. Zahedi was replaced by an aid to the shah, Hussein Ala. The appointment of Hussein Ala, as his successor, increased the political power of the shah (Love 1955, 4).

The shah also began to consolidate his power regarding the Majlis. The shah effectively reduced the Majlis to a “rubber-stamp institution” (Mirsepassi-Ashtiani 1994, 56). The shah started by signing a decree ordering an amendment to the constitution to increase the number of deputies in the lower house from 136 to about 300 and to increase their terms from two to five years (Iran to Amend Laws 1957, 3). The shah then began to fill the new seats in the Majlis with those friendly to his regime. “The shah is empowered to name the Premier and through him the Cabinet,” additionally, the “local candidates for Parliament are nominated by leaders of the two principal parties, which are submissive to the shah’s will” (Pace 1967, 18). The shah was able to maintain complete control within the government as a result.

The shah’s government was comprised of a two-party system. The Melliyun and the Mardom were the only sanctioned parties legally allowed to exist. Both parties were functionally powerless though. “By the mid-1960s, no *legal* opposition political party remained (Mirsepassi-Ashtiani 1994, 55-56). The Communist Party in Iran, the Tudeh Party, was outlawed and many party officers were purged under the shah’s regime (Iranian Red Doomed 1955, 6). The National Front Party of former Prime Minister Mohammad Mossadegh was also outlawed.

By 1975, the shah became even more autocratic and consolidated the two-party system into just one party, the Rastakhiz or National Resurgence Party. After the establishment of the Rastakhiz, the state began a new crusade against traditional groups.

The shah's government, now already involved in education, inserted themselves into religious education as well. This began with the development of the Religious Corps. The shah's government, through the Religious Corps, co-opted and utilized the mass media (Sreberny-Mohammadi 1994, 81). The state thus attempted to censor or control the religious message transmitted through the media. The bazaaris were negatively affected by the establishment of the Rastakhiz as well. "Branches of the party were opened up in the bazaar and forced donations from small businesses" (Sreberny-Mohammadi 1994, 82). The bazaaris, forced to compete with Western businesses due to the shah's modernizing policies, were now required to donate to the government's only political party. A political party and government that failed to represent their interests.

With the change from a two-party to a one-party system, the shah effectively was limiting the average Iranians ability to seek redress for any grievances they might have. The shah was restricting choice. Not that the two-party system in Iran offered much choice either, it now became official with only one party able to legally operate. Scholar David Apter defined the term *development* as referring to expanding choice and *choice* referring to the range of articulated alternatives available to individuals and collectivities (Apter 16). Apter stated that increasing choice has always been the central development goal and "how to control access to choice and promote the sharing of it according to approved rules and conditions of equality has been the special political concern of development" (Apter 1987, 16). The shah failed to offer Iranians any choice when it came to airing their grievances or becoming actively involved in the changes taking place in Iran.

Another area that the shah effectively limited institutional development was regarding the establishment of unions. There were few trade or labor unions in Iran. The formation of a union and the bargaining procedures established were sanctioned by the Ministry of Labor (Hunt 1960a, 5). The Minister of Labor was of course appointed by the shah and could be removed at any time. "The state-run trade unions merely extended the control of the state to the workplace" (Mirsepassi-Ashtiani 1994, 56). Workers of Iran were thus unable to find any solace from the few unions that were legally permitted to exist.

The press was another institution that the shah also maintained almost complete control over. The press is controlled and criticism of the shah is forbidden (Reforms in Iran Bring New Hope 1970, 9). During times of restlessness in Iran, newspapers would often not report incidents or downplay them according to government direction. In one incident, journalists representing Time magazine were jailed for five days due to a "suggestion" sent to the home office of the publication outlining a possible article on candidates for the Majlis being "hand-picked" by the regime (Walz 1961, 20). The shah also wanted to control religious publications produced in Iran as he increasingly viewed the clergy as a threat to his regime. As a result of this perceived threat, in 1974, the shah had all publishing houses that produced religious books closed down (Mackey and Harrop 1996, 267).

The shah maintained his ruling aristocracy through a three pronged powerbase that included; the United States, the Iranian military, and the police and the internal security service, *Sazeman-e Ettela'at va Amniyat-e Keshvar* (SAVAK). The U.S. and the Iranian military made the shah feel secure and had Iranians believe, for awhile at least,

that the shah was an immovable force. The police controlled the disorder in the streets and the SAVAK dealt with particular individuals or groups deemed to be in opposition to the government. The shah used top military men who supported him early on to take the leadership roles in forming the SAVAK. The shah also established the Imperial Iranian Inspectorate, tasked with watching the SAVAK, a further sign of the aristocracy that the shah had constructed.

The shah built the SAVAK security organization in order that it would disallow any challenge to his monarchy such as the situation in 1953, where he was forced to flee the country for three days.

“After the Mossaddeq experience the shah decided he wanted an effective internal security service and set up the large organization known by the acronym SAVAK in 1957. Aid to SAVAK from American CIA and the Israeli Mossad assured some efficiency, but added to feelings against the countries that helped train SAVAK. With jail, torture, or even death as the possible stakes, it is not surprising that even underground or exile oppositional groups were decimated and suspicious or that within Iran people were increasingly hesitant to discuss politics at all” (Keddie and Yann 2003, 134).

Individuals that decided to speak out regarding perceived injustices being committed and were jailed or tortured by the SAVAK as a result, obviously harvested resentment for the shah, his government, and the United States and Israel for their roles regarding the SAVAK. A former agent of the SAVAK, Bahman Naderipour, alias Tehrani, later admitted to torturing hundreds of people and killing dozens in sixteen years while employed under the security service of the Iranian government (Kandell 1979, A2). This is how the shah dealt with those who were perceived as an enemy or threat to the Iranian state, the shah.

The shah relied heavily on the SAVAK to deal with dissidents in Iran. Between 1973 and 1978 the shah's government spent \$2,650 million on the SAVAK (Ghods 1989, 197). From 1971 to 1976, SAVAK, "acting under the orders of the shah, effectively exerted its dominion over the Ministries of Culture and Art, Information, Science and Higher Education, and the National Iranian Radio and Television Organization" (Zahedi 2000, 43). The SAVAK were the watchful eyes and ears of the aristocratic government of the shah.

Under the shah's regime, political dissidents were either jailed as was the case for Mohammad Mossadegh and his closest ministers in 1953, exiled like the Ayatollah Khomeini in 1965, or executed like many others. According to scholar Nils Gilman, a segment of modernists he termed "high modernists," are distinguishable from other modernists by their "ruthless willingness to apply unrestrained state force to achieve their modernist dreams" (Gilman 2003a, 11). The shah seems to fall into this segment of modernists. In 1975, it was estimated that the shah's government was holding approximately 40,000 political prisoners, though the shah stated that it was not more than 3,000 (Shah Denies Jailing 40,000 Dissidents 1975, 2). Dissent was obviously not tolerated by the shah in his new Iran. There is little doubt that the shah believed that his policies of development were the correct ones for his country. The shah believed that he was doing the right thing for Iranians in an attempt to improve their standard of living. When certain groups spoke out against his policies, he felt that they were wrong, ungrateful, and should be dealt with harshly. Modernization from above led to disconnect between the shah and those of whom his policies were affecting.

The shah had implemented a rapidly modernized development plan without the input of the populace in Iran. The failure of the shah to provide institutions for Iranians to address issues that arose in their everyday lives in the rapidly modernizing Iran led to anger and frustration. When this anger and frustration manifested itself, the shah brutally suppressed it by any means possible. Because the shah had effectively suppressed all groups in society and in government, only the shah was left to be blamed for problems that developed. When the shah ignored or failed to realize the isolation and despair his policies continued to cause, many Iranians began to look for alternative leadership.

### **Political Instability**

By 1975, the oil boom had brought mass migration to the capital city of Teheran. Teheran's population increased by one million over a seven year period to four million (Pace 1975c, 3). The population increase led to housing shortages, inflation, traffic issues, and pollution. While these issues were taking place, the oil boom began to slow down due to a sharp fall in demand for oil. Iranian oil production in 1975 fell by 9.3 percent for the year (Smith 1976, 33). As a result, in early 1976, the Iranian government was forced to propose a deficit budget, citing the drop in demand for oil as the reason for the \$2.4 billion gap between expenditures and revenues (Smith 1976, 33). Despite the drop in revenues, Iran continued to import goods and buy military weaponry. Iran imported \$12.8 billion in the fiscal period between March of 1976 and March of 1977 and had ordered \$5.8 billion in weapons and training services since 1974 (Ibrahim 1977, 78). Iran's budget went from \$290 million in 1963 to \$1.9 billion in 1973 and in 1978 reached \$8 billion (Amirahmadi 1988, 59).

As a result of the continued spending, lower revenues from oil, and the ensuing budget gap, the shah needed a way to generate additional revenues. The Iranian government's solution was a two pronged approach in an attempt to climb out of the newly found deficit. The first solution the government had was to increase taxes on its people. This policy of increased taxation resulted in a 71 percent rise in taxes or salaries in 1976 and another 51 percent in 1977 (Zahedi 2000, 102). The shah had wastefully spent the enormous oil revenues that Iran had previously generated over the years on modernizing projects and now wanted Iranians to foot the deficit bill. There were modernizing projects traditional groups in Iran never asked for, benefitted from, or had any say regarding their implementation.

The second solution the shah devised to solve the deficit problem was to employ an anti-profiteering campaign as a way of fighting the increased prices that resulted from inflation. It was also estimated by economists that living costs in Iran had soared by 25 percent in mid-1975 (Pace 1975a, 51). "The rate of increase of retail prices rose from 3.7 percent per annum to 15.5 percent in 1974" (Afshar 1985, 33). This anti-profiteering campaign entailed government set price limits on items. The profit rate was set at 14 percent even though inflation according to the government's own numbers was double that level (Parsa 63). The inflation rate in the mid-late 1970s was difficult know for certain. According to some estimates, it had gone as high as 40 percent (Green 40). Traditional merchants were now expected to comply with strict price limits being set by the shah in a hyper inflationary period. Economist Osvaldo Sunkel describes a hyperinflationary period as one where "planning becomes impossible" and "extremely sensitive to exogenous disturbances" (Sunkel 1993, 105). This was the economic

environment that the shah created and in which he expected traditional merchants to survive.

In order to implement this anti-profiteering policy, the shah mobilized a special task force headed by the minister of commerce, where approximately 10,000 “inspectors,” many of whom were students and housewives, monitored prices and received cash bonuses for reporting “profiteers” (Gage 1978a, SM12). During this campaign, many businesses were temporarily closed, some merchants were jailed, and others were initially sentenced to be deported to remote areas, though this latter penalty was later rescinded (Gage 1978a, SM12). This anti-profiteering campaign was obviously embarrassing and humiliating to the merchants. Resentment of the shah was to be expected. This anti-profiteering campaign further added to the sharp economic decline that many groups in Iran were feeling at the time.

When anti-shah demonstrations truly became organized in 1978, the oil workers were one of the first groups to go on strike. “Not only did it destroy the image of the shah’s invincibility, it also paralyzed the economy, and sent a message abroad that the shah could no longer be relied upon as a stable ally, who could deliver oil to the international economy” (Afshar 1985, 99). This was the price the shah paid for trying to build an economic power on oil sales alone.

In 1978, the oppositional movement to the shah became organized, centralized, and violent. The shah’s rapid modernization policies and the economic conditions created from those policies had taken their toll. By late 1978, the new middle class had seen the shah discontinue many industrial plans, construction projects, limited wage raises, and cancelled the customary annual bonuses to office employees and workers

(Hiro 1985, 73). A united multi-class alliance between the traditional groups and the new modern middle class had formed, all in opposition to the shah and his policies. The shah managed to aggravate, humiliate, and ultimately provoke and organize the industrialists and the traditional groups into a revolutionary force. They were united in the feeling that the shah had squandered the economic prosperity that they once enjoyed and was incapable of turning things around. Striking teachers allowed students to protest, while electrical and oil worker strikes effectively put the country's economy at a standstill.

One of the first principle demands of the strikers was that all foreigners in the oil industry be expelled from Iran. In 1978, more than 40,000 Americans and 70,000 other foreigners were working in Iran and feeling growing pressure to leave from striking Iranians (Kandell 1978b, 1). Foreign workers were identified as being part of the shah's failed modernization policies and thus this action by the strikes was a rebuke of the shah's policies and Western intrusion.

In the second half of 1978, strikes were sporadic throughout Iran. Even when workers went back to work as a result of pressure exerted by the shah's military force, many workers engaged in "foot-dragging" while on the job. "Discontent among the workers is said to be widespread and many are reported to be going to their jobs but doing a minimum of work" (Gage 1978b, A1). The strikes and work slowdowns had a detrimental effect on the economy of Iran in 1978. This effect was a calculated one by the workers engaging in the strikes and slowdowns. The shah's rapidly modernized country was completely reliant on the continued production of oil. The opposition was well aware of this fact. The strikes were causing the shah to lose control of Iran, a control that seemed unchallengeable, until late 1978.

Besides the oil industry, another target of many strikers was the banking industry. In November 1978, those already striking were successful in convincing workers of the Central Bank in Teheran to go on strike (Ibrahim 1978, A7). The ensuing instability that had spread to the banking system in Iran caused an exodus of currency to the United States and Europe. Transfers from Iran to Zurich and London were estimated to total around \$2 billion and transfers to California around 3 billion (Kilborn 1978, 4). Much of the money was believed to have belonged to the family of the shah, other government officials, and businessmen who profited from the oil boom (Kilborn 1978, 4). The fact that the shah and his family were moving much of their financial wealth overseas was evidence of the extent of instability that had occurred in late 1978. It was also evidence that the shah had a clear understanding of this instability. With each successful strike the movement grew stronger and rioting became increasingly intense.

Many Iranians were not only rioting out of angry and frustration from the shah's economic policies, but due to the fact that he never allowed them to voice their opinion about any of these rapid modernizing policies. Consequently, rioters focused much of their attention on the shah and his Restakhiz Party.

“The most savage attacks were against the Tabriz headquarters of the Restakhiz, the three-year-old Iranian National Resurgence Party that is Iran's only legal political force. Today the building of the “Shah's party” here is gutted, its walls blackened by fire. It appears that the demonstrators smashed every one of the blue-enameled emblems of Iran's 2,500<sup>th</sup> anniversary celebrations that are displayed at Government offices all over the nation” (Hofmann 1978, 7).

Iranians were essentially voicing their feelings of dissent against the shah and his policies. These were feelings that were deemed illegal by the government, and their expression was denied during the shah's rule.

Much of the rioting by the oppositional movement to the shah was made possible by a new human rights policy being pushed by the Carter administration. In 1977, President Jimmy Carter began a policy of denying United States assistance to any country that imprisoned its citizens for political purposes. This new policy put added pressure on the shah. In early 1977, the State Department, in its first detailed report on human rights found that Iran had violated human rights (Gwertzman 1977, 1). The U.S. government in the end decided to continue military support to Iran, despite the report, but the shah's government was on notice to reform. The human rights policy came at a bad time for the shah as the economic difficulties became increasingly severe and rioting became routine. The Carter administration was not alone in their scrutiny of the shah's human rights record. The International Association of Jurists and Amnesty International both publically criticized the shah's policies (Gage 1978c, 1).

As a result of the outside pressures placed on the shah regarding human rights, the shah began a policy of liberalization of political dissidents. In mid-1977, a bill was proposed and signed that guaranteed the rights of political dissidents (Howe 1977, 6). The reform bill guaranteed the arraignment or release of a prisoner within twenty-four hours after being brought before the prosecutor (Howe 1977, 6). By the end of 1977, the shah continued to make concessions or in some cases to least look as if he were in an effort to appease the United States, human rights organizations, and the growing domestic discontent with him and his government.

“According to American officials, the Shah has moved quietly but effectively in recent months to limit political arrests to cases involving violence, to relax stiff restraints on the press and, apparently, to end the use of torture. Private Iranian citizens who are not active in the opposition said, however, that they have not noticed any such changes and that as far as they can see, repression remains intense” (Lewis 1977, 4).

The shah seemingly did too little too late. Though the shah did just enough to try and please those demonstrating and rioting against his government, it was not enough.

The Carter administration continued to praise the shah's human rights efforts in response to their increased demands. On a visit to Tehran, New Year's Eve 1977, President Carter toasted Iran as an "island of stability" due to the shah's "leadership and to the respect and the admiration and love which your people give to you" (Safire 1980, A23). Less than a year later in early December 1978, President Carter stated that "frankly, he didn't know if the Shah would survive" (Present Tense 1978, E1). At the end of 1978, the shah released hundreds of political prisoners in a last ditch effort to reconcile with his people (Present Tense 1978, E1). It had no effect in dissuading the fervent demonstrations and rioting. Iranians had lost faith in the shah because of the direction he had taken the country, and in his efforts to change course. The shah had been in complete control of the economic decisions made in Iran and it was therefore easy for Iranians to blame him for the economic downturn. They also felt he was out of step with many of their cultural and traditional beliefs. As a result, on January 16, 1979, the shah was forced to leave Iran for an "extended vacation."

## **CHAPTER FIVE: CONCLUSION**

This case study set out to demonstrate that rapid modernization generated as a result of state enacted social mobilization and economic development coupled with the suppression of political participation results in political instability. This case study additionally set out to demonstrate that this political phenomenon would be further complicated if based on an exogenous model.

This case study started by looking at some of the leading comparative political science scholars that specialized in the area of modernization and development in an effort to gain insight and better articulate the political phenomenon that was the focus of this study. A brief historical analysis was conducted in an effort to get a better understanding of Iran's past brushes with modernization and foreign intrusion. This study demonstrated that the foreign intrusion of Iran was begun in the nineteenth century by Britain and Russia. A few of the most notable incidents of modernization such as the Reuter Concession, Tobacco Revolt, Constitutional Revolution, and the modernization efforts of Reza Shah were analyzed. This analysis demonstrated that these early modernizing efforts were initiated from above by Iranian leadership and through Western influence. This historical analysis also demonstrated how traditional groups in Iran disapproved and fought back against these Western oriented modernization efforts. This historical analysis was also done in an effort to contrast the modernization efforts in Iran and the reaction by traditional groups prior to Mohammad Reza Shah.

The primary case study aptly began with the United States and British led coup against the Mossadegh government that put the shah in power. This study showed that the coup was motivated out of ideological, strategic and economic reasons. The U.S. felt that the Mossadegh government might be sympathetic towards the Soviet Union and was displeased with the nationalization of Iranian oil. This study demonstrated that once in power, the shah began exporting oil as expeditiously as possible and spent the huge oil revenues on modernization projects. Due to the billions of dollars in additional revenue through oil the shah was able to implement any and all modernization projects he desired. Additionally, the shah was able to rapidly modernize his military by purchasing the latest U.S. weaponry.

As part of the modernization effort of the shah, he implemented his “White Revolution,” which changed many aspects of life for traditional Iranians. This study was able to demonstrate that the land reforms, women’s suffrage, and educational reforms all ended up having a negative effect on traditional groups in Iran. Due to the negative effects of the land reform and the focus the shah placed on the newly industrialized economy, many workers in the traditionally dominant agrarian sector were forced to migrate to the cities. This in turn created urbanization and social mobilization that allowed for the coordination against the shah and his government.

This study was also able to show the increasingly autocratic manner in which the shah ruled after the coup in 1953. The shah did not allow for any political institutionalization or political participation in Iran. As a result of these factors, coupled with the oil bust that occurred in the mid-1970s, the shah’s regime became unstable. As the economy became worse, the shah continued to isolate himself through his policy

decisions until even the new industrial class became disenchanted with him. The various groups began to believe that the shah was incapable of fixing the economic mess that he himself created. In addition, the traditional groups in Iran were equally troubled by the amount of westernization or “westoxication” that had occurred under the shah. The result was revolution. The traditional groups in Iran simply wanted someone who was more in touch with their traditional ways. The charismatic cleric, Ayatollah Khomeini, became the embodiment of what the people desired.

### **Reflections, Lessons, and Future Policies**

Reflecting on the results of this case study, the conclusion must be reached that modernization theory’s basic premise that all societies evolve in a similar fashion, is false. Some of the tenets of modernization theory, namely that political participation is required for development, have been proven accurate. Furthermore, it has been shown that when developing countries are forced to modernize in a period of decades where developed countries had centuries, the pace is an unnatural and destabilizing.

“The potential for major social and political instability is especially high where “developmental crises” overlap instead of occurring sequentially in time: basic land reform that breaks up the landed estates to the advantage of a growing middle peasantry; the replacement of subsistence farming with a market economy in agriculture; industrialization along with urbanization; national integration of previously parochial subcultures or relatively autonomous political regions; the secularization of the society through the separation of church and state and a reduction in the social and political roles of religion; political organization and integration of the newly mobilized masses of the modernizing society” (Greene 1990, 166).

This economic change is a fundamental precondition for revolution that was not only present in Iran, but pre-revolutionary France, China, Vietnam, Columbia, Kenya, the civil war in Spain and others (Greene 1990, 164-166). The economic conditions that

developed in pre-revolutionary Iran can therefore be studied and applied when studying other developing countries.

This case study has also demonstrated the need for a new approach to development theory as well. Modernization theory is a conservative intellectual tradition rooted in a West centered approach and dependency theory is heavily tied to communist models. Both theoretical paradigms are constrained ideologically and have failed to lead to a functional model for development as a result. The field of comparative politics therefore continues to wrestle with the issue of modernization and development as the global economy expands. This study therefore advocates for a more relativist approach. “Relativism insists that human behavior and development can only be understood within its proper context - there are no models or theoretical constructs that are universally applicable” (Brohman 1995, 122). A way forward may therefore be found in the indigenization of development theory. This view is supported by Osvaldo Sunkel’s argument that underdeveloped countries possess distinctive features and as a result should develop differently and independently. There is little question that the political phenomenon of development will continue to be an important area of study in the field of comparative politics as further progress is still needed.

One of the paramount lessons regarding the modernization efforts of Mohammad Reza Shah is that traditional groups must be included in the decision making process. Beyond offering political participation and institutions allowing groups to articulate their interests, regimes must not become out of touch with the traditions and the traditional groups within their society. Traditions transmitted from one generation to the next

culminate into a culture that makes each society unique. Leaders that emulate other cultures or forget their own, or both, are perhaps unsuited to lead their country.

The United States' failed foreign policy efforts in Iran through the use of the modernization theory paradigm, proved tragic. The question of whether the United States can play a constructive role in developing countries modernization is clear, as it largely cannot. This study demonstrates that the interests of the U.S. often work against the interests of developing countries. In fact, underdeveloped countries could likely become more prosperous if they separated themselves from the global market and pursued a course more in line with their traditional needs, and less dictated by external pressures.

“Demands for the indigenization of theories and strategies of development flow from two interrelated concerns: first, that the Western models contain too many false universals and Eurocentric biases to comprehend many crucial issues and problems of the Third World development; and, second, that development programmes and policies based on the Western models have brought devastating results to most developing countries, particularly to their poorest, most vulnerable and disadvantaged classes and social groups” (Brohman 1995, 131).

The tragedy with respect to the Iran is that the country was attempting to pursue an indigenous course under the Mossadegh government. U.S. and British intervention denied the Iranian people the opportunity to develop their economy on their own terms and harness their own natural resources rather than exporting them. The intervention of the U.S. and Britain led to an alternate path of development for Iran. This path had disastrous consequences for traditional society. Also, it eventually had a disastrous consequence for the United States and the West with the onset of the revolution and the subsequent Islamic Republic that emerged.

The United States has built a reputation around the developing world. Unfortunately, this reputation is largely based on a foreign policy of intrusion. U.S.

interventionist policies in Iran have demonstrated the disastrous consequences that often result. “At a time when the Third World looms increasingly large on the international political horizon, the United States must learn to develop new relationships based on trust and mutual respect with the peoples and classes that will direct these developing societies in the years ahead” (Bill 1988, 447-448). Future U.S. policies towards developing nations may therefore be best served by being strictly covert and advisory in nature only. This could help to ensure that foreign regimes maintain a more authentic and inclusive approach towards the more traditional indigenous groups within their society and the U.S. could build a new reputation in the developing world.

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