



# ADMINISTRATION IN IRAN VII. PAHLAVI PERIOD

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## ADMINISTRATION in Iran.

### vii. The Pahlavi Period (1925-79)

The constitution of 1906 and the supplementary laws of 1907 provided the juridical foundation for a legal-rational state within which the legislature was empowered to establish and modify the administration. The authority of the state was divided into three continuously functioning branches: the legislative, the executive, and the judiciary, which together monopolized the legitimate use of force. Theoretically speaking, these developments are characteristic of a modern state. But the Constitutional Revolution (1905-09) was quickly followed by fragmentation of the state authority into local power structures where rules were often made according to custom, and traditional mechanisms of enforcement ensured compliance. A major gap developed between the theory and practice of government which was not abridged then or later; the protracted struggle that resulted finally brought an end to the Pahlavi Dynasty without resolving the original issue.

*The reign of Reżā Shah (1925-41).* The coup of 1921, which placed Reżā Khan in the center of Iranian politics, radically affected the structure of the bureaucracy, but power relations in the state remained within the traditional framework. Strong, pervasive, and structurally modern bureaucratic forms



gradually mushroomed, but the norms of administration and the mores of the administrators changed little. Superficially, the bureaucracy existed within the framework set by the Majlis; in practice, it was an extension of the Pahlavi household. Under Rezā Shah's rule, the state subjected all persons within Iran to its own authority and abolished other autonomous jurisdictional spheres, whether foreign and derived from capitulatory relations and thus extraterritorial, or domestic and based on pre-capitalist social institutions such as tribes or the *'olamā'* as an estate.

The new bureaucratic structures that brought about the political integration of Iran after a long period of political fragmentation manifested most of the characteristics generally associated with modern bureaucracies: Offices became separated from the person of the official and his residence; appropriation of offices, common in the past, became a rarity; official business was conducted continuously, so that individuals were no longer assigned to special, short-term tasks; areas of the official's authority were defined according to written rules; although few records had been made in the past, and those that were became the property of the official, documents were now drawn up and maintained at the office. In short, the new structure was "legal-rational" except that its responsibility to the legislature was only in form, not in fact; the chief executive, the shah, continued patrimonial rule to the extent that he exercised authority through the combination of tradition and arbitrariness.

Historically, bureaucratic development in general and the rationalization of the patterns of rule in particular were necessitated by Iran's integration into the world economic order, a process that had begun in the middle of the 19th century. A modern bureaucracy in a Western framework was meant to insure the smooth nature of this integrative process. The adoption of French commercial law in 1925, for instance, permitted the lifting of capitulatory regulations without exposing businessmen to the vicissitudes of the unsystematic adjudication of commercial cases; it also freed them from dealing with some of the pre-capitalist Islamic mores, such as the prohibition of usury. Moreover, the process of internationalization and increasing interaction between Iran and the Western world necessitated the rationalization of the penal code in 1926. The new law was a combination of Iranian customary laws and French law.

The rapid expansion of the new structures of rule application was facilitated not only by the changed realities of international relations, but also by the



embryonic bureaucratic institutions that had been established during Qajar times. The feverish law making activities of Reżā Shah's period were a further important factor in bringing about the legal framework within which the administration was to operate (L. P. Elwell-Sutton, *Modern Iran*, London, 1941; G. Lenczowski, ed., *Iran under the Pahlavis*, Stanford, 1978; A. Banani, *The Modernization of Iran*, Stanford, 1961; A. C. Millspaugh, *Americans in Persia*, Washington, 1946).

What particularly distinguished the earlier administrative structures from those instituted in the Pahlavi era is that the latter were cast within a framework of abstract rules, usually enacted into laws in an established manner. The new legal order set out the essential prerequisite for a modern and viable bureaucracy. The rationalization of recruitment patterns, clear hierarchies of superordination, subordination, and promotion, differentiated areas of authority, and the increasingly important role of the state in societal matters helped to transform the old atomized and disheartened administrators into a strident bureaucratic stratum whose prestige and power often superseded those of the landed gentry, the local notables, and the 'olamā'. The expertise of the last group, whose influence had been exercised partially through the administration of justice, was made anachronistic by the legislation of new commercial and penal codes. Moreover, in 1932 all judges were required to have a law degree, either from Tehran University or a foreign one; this seemed to make the 'olamā' an expendable and atavistic social force, and they were forced to leave the judiciary en masse.

The secular system of education was rapidly expanded and its graduates continued to fill the ranks of the bureaucracy, thus meeting its long-term needs. When Reżā Shah began his reign in 1925, there were only 10,000 students at all levels of the secular schools in Iran. Only four years later, the number of students in primary schools alone had reached 138,947, and another 9,661 were enrolled in high schools (A. A. Siassi, *La Perse au contact de l'Occident*, Paris, 1931, pp. 179-80). In 1940, a year before the Allies forced Reżā Shah's abdication, there were over 150,000 adults in evening programs alone (Banani, *Modernization*, p. 105). During the reign of the first Pahlavi, expenditure on education rose from β100,000 in 1925 to well over β2 million in 1940. The achievement of this period includes the opening of the University of Tehran in 1935 (Elwell-Sutton, *Modern Iran*, p. 142). The expansion of the secular system of education added a new dimension to the bureaucratic structure of Iran and undermined another traditional area of the 'olamā's



power.

The bureaucratic expansion was further encouraged by the bourgeoisie's historical weakness, which prevented it from undertaking major industrial investments, and by the absence of security of private property, a factor which derived from political instability and the possibility of confiscation. Content with mercantile activity, the Iranian bourgeoisie could not initiate industrialization, which required expertise, capital, and political stability, especially since the necessary infra-structure did not exist and no individual was capable of establishing it or willing to try to do so. Very naturally the task of industrialization fell to the state, resulting in a further magnification of the bureaucracy's functions and size. A major example of the state's role in the economy can be observed in the construction of the Trans-Iranian Railway (1927-38), a project which cost  $\beta$ 30,000,000, a sum nearly equal to the oil revenues for a decade. Financed domestically so as to avoid foreign debts, the railway not only inflated the size of the bureaucracy, but also immediately increased the extent of bureaucratic penetration into society, since the necessary funds were raised through taxes on tea and sugar. The Iranian budget for 1940-41 is indicative of the manner in which national economic development affected the bureaucracy's function (Table 5). The Table demonstrates clearly that the developmental plans, particularly the laying of infra-structure, were the foci of the bureaucratic activities. The expenditure on the Ministry of Transportation, due to the extension of the railways, was twice that of the Ministry of War, which was also of much importance to the Pahlavi regime. The Ministry of Industry was allocated 75 percent more than the Ministry of War. The state capitalism which emerged out of the requirements of accelerated industrialization enlarged the size of the bureaucracy, increased its influence and prestige, and consequently strengthened the power of the newly emerged petite bourgeoisie of officers, civil servants, and professionals.

Surprisingly, this period of structural modernization saw no substantial increase in the number of ministries. The only exception was the differentiation of the Ministry of Public Works into the two ministries of Economy and Roads in 1929 and the subsequent differentiation of the Ministry of Economy into those of Industry and Commerce. The direction of change was clearly toward state control of economic activities, a point corroborated by the creation of other autonomous departments, such as the Department of Agriculture and the National Bank, in addition to many state monopolies.



The bureaucratic elite and the populace held different concepts of what constituted essential industrial projects. Given the elitist outlook of the bureaucracy and the absence of any mechanism through which public opinion could be expressed, the decision-making process remained unaffected by the wishes of the people. Thus the state industry was unresponsive to the consumption habits of the less affluent, who in fact footed the bill. The resulting chasm between the masses and the bureaucracy prevented the latter from nation building. The cynicism which manifested itself in Iranian culture and was often directed at the administrative and political processes derived not so much from Iranian psychological traits as from the inability of the bureaucratic leadership to appeal to the values of ordinary Iranians and to mobilize the populace behind its projects. Thus, the tremendous accomplishments of the bureaucracy in this period, social as well as economic, are viewed suspiciously by many Iranians, since the bureaucracy failed in its political task. A second factor that helped crystallize the dichotomy between the bureaucracy and society was the transformation of the personal, fragmented, and familiar administration, which handled official business on a case to case basis, into a modern bureaucratic system, which was distant, routinized, depersonalized, and foreign in structure and outlook.

*The reign of Moḥammad Rezā Shah (1941-1979).* In 1941 the abdication of the first Pahlavi monarch under the pressure of the Allies, particularly the British, halted the period of centralization and further bureaucratization. Between 1941 and 1953 when the shah finally established his authority against challengers, the Iranian political system was marked by the reemergence of peripheral forces at the expense of the center. Bureaucratic structures from the former reign were maintained, but their function, authority, and prestige were severely limited. Once the center lost its prestige

and the process of modernization and consolidation of political power slowed down, there was naturally less room for the bureaucracy. The number and types of departments did not substantially alter. As in Rezā Shah's time the country was still divided into ten provinces (*ostāns*), which were in turn divided into counties (*šahrestāns*); each county was marked by a township (*šahr*) and a number of districts (*bakš*), each consisting of a few villages (*dehs*). In a similar way the administrative hierarchy ran from the governor-general of the province, who was responsible to the Ministry of Interior, to governors who resided in the townships, to district heads and village chiefs. The same pyramid of authority was followed by other ministries, whose local



representatives were theoretically answerable to the governor-general or the governor as the case demanded. But the breakdown of central authority between 1941 and 1953 made much of this structure meaningless. Governors were often influenced by or responsible to the local notables rather than the governor-general. The chiefs of villages had even less reason to take account of the district heads. The authority of office holders depended once again more on their persons than their offices; among those who occupied similar offices, exercise of authority varied widely.

The period between 1953 and 1963 was mainly one of regaining the power which had been eroded in the 40s and the early 50s. This period of restoration was followed by a period of rapid change in bureaucratic organization. The bureaucracy which finally developed was larger, more powerful, and more pervasive than that of the previous reign, hiring more personnel to carry out its impersonal ends. Based on a division of labor requiring technical specialization, it was hierarchically organized under the central organ, i.e. the shah. Only in name was it responsible to the legislature; Western education, gained abroad or at home, was a prerequisite for entering its ranks (Z. Šajī'i, *Wezārat va wazīrān dar Īrān*, Tehran, 1355 Š./1976). The separation between the new bureaucracy and the populace, therefore, became wider and deeper; the bureaucracy bore little resemblance to the populace it was supposed to serve and was immune to any input from society at large.

The major additions to the Iranian bureaucracy during Moḥammad Reżā Shah's reign were in technical services. The first such institution to develop, under pressure from international loaning institutions and the government's need for coordinating the expenditure of oil revenues, was the Seven Year Plan of 1947, later expanded and known as the Plan and Budget Organization. The First Plan—and this established a pattern for most other plans—was instituted by foreign consulting firms, many of which were concerned only with engineering problems, having little appreciation of the Iranian political and social atmosphere. Social welfare was always neglected in favor of economic development. The original Fifth Plan, for example, drawn up in 1973, foresaw the expenditure of 91,000 million rials

on government building and 90,000 on housing. The amount of money allocated to sports, 9,000 million rials, was almost twice that projected for welfare (Ministry of Information, *The Royal Road to Progress*, Tehran, 1974). Moreover, the early plans were piecemeal, dealing with certain specific projects rather than the economy as a whole. The unsystematic style of



planning was a corollary to the fact that the Iranian decision makers at no point were clear about their own political philosophy or the end results they desired to achieve. In the absence of any clear political ideas, the planning was an admixture of capitalist concepts and socialist visions.

The main part of the bureaucratic expansion came immediately after the shah's major reform programs of 1963, subsequently known as the White Revolution. A variety of ministries, directed mainly toward economic development, came into existence. Most of them already existed in embryonic form; thus water and electricity projects were centralized under the Ministry of Energy. Other ministries, such as Cooperatives and Rural Development, had to be designed from scratch. Consequently the number of ministries, which had remained almost constant (around 12 ministries) until 1953, increased dramatically (see [Table 6](#)).

The sudden expansion of the bureaucracy did much to affect its coherence and the ability of the political decision makers to maintain their control over it. The Plan Organization was among the departments which increasingly gained power and prestige. Expanded even further in 1973, it was authorized to institute budgetary policies and renamed the Plan and Budget Organization (PBO). Its increasing authority and the fact that it overlapped other governmental organizations often brought it into conflict with the rest of officialdom. This was only accentuated by the fact that young directors from the PBO were often chosen to fill important administrative positions in other government departments.

The youth and technocratic orientation which characterized the Pahlavi regime in the 70s led to the disillusionment and disappointment of many bureaucrats in the more established ministries; a patriarchic society could hardly be tolerant of youth in high offices. The new bureaucratic elite had to face the difficulty of directing those older than themselves who had been bypassed for promotion. To make matters worse, they were frequently unfamiliar with the working of their departments. The policy of placing extensive value on dynamism, youth, and education in the West or westernized education planted a bitter seed of resentment among the more traditional bureaucrats. The existence of many autonomous departments not subject to the general hiring and pay scale regulations, such as the Central Bank, the national Iranian Oil Company, and the PBO, sharpened the hostility of those in the bureaucracy towards the political decision makers. By 1972, those who were employed in the public sector constituted a major group. In



urban areas, where in recent times the Iranian political life has normally been determined, 24.7 percent of all the employed worked for the government (Plan and Budget Organization, *Social Indicators* [in Persian], 1978, p. 336). In 1971, before the inflationary impact of the oil boom, number of government employees reached 774,000, close to 600,000 of whom were bureaucrats (ibid., 1977, pp. 62-63). During 1974, government revenue increased threefold, thanks to the increase in the price of oil; government expenditure rose 139 percent in a single year (Central Bank of Iran, *Annual Report* [in Persian], p. 15). The bottlenecks and dislocations brought about by the sudden flow of funds would have been too much of a burden on any bureaucracy. The task of the bureaucrats became more difficult, but their ability did not change. The ensuing inflation eroded their fixed income, while the private sector reaped the benefits of the oil boom; in addition, the bureaucrats were increasingly losing the social status they had gained during the former reign. It is not surprising that the Iranian bureaucrats were among the first groups in society to express their opposition to the Pahlavi regime in the form of strikes. In the bureaucratized politics of Iran, they possessed potential power and were numerous as well as discontent.

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