

**POLITICAL ECONOMY OF
OIL IN IRAN 1973 - 1980**

A THESIS
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LIST OF ABBREVIATIONS

A.I.O.C.	Anglo Iranian Oil Company.
A.P.O.C.	Anglo Persian Oil Company.
B.P.	British Petroleum.
bpd	barrels per day.
D.M.O.P.	Draft Memorandum of Principles.
E.N.I.	Ente Nazionale Idrocarburi (National Oil Company of Italy).
I.A.E.O.	Iran's Atomic Energy Organisation.
I.R.P.	Islamic Republican Party.
N.I.O.C.	National Iranian Oil Company.
O.C.U.	Organisation of Communist Unity.
O.I.P.F.G.	Organisation of Iranian People's Fedai Guerillas.
O.S.C.O.	Oil Service Company.
P.M.O.I.	People's Mojahedin Organisation of Iran.
SIPRI	Stockholm International Peace Research Institute.
ISI	Import Substitution Industrialisation.
U.A.E.	United Arab Emirates.

LIST OF NEOLOGISMS

Akhund:	Clergyman (as a general concept)
Ayatollah:	Sign of God (top cleric in Islamic hierarchy)
Bonyad-e Mostazafin:	Foundation for Deprived People (Organisation which replaced Pahlavi Foundation and took over the property of the royal family).
Bonyad-e Shahid:	Martyr Foundation (a foundation which was set up after the outbreak of war with Iraq to handle the problems of war invalids and martyrs).
Hesbollah:	The imaginary <u>Party of God</u> which every fundamentalist believes to be a member of.
Hesbollahi:	A member of hesbollah
Hojatolislam:	Top mullah (below the rank of Ayatollah)
Homaferen:	Non-commissioned Air Force Officers who played a major role in the revolution.
Jihad-e Sasandegi:	Holy Constructive Work (for rural development)
Majlis:	Iranian parliament
Mostazafin:	Deprived People; down-trodden
Mullah:	Clergy (as a general concept)
Sazeman-e Basseij-e Mostazafin.	Organisation for the Mobilization of the Down-trodden (responsible for military recruitment from the ranks of civilians)
Sazeman-e Basseij-e Eghtesadi:	Organization for Economic Mobilization (responsible for rationing and food distribution)
Shoura:	Council of workers and peasants.

INTRODUCTION

The regrettable tendency in bourgeois social science to make "pure economic analysis" has hindered comprehensive understanding of today's interrelated and many faceted socio-economic issues facing developed and underdeveloped countries. This thesis is an attempt to study economic relations and developments of Iranian society with their inter-connection with political, sociological, philosophical, and other related dimensions. The Marxist epistemology and the well-known method of "economic interpretation of history and historical interpretation of the economy" would be given due consideration throughout the dissertation. The course of politico-economic decisions and ideas would be treated as the results and consequences of the socio-economic processes, and not the reverse keeping in view

its dialectical content.

The term "Political Economy of Oil" has been chosen for the title of the thesis due to two interrelated reasons. First of all, the study deals with production relations in the course of their development. Secondly, oil as the most vital commodity and as a tool of imperialist domination has had a great share in shaping the complex contemporary history of Iran. The study therefore, is a modest attempt to identify the impact of oil in Iran's political and economic developments. In this connection the main focus would be made on identification and exposure of the system and its inherent contradictions.

In the first chapter of the thesis the emphasis would be to introduce the political economy of oil from a historical perspective. This provides necessary material for the second chapter which deals with the main forces affecting oil, social system and the country's economic developments. In this chapter an attempt would be made to show how the structure of the system itself is the cause of economic and the socio-economic crises. In the third chapter the economic, political, and social consequences of phenomenal oil price hike of 1973 and subsequent years has been dealt with. The oil boom and super-boom resulted from the augmentation of oil revenues intensified the inherent contradictions of Iran's peripheral economy. The gap between rich and poor widened due to the country's

institutional structure. The oil revenues were mainly spent for "atomization of the society", militarization of the country, and bureaucratization of the state. Iran completed its role as a regional sub-imperialist power and a tool of U.S. domination in the Gulf. The number of multinationals drastically increased and the peripheral relations with imperialism heightened. In the next chapter i.e. chapter four, it would be shown how the above contradiction turned antagonistic and resulted in the collapse of the Shah and emergence of Islamic Republic of Iran. In chapter five the contradictions of the so-called "Economy of Divine Harmony" would be analysed. In chapter six an exhaustive examination of the socio-economic profile of today's Iran as the legacy of pre-Khomeini days would be attempted. In chapter seven the socio-economic background that led to the hostage crisis and the economic consequences of this will be thoroughly dealt with. In the last chapter the impact of oil in the outbreak of Iran-Iraq war and the analysis of the ugly face of this conflict would be attempted.

As could be seen from the successive chapters the clash of policies, passions, and interests has been approached not as the cause but as the consequence of social conditions and the position of different classes in the society. In this connection, for instance, the collapse of the monarchy in February 1979 has been regarded not due

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to this or that political mistakes committed by the Shah and the United States (although the significance of these could not be denied), but mainly because of the erosion of the decaying peripheral system symbolized by him.

Similarly, the economic crisis, abject poverty, and inhuman atrocities of the present clerical regime have been traced back to the nature of the present social system and the social existence of the dominant ruling elites.

Some of my colleagues have criticized the partisan character of this thesis as well as its "hyper-criticism" against the present Iranian theocratic regime. This is to some extent true. But it does not, in my opinion, violate the objectivity of the thesis. It should be noted, first of all, that social science is not value free. As soon as a student of society discovers an objective law, he inevitably enters into a conclusion and then has to take a stand. An example from the author's political career may not be without context here: the careful analysis of the social order during the Shah made him to take a stand against the regime and languish in jails for years. When the new regime emerged, in spite of being a Marxist and fundamentally opposed to theocracy, the author joined many Iranians to support it wholeheartedly. But the course of events itself proved the anti-popular nature of the clerical regime. Now what can one do with the crises, atrocities, and irrationalities which have become objective concomitants

of the system embodied in the theocratic regime? For a Marxist these are all transient diversions from the historical process which is objective and progressive. These could be accepted as a step backward in the march of history. Therefore there remains no choice but to understand, expose, and fight against the root causes of all these historical perversions.

The author is quite aware of the emphasis given by him on such issues as Mr. Bani Sadr's theory and practice, the class nature of the regime, the role of bazaars, etc. These issues may look insignificant to the non-Iranian readers. But these are matters of political debates and controversy in Iran. The available literature on the subject is mostly propaganda made by various political groups. Therefore, the scientific study of the subject which could give a proper objective view of the situation, could only remove the mist of the confusion created in the minds of the readers by conflicting propaganda materials.