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War and Reza Shah: 1914–1941

1914–1921

World War I brought new problems and devastation to Iran. It promoted revolutionary and democratic sentiment and fueled the desire among many to reconstruct Iran as an independent country. New movements for social change came to a head in the postwar period.

When war began, the Iranian government declared neutrality, but Iran was strategically located and four powers used it as a battlefield. The Turks moved into Azerbaijan in the fall of 1914, after the Russians withdrew. The Germans played on Iranian anti-British and anti-Russian sentiments. The Kaiser was presented as a partisan of Islam, and Iranians were urged to respond to the Ottoman sultan's call for a Holy War on the Allies. British power spread when that of the Turks, Germans, and Russians declined.

Even before the war the British tried to negotiate with Russia for a new partition of Iran, with Britain to control the neutral zone where the oil was. When war came, England promised Russia postwar control of Istanbul and the Straits in return for British rule in most of Iran's neutral zone, and a secret treaty for this was signed in March 1915. Unlike the 1907 Treaty, this contained no reference to Iranian independence but said that, in the Russian sphere, Russia expected recognition of its "full liberty of action,"¹ and did not limit British activities in its zone.

The year 1915 saw the extension of fighting in Iran, with new hardships for the population. In the south the German agent Wassmuss, "The German Lawrence," organized a tribal revolt against the British, who were also active in the south. The Russians moved more forces into the

north and forced the dissolution of the new third majles. Most of the majles nationalists were pro-German and anti-Russian, and they now formed a provisional government at Qom. The young Ahmad Shah continued to reign in Tehran, and so there were two governments, neither of which had much authority in a divided Iran. Later Allied advances forced the nationalist government to retreat to Kermanshah and then to flee Iran, but many of its members continued active in Istanbul and Berlin.

The Germans sent money to Iran and in 1915 invited Hasan Taqizadeh to Berlin to create a Persian committee to disseminate propaganda and possibly create a nationalist government. Taqizadeh's review *Kaveh*, 1916–22, was widely read in Iran. His coworkers included important writers like Mohammad Ali Jamalzadeh, son of Jamal ad-Din Esfahani, and Hosain Kazemzadeh, later editor of another nationalist paper, *Iran-shahr*. The wartime issues of *Kaveh* were largely nationalist and pro-German, but also had cultural content.

In 1916 the Russians were dominant in the north and the British regained control in the south. That year the British formed a local force, the South Persia Rifles, under the command of Sir Percy Sykes. By late 1917 the British controlled the south.

Nineteen seventeen was a year of turmoil with battles throughout Iran. The power of Iranian nationalists at Qom and in central Iran ended when the Russians moved into the area. British and Russian troops occupied nearly all Iran by late 1917, although the British still fought Qashqa'i tribal forces into 1918. Foreign control was weakened, however, by events in Russia. The March Revolution aroused hopes that Russian troops would withdraw, but this occurred only in the fall, when Russian troops in Iran revolted and were recalled by the new Bolshevik government. This had a liberating effect on the north even though the British moved into some of the positions abandoned by the Russians.

The war had a devastating effect, as the country was a battlefield, on which many were killed, and farmlands were ruined by invading armies. Peasants were taken from the fields and forced to work on military projects. Irrigation works requiring careful upkeep were destroyed, and cultivated areas and livestock were reduced. In some Asian countries, like India and China, the war stimulated industrial and urban development, but in Iran it caused a fall in urban enterprise and population, even though some types of local trade and crafts were stimulated. Central au-

thority declined, and local landowners and tribal chiefs reasserted their independence and rebuilt their power.

The war's disruption awakened many Iranians to the need for strong and independent government. Nationalists' influence grew and there were wartime uprisings. The most serious antigovernmental and nationalist movement was a revolt in the Caspian province of Gilan, from 1917 on. A local leader, Kuchek Khan, led a movement for more democratic and egalitarian rule. The partisans of this movement were known as *jangalis* (forest dwellers) because they operated in the wooded area of Gilan. By 1918 the *jangalis* controlled Gilan and parts of nearby provinces. In Azerbaijan a democratic movement also reached large proportions toward the end of the war. The movements were not separatist but hoped to spread their reforms to all Iran.

When the war was over, Iran faced heightened problems, among which were food scarcity, high prices, the revived power of tribal chiefs and landlords, and the diminished power of the central government. The British, whose troops occupied most of the country, spent money freely in Iran during the war to ensure the complaisance of tribal and governmental leaders and, by the war's end, had great influence over Iran's rulers.

Late in 1917, the Bolsheviks renounced Russia's unequal treaties, loans, and concessions. Revolution in Russia and the disorders caused by war gave impetus to revived social and nationalist movements, which challenged British supremacy. In 1918 trade unions were formed in Tehran and Tabriz, among postal, printing, and other workers, and there were some successful strikes. Reform movements were especially strong in Tehran, and in the northern provinces of Gilan, Mazanderan, and Azerbaijan.²

Adding to discontent was a severe famine in 1918–19, which may have killed as much as one-quarter of the population in the north.³ The famine was related to wartime Western incursions, a reduced crop area and small harvest, food needs of foreign troops, and worsened distribution. Famine was aggravated by hoarding and speculation by landlords, dealers, and officials.

From 1918 to 1921 Britain moved to consolidate control over Iran. British subsidies to the government helped insure its complaisance. In the summer of 1918 the British made Kuchek Khan halt the advance of his forces and sign an agreement that limited his control to Gilan, letting

British troops control neighboring areas. Soon afterward an Iranian government, headed by Prime Minister Vosuq ad-Dauleh and subservient to the British, was formed, and was kept alive by British subsidies. The British government, particularly Foreign Secretary Curzon, wished to formalize British control over Iran by a treaty that would amount to a British protectorate. Iran was useful both for oil and against Russia, and British control could make Iran part of a cordon sanitaire around the Bolsheviks.

The Iranian government, hoping to gain popularity by backing a nationalist cause, tried to attend the Versailles Peace Conference to receive restitution for Iran's wartime sufferings. Iran demanded reparations and territory taken by Russia in 1813 and 1828, but the conference did not listen, saying Iran had not been a belligerent.

The Bolshevik government encouraged nationalists in Iran with a note detailing the repudiation of tsarist privileges. All Russian concessions in Iran were renounced, except the Caspian fisheries concession, which was left to further negotiation; capitulations were given up and Iran's debts to Russia cancelled. The Russians proposed a friendship treaty with Iran, but the pro-British government, which was negotiating a treaty with Britain, delayed this. The British sent new troops to Iran, and Iranian complaisance was underwritten by large bribes to the treaty's negotiators. Negotiations were secret, but the treaty was made public after Premier Vosuq ad-Dauleh signed. By the Anglo-Persian Treaty of 1919, the British would supply advisers for the Iranian government; British officers and arms would be sent to the army; a large British loan would pay for the advisers and army; the British would develop transportation and communications; and the tariff would be revised.⁴ The treaty was interpreted as a British protectorate ensuring administrative and economic control.

The United States and France were concerned that the treaty would give a monopoly to British advisers and interests in Iran. The American minister reported home essentially endorsing the "Persian patriots'" view of the treaty as a protectorate.⁵ In response to American queries whether American advisers would be permitted in Iran, Curzon said that if they met with British approval they could come, and the British tried to keep four French law professors from coming to Iran.

The British acted as though the unratified treaty were in force, sending a mission to take over Iranian finances and also military and administrative advisers. Iranian reaction to the treaty became more hostile

through 1919. A nationalist movement with goals counter to the treaty grew. Iranian newspapers attacked the treaty and its signers, and demonstrations against it occurred in many areas. The government dealt with opposition by jailings and the banishment of opponents from Tehran. The government also tried to manipulate the majles elections.

Resistance to the treaty continued through 1920, and in some areas merged with a popular democratic movement. This movement grew especially in Azerbaijan, a region much affected by Western incursions and ideas. A Democratic party was formed there under Shaikh Mohammad Khiabani, a leader of the 1905–11 movement in Azerbaijan. By April 1920 it was strong enough to force the government's agents to quit Tabriz. The movement was reformist and also expressed newly awakened national sentiments of the Turkish-speaking Azerbaijanis, some of whom felt oppressed by the Persian central government. Khiabani formed an autonomous local government and renamed the province Azadistan (Azad=free). Reforms like price control were undertaken to counteract continued inflation. The success of the Azerbaijan movement encouraged similar forces elsewhere.

The British, however, continued to act as if the treaty were in force. They sent experts to reorganize the armed forces, got an option for a railroad from Iraq to Tehran, took much control over Iranian finances, and brought about a revision of the Iranian tariff. The tariff law of 1920 was favorable to British imports, letting them enter at lower rates, and, hence, providing less protection and revenue. The tariff was unfavorable to Russia. Russo-Iranian trade almost stopped; goods formerly imported from Russia were in short supply, while those exported there lost markets. Reliance on British trade made the trade balance more negative. The justification for British financial control—solving Iran's fiscal problems—did not materialize: inflation continued, and tax reform was not tried.

Inaction was dangerous, given Iran's increasingly rebellious mood. Growth in discontent and its more leftward orientation appeared in the consolidation and changes in Kuchek Khan's movement in Gilan. The movement had shrunk when British and White Russian forces occupied much of north Iran, but grew again in the winter of 1919–20. In the spring of 1920, Red Army troops landed at Anzali to chase out White Russian troops there, and this helped clear out forces hostile to the jangalis. Kuchek Khan got increasing leftist support and was encouraged by the Bolsheviks. In June 1920, Kuchek Khan's forces, in control of all Gilan, declared the establishment of an Iranian Soviet Socialist Republic,

although the measures taken were more democratic-reformist than socialist. A Communist party was formed in the area, but Kuchek Khan and many other governmental leaders had disagreements with the Communists, who were following a radical line favored by Ahmad (Avedis) Soltanzadeh. The jangalis aimed at changing all Iran on the Gilan model and threatened the conservative central government. Lenin, however, followed a pragmatic line and in 1920 began secret negotiations for a Russian agreement with the Iranian government, which, once attained, implied giving up on imminent revolution.

Middle-class nationalists often did not sympathize with Kuchek Khan's movement, but it bolstered their desire to change the government. Conservative nationalists wanted to divert attention from internal problems and hoped that an anti-British display would reduce demands for social change. Radical and antiradical forces were thus united against the pro-British cabinet, and this brought the resignation of Vosuq ad-Dauleh in June 1920. A government formed under a moderate nationalist, Moshir ad-Dauleh, announced the suspension of the Anglo-Persian Treaty until British and Russian troops quit Iran and the majles could debate freely.

The British and their Iranian allies forced the resignation of Moshir ad-Dauleh in the fall, and the new prime minister, Sepahdar, was more complaisant to the British. He put British officers in command of the Cossacks and prepared to submit the treaty to the newly elected majles. The Sepahdar government was never able to put the treaty to the majles, however, owing to continued opposition.

The government suppressed the Azerbaijan movement through use of the Cossack Brigade. Khiabani was killed and reprisals taken. There were, however, outbreaks of violence in Azerbaijan in the next two years. The Kuchek Khan forces extended their control to the province of Mazanderan, but split internally. The left wanted confiscation and nationalization of land, which Kuchek Khan refused. After the Congress of the Peoples of the East in Soviet Baku in the fall of 1920, in which Iran got much attention, the Iranian Communist party adopted a more moderate program. Iran was seen as between feudalism and capitalism, and socialist measures were rejected; unity with bourgeois groups and winning of the peasants through land reform were stressed. Some of the jangali left, particularly those leading the army, rejected this approach, but the Communist party leadership began negotiations with Kuchek Khan to reestablish a united program.

Iran's government now turned to the United States for backing and aid. The United States was showing new interest in Iran and its oil; and, in August 1920, the State Department instructed its Tehran representative:

It is assumed that . . . you have discreetly and orally conveyed to the Persian Foreign Office information to the effect that the Department believes that American companies will seek concessions in the northern provinces and that the Department hopes that American companies may obtain such concessions. . . . The Department has taken the position that the monopolization of the production of an essential raw material, such as petroleum, by means of exclusive concessions or other arrangements, is in effect contrary to the principle of equal treatment of the nationals of all foreign countries.⁶

Iran's government wanted American advisers for ministries, including Finances and War; and an American manager for an Iranian national bank, and oil and transport concessions to the United States.

In the face of hostility, the British became doubtful about their treaty, and the United States began to consider taking over some of England's former position. Late in 1920 the Iranians requested a loan from the United States. The American government did not respond immediately, but negotiations for advisers and concessions continued.

In 1920 and 1921 negotiations were also proceeding for a friendship treaty with Soviet Russia. A treaty was needed to formalize the Russian renunciation of concessions; to reestablish normal trade broken off during civil war in the Caucasus; and to define future relations between the two countries. Negotiations broke down when Iran insisted on the return of territory taken by Russia in the nineteenth century.

By early 1921, there had been no attempt at basic solutions to problems that had been aggravated by the war. The economic crisis had abated, owing to a revival in agriculture and the end of fighting. Problems of economic structure remained as before. A British observer noted that landlords had independent armies for rent collection, peasants were like serfs, and in the villages, "a parasitic group of underlings . . . were growing rich by robbing their master, and also by bleeding the poor farmer."⁷ Only in Azerbaijan and Gilan were economic reforms like price control and rent reduction begun. There was, however, a new breadth and intensity of nationalist and reform movements. These movements could take much credit for keeping Iran from becoming a virtual British colony. By early 1921 the British ceased to press for their treaty, owing to strong Iranian opposition, backed by American and Russian official opinion.

The postwar social movement in Iran had a rather sporadic and regional character. The negative effects of the war help account for both the genesis and the limitations of this movement. The war did not stimulate urban development or national economic cohesion, but furthered regionalism and disunity. The popular movement was disunited, and did not have a national program that could challenge the government or exercise strong influence on national affairs. Western intervention also lessened the effectiveness of popular movements.

The immediate postwar period did, however, see intellectual developments that helped spread nationalist ideas. The second series of Taqizadeh's Berlin-based *Kaveh* included high-level research on Iran and expressed patriotic, secularist, and reformist themes. Taqizadeh's view in this period was that except in promoting the Persian language, Iran should totally follow Western models to progress and be independent. Among *Kaveh's* topics were public education, equality for women, the need for a strong central government and to control the tribes, and advocacy of sports and more translations from Western languages. There were also other nationalist publications as well as publications by Communists and socialists.

1921–1925

Dissatisfaction with Iran's postwar governments, especially among nationalists, along with absence of any strong national party, made it possible for a small group of men to overthrow the Sepahdar government. Sayyed Zia ad-Din, known as a pro-British moderate, led the civilian side of this movement. More important was participation, along with his troops, of the self-made Cossack Brigade commander, Reza Khan. While there is no written evidence of British Foreign Office involvement in the coup, the commander of British military forces in Iran, General Ironside, backed Reza Khan's rise to power in the Cossack Brigade and encouraged him to undertake a coup. The Iranian gendarmerie, a quasi-military force begun in 1911, which during and after World War I sided with the Democrats and in some cases with the Communists, joined the movement.⁸ Sayyed Zia became prime minister in a new government following the Cossacks' entry into Tehran in February 1921, with Reza Khan as war minister. Control over the modernized Cossack Brigade, was a power base for the new government, and particularly for Reza Khan. By 1921 the British saw a protectorate was

impossible and favored a strong government that could suppress the jangalis and other threats from leftist or Russian-backed movements.

The accession of this government marks a turning point in Iranian history. The government showed a new independence of the West in many matters, and Western interference became more indirect. Reza Khan was primarily interested in building a strong centralized state, and his reform efforts were mainly measures for centralization and efficiency, including suppression of tribal and autonomist movements and strengthening the army and bureaucracy. The demands of the middle classes and some nationalists were partly met through centralization, the growth of trade and of the civil service, the rejection of open British control, and the expectation of further reforms once the strengthened army took control of the country.

Despite his moderate and pro-British background, Syyed Zia issued a proclamation promising land reform, national independence, a plan for a modern, industrialized economy, and other social reforms. This program suggests the power of the reform movement, which influenced Syyed Zia's words. Syyed Zia also announced the annulment of the Anglo-Persian Treaty. He hastened to conclude the Russo-Iranian Treaty, signed on February 26, 1921, which led to the restoration of normal relations with Russia.

Articles I and II of the treaty contained Russia's renunciation of imperialist policies and all tsarist treaties with Iran. Article III recognized the Russo-Iranian border of 1881, which meant a small cession of territory acquired after 1881 by Russia. Article IV promised nonintervention by Russia in Iran's internal affairs. Articles V and VI, much discussed since, prohibited any armed organization in Iran or Russia whose aim was to "engage in acts of hostility" against the other, and allowed Russia to intervene against the troops of any power using Iran as a base of operations against Russia. Majles ratification of the treaty was delayed for a year, partly owing to these clauses, but ratification came soon after a statement by the Russians that "Articles V and VI are intended to apply only to cases in which preparations have been made for a considerable armed attack . . . by the partisans of the [tsarist] regime which has been overthrown or by its supporters."⁹

Further treaty articles renounced Russian loans, ceded to Iran all assets of the Russian Bank, Russian roads, telegraph and telephone lines, and all other concessions and property. Russia retained rights to the Caspian fisheries, and a new contract for them was later negotiated.

Extraterritoriality was renounced. The Iranians promised not to cede any former Russian concessions or property to a third party.¹⁰

Some economic recovery came with the resumption of more normal trade. Reza Khan concentrated on modernizing and strengthening the army, which increased his power. Personal ambition and policy disagreements led Reza Khan to force Sayyed Zia's resignation and make him flee Iran. A new cabinet was formed under Qavam as-Saltaneh, a powerful official with more liberal leanings than most of his class, but real power was increasingly in the hands of Reza Khan.

The first concern of the Qavam-Reza government was to put down movements that threatened the established order. Particularly urgent for them was Gilan. In May 1921, a government was established in Gilan including both Communists and the non-Communist forces of Kuchek Khan. There was discord over the extent of reforms, and by late 1921, Kuchek Khan turned against the left and expelled them from the government. Internal discord made it relatively easy for the Tehran government to march in and take over at the end of 1921; Kuchek Khan was not taken but froze to death.

Also in 1921 there was revolt among Kurds and others in Khorasan, in northeastern Iran (separate from the majority of Kurds in the West). Anti-foreign and anti-government feeling were high enough among the tribespeople and peasants to permit the temporary establishment of a new government in the area, based on a program of radical social reform. The government used its superior armed forces to put down this movement in the fall of 1921. In January 1922 came another revolt in Azerbaijan, led by the leftist gendarmerie officer, Major Lahuti, who was soon chased out and went to Soviet territory, where he continued to be an influential writer until his death in 1957.¹¹

There were further popular outbreaks in late 1921 and early 1922, but then the postwar social movements in northern Iran were suppressed. They had suffered from geographical disunity and lack of a national program or party, owing to the backward economic and social state of Iran, its territorial disunity, and the absence of strong urban leadership groups. Many who favored change, including some Democrats, Socialists, and Communists, backed the Zia-Reza coup and Reza's early reforms. The postwar popular movements had helped prevent the retention of power by men who were open tools of the British. The new government, with its greater backing and growing army, which incorporated the Democrat-oriented gendarmerie, was more effective against

protest movements than the older pro-British government had been. Middle- and upper-class nationalists were alienated from protest partly because of their fear of radicalism and regional separatism, and partly because most of them initially supported Reza Khan's government and program. Largely due to Reza Khan's growing and increasingly efficient armed forces, by the early 1920s all protest movements were put down and trade unions and opposition propaganda were increasingly suppressed.

The 1921–25 period saw the further development of nationalist ideas. Though journals were censored and sometimes closed, newspapers of varying orientations continued to publish. A few were still published abroad, notably *Iranshahr*, edited in Germany 1922–27 by Hosain Kazemzadeh Iranshahr and widely read in Iran. It developed further the program of Kaveh and advocated secular nationalism, including universal secular education, women's rights, and Persian-oriented centralization as against local languages. It voiced anti-clericalism, hostility to the Muslim Arab conquest of Iran, and glorification of pre-Islamic Iran—themes that became common among many Iranians for decades and were, minus their original democratic orientation, made into the official nationalism of the Pahlavi shahs.¹²

Reza Khan undertook the organization of the army on the British model and created the first sizable modern armed force Iran had seen. Tax collection and finances were centralized. The government also reopened negotiations for American advisers. The American government was interested in Iran but did not want to act counter to the British, who were seen as an antidote to Bolshevism.

In the summer of 1921 the Iranian government sent the diplomat Hosain Ala to Washington to discuss an oil concession and a program for American advisers. The Iranians requested technical advice, a loan, and investment for modernization to stop the threat of communism. The United States government was cautious about British interests but talks progressed. Standard Oil Company of New Jersey negotiated a concession for the oil of north Iran, excluded from the Anglo-Persian Oil Company (APOC) concession.

The Standard Oil concession was ratified by the majles in November 1921, but brought protests from Britain and Russia. The APOC objected to the breaking of its oil monopoly, the Russians said the concession violated the terms of the Russo-Iranian treaty, and some Iranians objected to American influence. The Standard concession forbade transfers

of rights to other companies, but, to assuage the British, Standard agreed to share oil with APOC on a fifty-fifty basis, in return for compensation elsewhere. This violation of terms made the government heed objections to the concession, which was de facto nullified. In August 1922, negotiations began for a northern concession to the Sinclair Oil Company.

Negotiations for American advisers, particularly to reorganize finances, continued. When the State Department recommended Dr. A. C. Millspaugh, then in charge of oil affairs in the department, the British did not object.¹³ They apparently felt that as Iran would not allow British advisers, Americans would be next best.

Millspaugh signed a contract with the Iranian government that gave him full control of the Iranian budget and financial administration. The Iranians would grant no concessions and make no financial decisions without Millspaugh's agreement. Several Americans accompanied Millspaugh's mission. His program centered on increasing taxes and the efficiency of collection and attracting more foreign capital investment. He used the army to insure tax collection. His main contribution to taxation was to introduce, with the approval of Reza Khan, indirect taxes whose collection was assured but which hit the poor. Millspaugh sponsored a tobacco tax, a match tax, and a government sugar and tea monopoly, all of which affected the lower classes the most.¹⁴

Regarding foreign investments, while Millspaugh and the Iranian government were eager to attract American capital, Great Britain, still the most influential power, was hostile to inroads by others. Negotiations with Sinclair reached fruition in 1923, but Russian and British opposition, as well as strained relations with the U.S. after an American vice-consul's death at the hands of a crowd in Tehran, caused Sinclair to drop the concession.¹⁵ This left Iran without the loan attached to the concession. Iranians became disillusioned with the American financial mission, and there was much hostile press comment.

Millspaugh tried to prevent Russo-Iranian agreement on the Caspian fisheries and on tariffs, though his claims on these points went against the 1921 Russian-Iranian Treaty. No agreement on these issues was reached while Millspaugh was present, and Russo-Iranian trade suffered. Millspaugh's failures made him increasingly unpopular, and disagreements with Reza Shah led to Millspaugh's resignation in 1927.

The British, rebuffed in their attempt to control all Iran, continued to try in the south. They took four years to evacuate their troops there, and considered plans for an autonomous state, including Khuzistan, the main

oil province. These plans centered on Shaikh Khaz'al, the powerful Arab tribal chief. The British negotiated with Khaz'al and promised support against the central government. At the end of 1923, Khaz'al formed a group aiming at an independent south Iranian federation and got some Bakhtiari and Luri groups to follow him. The government put down the Lurs, but Khaz'al and his allies declared independence. The central government was now too strong for the rebels, however, and Khaz'al was met by the army and forced to surrender in 1924. Soon after this, Reza Khan negotiated with the British, who saw it was in their interest to come to terms with the newly powerful regime. The British henceforth usually supported Reza Khan.

Reza had taken over real control of Iran and in 1923 became prime minister and persuaded the weak shah to leave for Europe. The nationalist cleric Hasan Modarres broke with him over his proposal for two years' compulsory military service, which was also opposed by other ulama fearful of Western influence in the army and by many landlords. Conservatives then controlled the majles, but in elections for a fifth majles Reza Khan got support from the radical Socialist and reformist Revival Parties, both led by ex-Democrats. Some in the Revival Party were important in Reza's subsequent governments, like the jurist Ali Akbar Davar, the military officer Abd al-Hosain Taimurtash, and Mohammad Ali Foroughi, a future prime minister. All advocated a reforming strong central state. Most Socialists, despite their more leftist program, also supported Reza Khan. With such support and electoral manipulation Reza got a fifth majles in 1924 that endorsed an extensive reform program, including compulsory military service, the abolition of titles, the obligation of all to have birth certificates and family names, a bill devoting new taxes to a trans-Iranian railroad, a metric system, and the adoption of the Persian solar calendar dating from the hijra.

Before Reza completely centralized power several parties, including both Socialists and Communists on the left, were active, as were a variety of organizations, newspapers, and journals. The Socialist and Communist Parties set up the Central Council of Federated Trade Unions in 1921, which led several strikes. As was true of earlier leftist groups, Azerbaijanis and Armenians had the strongest representation.

In 1924, influenced by Atatürk in Turkey, Reza inspired a campaign for a republic. This was too radical for clerical and other conservatives, who inspired hostile demonstrations. Reza capitulated on the republic. To placate the ulama he encouraged a clerical campaign against the

Baha'is. Also in July, U.S. Consul Robert Imbrie was beaten to death in a clerically led incident in Tehran to which the regime was rumored to be tied.

After being sure the British would not react, Reza in 1925 moved to change the dynasty. After a politic pilgrimage to Najaf and winning over considerable clerical support, he took the name of Pahlavi, evoking a heroic ancient dynasty. He then had the majles depose the Qajars in October 1925. Only four deputies voted no—Modarres, Taqizadeh, the left nationalist Yahya Daulatabadi, and Mohammad Mosaddeq. A constituent assembly endorsed the dynastic change in December, only three Socialist deputies abstaining.¹⁶

Under Reza Shah, Western incursions became far more indirect than before. The new shah was faced with a country still requiring major changes to undertake significant modernization. A Western observer in 1926 noted Iran's backwardness as compared to most Asian countries and claimed that the position of Iran's women was lower than in almost any other Muslim country, adding, "There is a tremendous gulf between the women of Cairo and Constantinople and the women of Teheran, even those of the very highest position."¹⁷ Backwardness also continued in agriculture, and the wartime fall in agricultural production was not completely overcome by 1925.

There was little economic development before 1925. The poor had a growing tax burden, while the rich evaded taxes. The only important economic development took place in the British-owned oil industry. Production shot up from the prewar low of 80,800 tons a year to 4,556,000 tons in 1926.¹⁸ Iran had several complaints against the British, claiming manipulations that lowered royalties and a failure to train Iranians for skilled jobs. Aside from royalties and the employment of some Iranian workers, the oil industry had little effect on Iranian socio-economic life. It was in an isolated area where the British supplied almost all the economic needs. Before 1925 Iran failed to make productive use of royalties. The oil industry was an enclave that had little effect on the rest of the Iranian economy beyond what was contributed by royalties, which continued to be low.

If industry and agriculture remained backward in the postwar period, so too did other sectors, like health and education. Foreigners, especially missionaries, ran the first modern hospitals and schools, and Iranian governments did little. Only a small minority of Iranians was educated.¹⁹ Regarding women, a few advances were made before 1925, as several

schools, welfare organizations, and journals were begun. Women's activities often encountered clerical opposition and even physical attacks. Mohtaram Eskandari, the wife of the Socialist leader Solaiman Eskandari and head of a girls' school, set up the Patriotic Women's Society. It campaigned for new laws, had literacy classes, published a journal, and staged plays. The best-known woman leader of the period, Sadeqeh Daulatabadi, sister of Yahya Daulatabadi, was an active educationist and journalist. She had to leave Isfahan in 1921 when her journal was shut down. She then went to Paris and got a pioneering university degree and returned to be active in Iran in the Reza Shah period. Urban women were heavily veiled in public and segregated from men. Few jobs were open to women, though they were subject to the worst exploitation in carpet and textile workshops. Pioneering women leaders who worked for women's education, welfare, and rights were joined by male intellectuals and poets who wrote for these causes. The resulting schools, orphanages, and organizations laid the foundations for later improvements in women's position.²⁰ Changes in women's status long affected mainly the middle and upper classes, though some classes and orphanages also helped poor women.

For all its relative backwardness, Iran in 1925 felt great pressure for change. To exist as an independent nation, Iran needed a civil service, army, and efficient tax system. The middle classes grew after the war, and many of them wanted new outlets for their talents and capital. The revival of foreign trade meant a growth of Iranian merchant capital, while profits achieved by speculators and others in the war were also potential sources of investment. Before 1925, there were bare beginnings of industry, notably textile mills, mostly in Isfahan, but this was insufficient to meet the middle class and modernizers' desire for investment and modernization. Pressure mounted for industrial tariff protection and for modern transportation to develop a national market and insure central control over the provinces. Also, the government wished to break down the tribal-nomadic way of life in order to end a threat to state power. The strengthening of the army and of the central government, the suppression of rebellious tribes, and the first majles-approved modernizing measures were launched by Reza Shah before he became monarch and formed a basis for further modernization.

Reza Shah soon began a further impressive program of modernization, though without reforming the old agrarian structures. "Modernization from above" was seen by Reza Shah and those around him as the

way to make Iran a strong, self-respecting nation that could hold its own in the modern world.

1925–1941

Reza Shah's reign saw a number of major changes in Iran's economy and society, but despite a formal retention of the constitution and majles elections, decision making was increasingly monopolized by the shah. Political life under Reza Shah was extremely limited, owing to the Shah's despotic controls and suppression of opposition. The death of Eshqi was early attributed to Reza Shah. The clerical opposition leader Modarres was imprisoned in 1929 and killed nine years later. Mohammad Mosaddeq, a high-born Western-trained liberal nationalist intellectual who started his Iranian official career as a teen-ager, continued briefly to attack Reza Shah's programs in the majles. He was soon put out of office and retired to his estate, reemerging to prominence in World War II. Other high-level oppositionists either kept quiet or were, at least for a time, co-opted by the regime, as was the former democratic leader of the constitutional revolution, Taqizadeh, who became minister of finance and minister to England. Such nationalists, as well as many advocates of women's rights, found Reza Shah's nationalist, secular program attractive enough for them to subordinate their other aims to it, at least for a time.

More striking was the fate of some of Reza Shah's top advisers and aides. Abdol Hosain Taimurtash, a highly able adviser and negotiator on whom the shah depended heavily, died in prison after the oil negotiations of 1933, in which the shah suspected him of double dealing. Sardar As'ad Bakhtiari, whose national power dated back to the constitutional revolution, became a leading supporter of Reza Shah, but was arrested and murdered in prison. Lesser men suspected of disloyalty were similarly treated, although some old and new politicians continued to serve Reza Shah throughout his reign. The majles became a rubber stamp and the constitution was paid lip service only. Communist and socialist groups and propaganda were outlawed by a 1931 law against "collectivism." The most important arrests under this law occurred in 1937, when fifty-three men were arrested, forty-five of whom were sent to prison and came to form the nucleus of the later Tudeh Party. Effective censorship meant that only official nationalism stressing national homogeneity, anticleri-

calism, modernity, and strength, which were read into the pre-Islamic past, could flourish.

The years 1925 to 1941 saw the partial fulfillment of a far larger modernization program than had ever been attempted in Iran. If the emphasis below seems critical, this may be a counterweight to the more usual listing of impressive changes, which may easily be found in various publications.²¹

Between 1925 and 1930 foundations were laid for a program of modernization from above. The income from high taxes on sugar and tea was saved for use on a railway. In 1925 a uniform land tax, to be based on a new land survey, was established. A conscription law, with universal service, was enacted in 1926. Army reform and strengthening was a primary concern of Reza Shah, and military expenses were for a time the largest budget item. This meant that the armed forces were large and modern enough during Reza Shah's reign to maintain governmental authority. Civil service reform in 1926 established a bureaucracy with certain ostensible educational standards. Like the army, the bureaucracy grew prodigiously and was a force supporting the government. The civil service became the major outlet for educated young men, and there was pressure to create more jobs in it, to which the government often responded.

The growth of the army and the bureaucracy contributed to urbanization, and Tehran's population grew greatly. Nearly all civil service jobs were in the capital, owing to a policy of centralization, with all important decisions made in Tehran. The growth of Tehran created new jobs for most urban groups. The army and civil service were channels for the spread of new ideas, although censorship and government propaganda limited published ideas largely to official nationalism.

A series of legal reforms in 1925–40 progressively reduced the judicial role of the clergy and increasingly introduced a modern, nonclerical judiciary and a uniform, centrally controlled legal system. From 1925 to 1928 three new codes of law, partly based on French models although incorporating large parts of a codified sharia, were approved. A new Commercial Code in 1925 curtailed ulama influence in commercial matters and recognized joint-stock companies and other principles of modern Western commerce. In 1926 a Criminal Code was approved, and in 1928 a Civil Code. A 1929 law restricted religious courts to marriage and divorce matters. In 1939–40 sharia courts were abolished and European-

model civil and penal codes adopted.²² Some ulama objected, but they had little strength against the bureaucracy, the army, and the commercial middle class. The role of clerics in the judiciary was greatly reduced, as only those who could pass examinations covering the new laws and modern subjects were allowed roles in the courts.

Judicial reform, new taxes, internal security, and centralization permitted the establishment of a more modern economy. Also important was Reza Shah's declaration, in the spring of 1927, that Iran would take control of its tariff policy within a year and not be bound by tariffs negotiated under duress. He also announced that other "capitulations" favoring foreigners would be abolished. (This was more easily accepted by the West, given Iran's new legal codes, which were adopted partly to end the capitulations.) In 1928 new commercial treaties were signed with most Western nations, raising tariffs on many goods. Tariff policy was primarily based on revenue needs, and protective tariffs on goods that competed with existing or projected industries were not yet enacted.

If some reforms encouraged capitalism, others strengthened the position of landlords. Any village in the possession of one person for thirty years became his private property. This legalized expropriations that had occurred since the nineteenth century. In many areas there was still a division of ownership, with peasants and nomads having some traditional rights to the land they worked. Laws of 1928–29 requiring registration of property strengthened doubtful claims to land. The wealthy might register land to which peasants had titles, as the upper classes influenced the courts and government.²³ Land registration laws, as in many countries, were a modernizing step taken at the expense of the poor.

The 1928 Civil Code also strengthened landlords. Although the code shows French influence, it largely restated sharia principles, updated where modern exigencies required. The Civil Code recognized *de facto* ownership as proof of ownership, thus confirming usurpations, and the code was weighted toward landlords.²⁴ Generally tenants had to comply with the landlord's interpretation of an oral agreement. According to Ann Lambton: "It will . . . be clear that very little attention is paid by the Civil Code (or any other body of legislation) to the regulation of the relation of landlord and tenant. In general the scales are weighted in favour of the former, and little or no protection is afforded to the latter."²⁵ While agricultural machinery imports were exempt from tariffs, and industrial crops untaxed, few mechanized farms were inaugurated. The old system remained profitable, as labor was cheap.

The early years of Reza Shah's rule also saw a successful effort to disarm and settle the nomads, mainly in order to suppress power centers that might be a threat. Many tribes were forcibly settled by government troops. No alternative way of subsistence was provided, and most tribes had to continue their husbandry and agriculture on inadequate land. Ex-nomads could support far less livestock when they could not move from summer to winter grazing quarters, and livestock died from severe winters and lack of grain. Tribes were settled at the cost of impoverishing nomads, and decreasing livestock production. Many tribespeople awaited only the demise of Reza Shah to resume migrations. Tribal uprisings that protested this policy were cruelly suppressed.

The years 1925–1930 marked the beginning of educational reform. Earlier some Western technology, ideas, and languages had been taught in foreign missionary schools, private schools, and a few government schools. Although a public school program had been provided for after the constitutional revolution, internal troubles prevented its being carried out. In 1926 the majles voted that a small part of the land-tax receipts should go to a public elementary school system, and the amount increased over time. A uniform school curriculum on the French model and emphasizing academic training was adopted. In 1928 foreign and private schools were required to teach in Persian and follow the public school curriculum. Another 1928 law provided for sending Iranian students abroad each year. Exemption from military service was a strong motive for attending secondary and higher schools. Still, it was mostly the middle classes and the wealthy who went to school, and education was almost nonexistent in rural areas. Under Reza Shah an average of 4 percent of the budget went to education, while the military and security took a third of the national budget. Education was secular, and, like legal reform, it reduced the power of the ulama. Between 1928 and 1930 several laws and decrees enhanced the state's control over religious schools. The 1928 Law of Uniformity of Dress, which established Western dress for all men, said that theology students, to be exempt from Western dress and conscription, would have to take a government-run examination.²⁶ Many ulama, and especially their sons, entered the new professions and their schools under the Pahlavis, while religious schools came to have little appeal for the elite and to recruit largely from other classes.

An active movement for the emancipation and education of women, led by several courageous women campaigners, existed in Iran even

before 1925.²⁷ Reza Shah's early modernization program relaxed somewhat the social restrictions on women, and encouraged the adoption of European dress and manners at home, although the government moved slowly in this matter in the 1920s. Modern dress was decreed for all Iranian men except clerics in 1929, but urban women continued to wear their traditional outer dress in public for several years more. For most urban women this consisted of the chador and a face veil, though some abandoned the face veil. The Civil Code retained most of the sharia provisions that affected women: divorce easy for men but difficult for women; guardianship of children by the man in case of separation; consent of the father for a daughter's marriage; and polygamy and temporary marriage. A husband could kill an adulterous wife and her lover with impunity and could keep a wife from a job "degrading" to him or her. The only reforms were a rise in the legal marriage age and a requirement that all marriages be registered in civil bureaus. On the other hand, the spread of male and female secular education and emphasis in a variety of men's and women's writings and activities on modern, rather than ulama-endorsed ideas, began to encourage new roles and attitudes regarding women.²⁸

By 1930 the foundations for a program of economic modernization from above had been laid. Most important was centralization, accomplished via a growing bureaucracy and a strong army. In the Reza Shah period, the main public expenditure was on the armed forces, which took by far the largest share of the government budget. The army was used primarily to strengthen the government's authority within Iran. The classes who benefited from the changes included government employees, army officers, students, professionals, and merchants, while the poor did not benefit. Reza Shah terrorized or jailed potential opponents, and there was no chance for organized union activity or oppositional politics.

From about 1930 to his abdication in 1941, Reza Shah embarked on an ambitious modernization program, with government control over the economy. Many of his economic and other measures were modeled on the reforms of Atatürk in Turkey; often Reza Shah would inaugurate a reform a year or two after a nearly identical one had appeared in Turkey. Basic causes of reform were internal, however. The world economic depression increased Iran's economic problems, and there were several peasant and tribal risings in the early thirties. The depression, by lowering demand for Iran's products, threatened Iran's trade and production.

Partly to meet these threats, the government began a strong program of state-centered economic development.

Given the existing social and economic structure, the state was the logical initiator of development. Private capital was too undeveloped and too attracted to safe, quickly profitable fields like land and moneylending to be directed to industry, which often involves high initial investment, slow returns, and competition with Western goods. Purchasing power was too low and transport too undeveloped to ensure a large internal market. Even potential investors in modern enterprises were eager, as elsewhere, to have the government carry infrastructural costs and to guarantee their companies against losses.

In 1920 Iran had a very backward transportation system, with about two thousand miles of usable roads, designed more to facilitate Western penetration than to link Iran internally. Road construction, with the help of foreign firms, increased road mileage over ten times from the mid-twenties to the late thirties. In 1920 it cost two hundred dollars a ton and took two months to take goods from southern ports to Tehran; by 1929 motor transport of goods was general, and the same trip took one or two weeks and cost fifty dollars a ton. Motor vehicles in Iran rose from about six hundred in 1928 to twenty-five thousand in 1942. Road construction was still extremely limited and underfunded, and the lack of roads in most areas remained an obstacle to development.²⁹

Reza Shah was determined to build a railroad to connect north and south Iran, and funds for this were collected from 1925 on. In 1928 an agreement was signed with a German and American syndicate, but it was annulled in 1931, and in 1933 a new contract was signed with a Scandinavian consortium, which worked until the railroad was completed in 1938. Work and orders were divided among many countries, partly to avoid control by any one power. Railway construction created the first Iranian work force numbering in the tens of thousands outside the Anglo-Persian Oil Company.³⁰

The North-South Trans-Iranian Railway was designed to help ensure the political, economic, and military control of the government and to provide an economic link between north and south, but its high cost, estimated between \$150 million and \$200 million for a single-track road, was a great drain on national wealth. Most came from those least able to afford it, through regressive taxes, and a national road system could have been cheaper and more useful. As one analyst concludes,

The evidence . . . suggests that the railroad brought few benefits, while taking from the taxpayers a great deal of resources that could have been more productively spent on roads, schools, industries, and the like. . . . The allied armies . . . certainly made much more use of the railroad than did the Iranian economy either before or after the war. It is sad to think that the nationalist Reza Shah may have inadvertently taxed Iranians heavily for the benefit of the Soviet and British armies.³¹

The government inaugurated an airline service, and expanded telegraph, telephone, and radio communications. Transport and communications were a major achievement of the Reza Shah regime, though road building was financed largely through a road tax levied on common consumer goods, the railroad by regressive sugar and tea taxes, and the money poured into the railroad could have been better spent elsewhere.

In industry as in transport, government encouragement and financing brought rapid growth. Forms used included government ownership, partial or total ownership by the shah or a bank, and private ownership, often with governmental guarantees or subsidies. In the 1920s, small, privately owned textile factories expanded, but real growth came only in the 1930s. Approximately thirty modern large factories owned by the government were built, plus another two hundred small factories, with both government and private owners.³²

Nearly all cities had electric light and power plants by the late 1930s. Large sugar refineries, spinning mills, weaving mills, food and grain processing, and soap factories were built. The state Tobacco Monopoly operated a highly profitable plant in Tehran.³³ Industry was concentrated in textiles and agricultural processing, in which capital outlay was low and the savings from producing close to the market or source of supply were great.

Industry was guaranteed by government monopolies on some items, government licensing of industry to ensure against competition, and government financing and loans. To promote Iranian goods the government required civil servants to dress in Iranian-made clothes. There was, however, an inflationary rise in the Iranian price index in the late thirties, caused largely by the encouragement of high prices.³⁴ Reza Shah's industrialization rested more on the capture of existing or reduced markets than on the creation of expanding ones, which would have required higher incomes for the majority and increased, efficient production.

Regarding city workers, strikes and unions were outlawed, and low wages were the rule. A gesture toward factory regulation came in a 1936

law creating standards of construction, hygiene, and workmen's compensation, but there was no inspection. The law outlawed strikes and unions. Long hours with low wages remained the lot of workers, with women and children, especially in carpet workshops, the most exploited.

Government help and guaranteed high profits to semiofficial trade monopolies favored investment in commerce, rather than in the more essential industry, as commerce required less capital and promised quicker returns. In 1940 there were twice as many commercial as industrial corporations, and their total capital was twice as high. Management and control of enterprises was lodged in Tehran, with little local initiative or decentralization. Economic development centered in Tehran, which, by 1940, was the scene of 58.5 percent of all domestic capital investment.³⁵ Development of industry and other economic enterprises was a crucial step toward modernization and true independence, but it was often done in ways that led to inefficiency and corruption.

In the 1930s there was also extensive urban construction, especially the modernization of main streets and of downtown Tehran. In general, the middle and upper classes benefited most, whereas the more populous classes bore the major cost of the fine new buildings and streets. Finance in the 1930s was characterized by a large increase in government income, expenditure, and financial control. Banking came under national control with the provision for a National Bank in 1927. The role of the National Bank as Iran's leading financial institution was ensured in 1930 when the right to issue bank notes and other national banking privileges were withdrawn from the British Imperial Bank. All banking in Iran came under government control; the Agricultural and Industrial Bank was formed in 1933 and the Loan Bank in 1939. These banks provided a large share of the capital used for Iranian industry, trade, and transport. Their capital came from tax monies, while profits from the enterprises they helped went to private individuals, officials, or the government. Credit on reasonable terms went to the upper classes, while peasants, smaller bazaaris, and workers remained subject to usurious rates.

The Reza Shah regime avoided foreign debt by means of large increases in indirect taxes. Government expenditure, in terms of the pound sterling and not the deflated rial, rose tenfold from 1923/24 to 1941/42.³⁶ Oil royalties provided only about 10 percent of the budget, the rest coming mostly from indirect taxes. Rial income of the poorer classes in the 1928–40 period was approximately stationary. The government budget in rials, however, rose over elevenfold.³⁷

By the late 1930s and early 1940s half of government income was going to industry, transportation, and trade, while the ministry of war was the third spender, after the ministries of transport and industry.³⁸ A key to Iran's problems remained its agrarian structure, which encouraged low productivity, medieval methods, and investment in land and usury. A 1934 study of agriculture showed the government strengthening the old system. Large landlords with several villages owned about half the land, while 95 to 98 percent of the agricultural population was reportedly landless. Sharecropping was prevalent on the vast majority of land. Contracts were oral, unclear, and designed to keep tenants from accumulating a surplus.³⁹

In the more prosperous northern provinces of Gilan and Mazandaran, some peasants paid fixed rents. More prevalent throughout Iran was renting by an intermediary with a short-term contract who subcontracted to peasants. Most state and *vaqf* land was rented like this. The system hurt agriculture by encouraging high short-term profits and discouraging investment. The village headman (*kadkhoda*), who had once represented in part the villagers' interests, was now a landlord appointee, as was the man in charge of water distribution.

Tradition based the crop division on five factors—land, labor, water, seed, and animals—with the provider of each to get one-fifth of the crop. In practice the weight given to each factor varied. The peasant might get from one-fifth to seven-eighths of the crop, depending on where he lived and what he supplied. Many peasants were also subject to landlords' dues and taxes, to state taxes, and to a share in the pay of village officials. Peasant conditions were best in the northwest, but were bad elsewhere. Peasants were often hungry, diseased, and malnourished. Although migrating tribes were better off than peasants in health, food, and independence, settlement reduced them to the level of the peasant, which is one reason it was resisted.

In the 1920s and 1930s there was no agrarian reform, although there were a few technical improvements. The regime's policy strengthened the position of large landowners. Unprofitable state lands were put on the market in 1934, but on terms that only the rich, military officers, or officials could afford. Through expropriation and forced sales, Reza Shah made himself by far the biggest landlord in Iran.

The later 1930s saw little change. A law of November 1937 made landlords responsible for proper cultivation of their estates on pain of

confiscation, but no regulations for enforcing this law were drawn up, owing to landlord opposition. In Sistan province state lands were to be sold to peasants in 1937, but landlords and officials used their power to take over the land.⁴⁰

A few measures were taken to increase agricultural productivity. A 1937 law encouraged the improvement of badly cultivated lands or wastelands through agricultural loans. A few agricultural schools and experimental stations were founded, notably the Agricultural College at Karaj, near Tehran. In 1940, a Five-Year Plan for agriculture was launched. Its operation was interrupted by the war, but its success was always problematic.

The lack of measures to improve the lives of the poorer classes hindered fundamental economic change. Few landlords and merchants were moved to invest in modern enterprise when traditional exploitation of land and peasants continued to be profitable. Peasant labor was so cheap that landlords had little desire to encourage innovations. In the depression, prices for agricultural goods sold by peasants fell more than the prices of the manufactures they bought. Peasants got no protection against dispossession or rent increases.

Landlordism and declining rural standards were the weakest point of Reza Shah's modernization. If Iran were to develop large-scale industry an expanding national market was needed to provide purchasers for industrial goods. Instead, the consumer-goods market declined in the 1930s, except for luxury products. Agricultural productivity and peasant living standards could not be raised without reform.

Toward the tribes, Reza Shah continued a policy of military control without economic solutions. The government also tried to suppress autonomist sentiments among the Kurds and other tribal peoples and national minorities. Some tribes like the Lurs were decimated by governmental policies.

Foreign trade under Reza Shah shows both the problems and the achievements of Iran's new relations with the West. Iranian foreign trade surpassed its prewar level by the 1920s. Trade with Great Britain prospered, more than counterbalancing the fall in trade with Russia.⁴¹ Iran could not sell its exports, or had to sell at ruinous prices, after the 1929 crash. There was a disastrous drop in the sterling value of the rial. The real value of trade in the early 1930s fell to less than one-third of the 1929 level. This fall was greater than the world average, despite efforts to

encourage trade.⁴² Given continued taxation on items of mass consumption, Iranians could buy fewer of them in the depression years.

The regime tried to overcome Iran's negative trade balance and to halt the rial's fall by a Monopoly of Foreign Trade Law of 1931. The government took control of imports and exports, with the aim of balancing them. Smuggling and evasion limited the monopoly's effectiveness, and it was soon relaxed, mainly in the interests of big merchants whose exports had been restricted. The law provided a favorable trade balance only in its first year, although the negative balance was reduced. Control of currency exchange was abandoned, largely under foreign pressure, and the rial dropped further.

The world economic crisis, characterized by a sharper drop in agricultural than industrial prices, hurt Iran. The price of manufactured goods from the West remained high, while the price of Iranian goods on the world market fell about in half. By 1932 the 1929 price level of imports had effectively doubled.⁴³ To maintain a more equal trade balance, Iran cut its imports, especially in mass-consumption articles, and consumption levels fell.

The government and large merchants formed several joint semiofficial trade monopolies, which had exclusive control of foreign trade in several items. These monopolies put many smaller merchants out of business. Monopoly profits were often government-protected and high. Guaranteed profits enabled the monopolies to withstand the uncertainties that undid small traders, and trade became increasingly controlled by large Tehran merchants. Protection of big traders, as of big landlords, limited the capital going into manufacturing.

Increasing the prices of necessities were customs duties, which averaged 30 percent in the early 1930s, and even more later.⁴⁴ Prices were further raised by guaranteed monopoly profits and by excise taxes. Recovery of the import and consumption of the basic items occurred in the late 1930s but was incomplete. In the late 1930s more industrial goods were imported as new industries were built, and arms imports grew. Imports of medium-priced and luxury goods increased but mass-consumption imports remained low. By the end of the decade, with Reza Shah's political and economic turn to Germany, Germany had become Iran's leading trade partner. Capital invested in commercial corporations by 1940 was greater than that in industrial, transport, and banking corporations combined.⁴⁵ On the positive side, there was a major increase in all modern sec-

tors of the economy, whether industrial, commercial, or infrastructural, and in the new social institutions that accompanied this modernization.

Political and social life in the 1930s had many of the same features as the economy. Centralization was the rule in politics as in economic life. There was no elected self-government in villages, towns, districts, or provinces. Officials were appointed from and accountable to Tehran. In 1938, local administrative units were reorganized into a nationwide hierarchy, with divisions often cutting across traditional cultural and ethnic lines. Administrators and subjects might speak different languages and have different educations and values.

Education saw important advances. The government for the first time put a regular and increasing share of taxes into education, so that educational expenses rose from \$100,000 in 1925 to \$12–13 million 1940.⁴⁶ Still, less than 10 percent of the population received any elementary education, and, for secondary education, the figure was under one percent. In 1935 Tehran University was founded, giving Iran its first modern university, and it was opened to women. Students were also sent abroad by the government in increasing numbers. However, traditions of disdain for manual and technical work and the effects of overcentralization hurt education. Control over details of education remained in Tehran, and the course of study was formal and academic. It did, however, introduce modern sciences and other modern subjects, laying the basis for a continued modernization of society. Official nationalism propagated an emphasis on Iranian history and literature, with stress on the pre-Islamic empires and de-emphasis of Islam. All schools, including foreign ones, were made to teach in Persian. Foreign and missionary schools were put under increasing controls and finally expropriated in 1939–40. As the legal and educational positions open to those with religious educations declined, sons of the ulama tended increasingly to get secular educations and jobs. While the educational system developed under Reza Shah can be criticized for being overcentralized, elitist, and concentrating on governmental needs, it did expand Iran's first nationwide system of public education at all levels, which was crucial to the further development of education and society.

The government also sponsored the creation of, first, Boy Scouts and then Girl Scouts, and some modern initiatives in sports and the arts. Social welfare, including public health and hospitals, also registered some important advances under official auspices for the first time.

The partial emancipation of Iranian women was one of the most important changes occurring during the Reza Shah regime. A growing women's movement since the early twentieth century and the Westernization of middle- and upper-class life, as well as women's entrance into factory work, teaching, and nursing, helped relax traditional restrictions on women's lives. A gradual lessening of restrictions took place through the 1920s and 1930s. More problematic was Reza Shah's unique absolutist approach to changing women's dress which, following a trip to Turkey, he saw as a hallmark of national modernization. After preliminary steps in 1935, in 1936 women were ordered to unveil and dress in Western-style clothing. Some women saw this as the equivalent of going out naked and refused to leave their homes, as gendarmes sometimes tore chadors from women on the streets. According to Houchang Chehabi,

The forced unveiling of Iranian women . . . was, among all of Reza Shah's modernization policies, the one that contributed most to his unpopularity among ordinary Iranians. Between January 1936 and the monarch's abdication in 1941, police and gendarmerie used physical force to enforce the ban, thus violating the innermost private sphere of close to half the population. . . .

The practice of limited coeducation for prepubescent children in traditional *maktabs* was discontinued after girls were forced to go to school unveiled. . . . While educational opportunities improved for women . . . many girls in observant families were deprived of education, as their parents took them out of school. . . . Reza Shah's efforts to give both women and men uniform dress codes in line with Western fashions . . . while meant to unify the nation by eliminating visible class, status, and regional distinctions, in fact deepened another cleavage in Iranian society, i.e., that between westernizers . . . and the rest of society, which resented the intrusion in their private lives.⁴⁷

Women's education was encouraged by the regime, although over three times as many boys as girls continued to receive an education. There was a *de facto* decline in upper-class polygamy and in inequality in marriage and divorce in the modernized classes, and a rise in paid work for women. These trends affected primarily middle- and upper-class women, who did not obtain political rights or complete economic and social equality, though their advance in a decade was considerable. Women's organizations, also mainly middle and upper class, continued for a time to work, provided their aims were considered consonant with those of the regime. In 1935 the Shah promoted the creation of a Ladies'

Center, which was to participate in the unveiling and modernization campaign, and marked government control of the women's movement.

The Reza Shah period, for all its apparent independence of Western control, was affected by the Western powers, as is seen particularly in Reza Shah's economic program and foreign relations. Foreign investment grew at a rapid rate, notably in the oil fields, but also in transport and communications. In foreign policy, Reza Shah was friendly first to the British and later to the Germans. Compared to the Qajars, Reza Shah acted with significant independence of foreign powers.

The major western power in Iran continued to be Great Britain, whose capital investment in the oil fields during the 1930s overshadowed all Iranian investment in trade and industry. There were more workers employed in the oil fields than in all other industries combined.⁴⁸ There was a major dispute over the terms of the oil concession, but this did not end with any real loss to APOC. A series of accumulated postwar grievances caused Reza Shah to cancel the APOC concession in 1932. British threats and Reza Shah's fear of internal revolts were among the factors bringing Reza Shah to accept a revised concession in 1933, which did not significantly improve Iran's control or royalties. The concession's area was reduced but its termination was changed from 1961 to 1993, by which time most of the oil could be gone. Great Britain continued to reap huge profits and pay low royalties, to be the economic masters in Khuzistan, controlling retail trade as well as the oil industry, and greatly influencing southern politics.

Reza Shah chafed under British influence, and the British were unpopular with Iranian nationalists. This hostility, combined with a German drive for economic and political influence in Iran, led to a rise in Germany's position in the late 1930s. German firms had a large role in the Trans-Iranian Railroad. The Germans opened sea and air communication with Iran and provided most of the machinery and contractors in Iran's industrial, mining, and building program. Germany was the leading country in Iran's foreign trade from 1939 to 1941, controlling about half of it.

The Germans also advanced militarily and politically. Nazi ideology and agents were prominent, and the Germans declared Iran a pure Aryan country. Reza Shah was not averse to Nazi phrases and methods, which suited his dictatorial and nationalistic inclinations. On the eve of World War II, Iran housed German agents, and the government had economic and political commitments tying it to a pro-German policy.

Despite its limits, Reza Shah's modernization had important results. For the first time, a significant modern bourgeoisie was created, albeit with strong traditional features. Iranian capitalists used nepotism, bribery, government aid, and quick high profit, but many were also interested in industrialization, modernization, and greater economic independence. The middle class was augmented by several new groups: a growing bureaucracy, increasingly influenced by Western education and ideas; army officers, who became a privileged caste; doctors, lawyers, and teachers, imbued with Western ideas and methods; technical specialists, engineers, journalists and writers. As these groups developed in the cities, the service trades there also grew—the bazaars expanded and new retail stores were built to accommodate new needs. A rapid growth of the urban classes occurred under the Reza Shah regime. A new urban working class was a product of this period. Migration to, and modernization of, Tehran made it the center of working and middle classes, often at the expense of provincial cities. Economic structures were changed through a reinforcement of private property and of the position of landlords and merchants, along with an increase in the relative weight of more modern enterprises, transport, banking, and industry. A breakthrough had been made toward economic growth. Nevertheless, agriculture still employed the great majority of working Iranians. Traditional methods in agriculture left productivity extremely low. Nothing was done to improve the conditions of the peasantry, and the government's demands on peasants, in the form of taxes and military services, were greater than before. On the other hand, many rural boys got some education, national identity, and contact with the modern world through military service.

If new opportunities existed for entrance to the privileged classes and the numbers in these classes grew, these opportunities scarcely affected most of the population. Reza Shah's work for rapid modernization from above, along with his militantly secularist cultural and educational program, helped create the situation of "two cultures" in Iran, which became more acute in later decades. The upper and new middle classes became increasingly Westernized and scarcely understood the traditional or religious culture of most of their compatriots. The urban bazaar classes continued to follow the ulama, however politically cowed most of the ulama were in the Reza Shah period. These classes associated "the way things should be" more with Islam than with the West or with the new

myth of pre-Islamic Iran, whose virtues were essentially Western. As summarized by Vanessa Martin,

The presiding ethos of the new system was a militant form of secular nationalism, with a vision of Iran regaining the glories of its pre-Islamic past. . . . The eras of the Achaemenids and Sasanians were recalled as glorious examples of what Iran could still become. . . . A major step to the return to past glories was perceived to be secularism, and the division of religion and state. Reza Shah . . . was . . . determined to remove the influence of religion from politics and above all to undermine the political influence of the clerics. Iran did not, unlike Turkey, have a tradition of a powerful state and acquiescent Sunni ulama, so it was not possible even for Reza Shah to go as far as disestablishing Islam. . . . The emphasis on the pre-Islamic past was also intended to help forge a modern national identity, but to a population that was . . . [mainly] devout Shi'a, the vision meant little.⁴⁹

The state took numerous measures to weaken the clergy, taking away most of their role in law and education, and even finally instituting state control over *vaqf* land. In the same period, however, the clergy kept their ties to large parts of the population and even began an internal reorganization. Ever since the major Shi'i ulama left Iraq after World War I and settled in Qom there was the basis for an Iran-based clerical institution which, while in retreat, continued to have considerable internal organization and influenced the popular and bazaar classes.

Iran's economic development and reform program produced some striking results: industry, transport, education, women's and the rights of religious minorities all grew. There was a reversal in official attitudes toward Zoroastrians—from being an impoverished minority, they became embodiments of the virtues of ancient Iran.

On balance, Reza Shah adopted a path of centralized control that might have been in part unavoidable for a government that wished to modernize a society with so many divisive centers of power. His rule saw significant modernization of Iran, laying impressive foundations in industry, transport, education, and other fields, but at the expense of several segments of the population. The often-forcible suppression of discussion and opposition and the neglect of the rural and tribal majority were not necessary concomitants of modernization and left Iran with problems and resentments that continued into the next decades. In cultural matters, the class-related division between those who identified

with a modern construction of Iranian nationalism and those who identified with tradition and Islam continued to be a problem in subsequent decades. The Shah's increasingly autocratic ways and turning against even trusted subordinates left him without major support by the end of his reign, as was also to be true decades later of his more sophisticated son.