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Corporatism, International Conflict, and Labor Politics in Iran

A dissertation submitted in partial satisfaction of the
requirements for the degree Doctor of Philosophy
in Sociology

by

Zep Kalb

2024

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ABSTRACT OF THE DISSERTATION

Corporatism, International Conflict, and Labor Politics in Iran

by

Zep Kalb

Doctor of Philosophy in Sociology

University of California, Los Angeles, 2024

Professor Edward T. Walker, Co-Chair

Professor Kevan Kimberlin Harris, Co-Chair

This dissertation advances the literature on corporatism through a detailed case study of Iran. The dissertation's main argument is that international conflict can provide opportunities for authoritarian state-building and state-labor integration. Combining process tracing methods with unique archival, interview, and quantitative analysis, I present a historical sociology of the development of labor market institutions in modern Iran, with a special focus on the 1940s-2010s period. I describe three waves of institution-building in the wake of international conflict and warfare, including the more recent period of severe economic sanctions. For each period, the dissertation pays close attention to causal

sequences, showing how authoritarian politics and workers' movements interacted to create institutions that shaped subsequent historical trajectories.

The dissertation makes three main contributions. First, I find that international conflict can present non-zero-sum opportunities to both labor movements *and* autocratic leaders. This finding is especially relevant given intensifying interstate rivalries and the rise of economic sanctions in the 21st century. Second, I contribute to theories of corporatism by highlighting how oil rents can support labor organizing. Third, I show how labor politics in Iran has not just been shaped by control, neoliberalism, or resource abundance, but also by powerful bargaining institutions forged out of waves of war- and state-making.

The dissertation of Zep Kalb is approved.

Ching Kwan Lee

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University of California, Los Angeles

2024

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LIST OF ABBREVIATIONS

	English translation	Persian original
IWC	Islamic works council	<i>showra-ye eslami-ye kar</i>
HCC-IWC	High Coordination Center for Islamic Works Councils	<i>kanun-e ‘aali-ye hamahangi-ye showra-ha-ye eslami-ye kar-e keshvar</i>
GA	Guild Association	<i>Anjoman-e senfi</i>
WR	Worker Representative	<i>Namayandeh-ye kargari</i>
HCC-WR	High Coordination Council for Workers’ Representatives	<i>Majme’-ye ‘aali-ye namayandegan-e kargaran</i>
WH	Workers’ House	<i>Khaneh-e kargar</i>
NLC	National Labor Conference	<i>Konferans-e melli-ye kar</i>
SLC	Supreme Labor Council	<i>Showra-ye ‘aali-ye kar</i>
HCC-GA	High Coordination Center for Guild Associations	<i>kanun-e ‘aali-ye hamahangi-ye anjoman-ha- ye senfi-ye keshvar</i>
ESKAN	Central Union for Workers' Housing Cooperatives	
EMKAN	Central Union of	

Workers' Consumer

Cooperatives

IRP	Islamic Republican Party	<i>hezb-e jomhuri-ye eslami</i>
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WOI	Workers' Organization of Iran	<i>Sazman-e kargaran-e Iran</i>
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Notes:

1. where possible, translations provided by the ILO were used (1990 labor code). For some, such as EMKAN or ESKAN, the Persian abbreviation is used because it is common.

2. In Iran's labor association structure, each enterprise labor council can form municipal, provincial, and national level bodies. For simplicity's sake, I translated all national bodies as "High Coordination Council".

NOTE ON TRANSLITERATION

For transliteration, I used the guidelines set by the Association for Iranian Studies, which is also used in the flagship journal *Iranian Studies*.

ACKNOWLEDGEMENTS

This dissertation builds the help and support of many people spread across Iran, the Middle East, Europe, and North America. But since it is unlikely that this manuscript will be widely read – and I commend *you* for reading it now – I would like to keep it short here. I thank my committee: Edward Walker, Kevan Harris, CK Lee, and Chris Tilly. Their comments and suggestions were critical in guiding my thoughts on the subject. I would also like to extend my gratitude to colleagues and friends at UCLA, especially the Sociology Department, without whom life and study in Los Angeles would have been significantly less colorful and productive.

VITA

Zep Kalb is a doctoral candidate at the Department of Sociology, UCLA. He previously studied at the University of Tehran, Oxford University, and SOAS. Kalb is a political and comparative-historical sociologist. His research integrates quantitative and qualitative methods to address empirical questions at the intersection of social movements, political economy, and international politics.

Chapter 1: Overview

Iran is not a country typically studied for its labor movements and institutions. After all, Iran is dominated by its rentier state; an oil-powered autocratic regime coming out of an Islamic revolution that explicitly rejected socialism. State control and patrimonialism presumably undermine labor institutions (Bashiriyeh 1984; Ladjevardi 1985; Najmabadi 1987a). Much recent work in Iranian Studies also emphasizes how neoliberalism and market reforms have hollowed out the post-revolutionary contract (Kheirollahi 2017; Maljoo 2017a).

This dissertation challenges these common depictions of Iranian politics. I seek to highlight the role and importance of labor institutions in both shaping and defining authoritarian politics in Iran. These institutions do not only include mechanisms for establishing top-down control over workers. Importantly, they also involve a broad set of mechanisms that facilitate bargaining and provide regime-engaging avenues for claim-making and contention.

The dissertation describes the origins and main characteristics of Iranian corporatism. It also attempts to evaluate some of its outcomes. Corporatism is not a straightforward concept. Like many catchy phrases in the social sciences (think “neoliberalism” or “populism”), corporatism suffers from an over- proliferation of definitions. In Middle Eastern and Iranian Studies, corporatism often refers to a mode of governance. In this approach, corporatism exemplifies a more rule-based and bureaucratic form of governance, rather than more neopatrimonial or clientelist forms. Corporatism, in this sense, is based

predominantly on Max Weber's legal-rational authority, as opposed to the more traditional forms of authority that permeate neopatrimonial rule (Bashiriyeh 1984).

A second approach defines corporatism as type of political economy distinct from, say, socialism or neoliberalism. This approach is also common in Middle Eastern Studies, especially to describe the transition from older "corporatist" ruling bargains, based on a social contract that involved public sector employment, social provision, and stable jobs, to more "neoliberal" bargains (Kamrava 2014; Waterbury 1997).

In contrast to these two approaches, I will define corporatism as a *mode of interest representation*, i.e. a set of institutions that mediate and manage (often conflictual) relations between workers, employers, and the government. Although this approach is not common in Iranian or Middle Eastern Studies, it is well-established. Phillipe Schmitter (1974:93–94) famously described corporatism as:

"a system of interest representation in which constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and support."

Defining corporatism in this way poses its own issues. For one, it appears very common, as Schmitter himself anticipated. Still, there is significant variation in the depth and characteristics of corporatism. Schmitter, along with many other scholars (Crouch 1983; Malloy 1976; McNamara 2012; Pempel and Tsunekawa 1979; Teixeira 2024; Wiarda 1997), have highlighted at least two important factors – (i) late development and (ii) authoritarian politics – that shape corporatist institutions.

Late development refers to the difficulties that states presiding over less developed economies face in encouraging growth rates that would allow their economies to “catch up” with more developed economies (Haggard 2018; Waldner 1999). To catch up, states organized societies and economies in ways that policymakers believed would accelerate economic development. State attempts to develop economically translated into a particular concern with *controlling* and *organizing* domestic workforces. Labor, after all, was critical to development. But workers had to be educated, trained, and relocated to fulfill productive functions. To achieve that, capitalist states involved in late development supported corporatism, building up institutions that channeled grievances, support communication, and resolve disputes.

Secondly, authoritarian rule is associated with corporatism. In part, this effect is mediated by processes of late development. Many late developing states were also authoritarian since late development often involved authoritarian methods. But authoritarianism also creates independent incentives for corporatism. These incentives are partially economic. As Wonik

Kim and Jennifer Gandhi (2010:646) argue: “For dictators, addressing the issue of how to handle workers is of paramount significance given their numbers and their importance in economic production”. Autocrats also support corporatism for political reasons. Corporatism can help autocrats mobilize working classes and cultivate political support, while simultaneously channeling labor grievances and interests into more bureaucratic routes. Within this framework, Ruth Berens Collier and David Collier argue that corporatism entails both “inducements” and “constraints”. Constraints entail “producing compliance by the application or threat of application, of negative sanctions or disadvantages” (Collier and Collier 1979:969). A common example of a constraint is “[controlling] leadership and leadership recruitment with the goal of restricting the role of radical political groups” (Collier and Collier 1979:981). Corporatism also involves “inducements,” which entail the “application of advantages” to “motivate organized labor to support the state, to cooperate with its goals and to accept the constraints it imposes” (Collier and Collier 1979: 969). Through these inducements and constraints, corporatism both supports labor movements and aims to channel claim-making into less contentious routes.

This dissertation traces the development of corporatism in Iran. In its characteristics, Iranian corporatism appears rather peculiar. And the dissertation will show that Iran’s history of revolutions, international conflict, and monarchical rule have delivered a unique set of corporatist and labor market institutions. To just give a few peculiar examples here: Iran has many formal labor associations, the organizational framework governing labor relations is weak, decentralized, and fragmented, covering only a tiny share of the employed workforce.

Despite such low unionization coverage, important pillars of welfare and employment policy are determined by the Supreme Labor Council, a tripartite body that includes labor, employer and government representatives. If the Supreme Labor Council has few equivalents in the developing world, it coexists with a national set of labor legislation that is among the most generous in the world. For example, workers can legally claim over 50 days of paid leave per year, i.e. almost two full months of paid holiday, which is more than any other country in the world. Firing an employee is also very difficult. Iran has a substantial regulatory regime, including workplace inspectors and labor courts. Still, workers frequently experience rights violations by employers and authorities, which gives workers ample ammunition to take to the streets and stage protests. In fact, labor protests in Iran in the 2010s and early 2020s, when measured as a share of the total level of recorded contention, is among the highest in the world. Workers routinely staged 60-70 percent of all recorded contentious events.¹ This is very high for a country that, at least in this period, also experienced other forms of social movement activity and popular uprisings.

Although the dissertation describes how the 1979 revolution, oil-fueled development, and factional elite conflict supported corporatism and institution-building, the *focus of the dissertation is on the recurrent interaction between international pressure, labor movements, and regime responses in Iran*. In particular, the dissertation zooms in on three waves of state-making in the wake of war and international conflict: the 1940s, the 1980s, and the 2010s. This is also the main contribution that the dissertation makes to literatures

¹ Figures calculated from ACLED data for the 2016-22 period (Raleigh et al. 2010).

on labor and corporatism. I show how international conflict, external threats, and bellicose pressure can provide labor movements with opportunities and power resources that they can mobilize to make claims on employers and the government. Although scholars have already made those arguments in relation to military conflict and mass mobilized warfare, I extend those findings to non-military conflict and economic warfare. Thus, Chapter 5 shows how corporatism revived and bargaining institutions became rejuvenated amid severe economic sanctions in the 2010s and early 2020s.

Iran is an ideal case to study how the international environment restructures power resources, interests, and opportunities in part because the country, given its medium size, has been subject to particularly severe geopolitical pressure over the past century or so. Iran has also experienced significant variation in the *type* of international pressures, from foreign occupation during the world wars, to mass military warfare following the 1979 revolution, to harsh economic sanctioning in the past decade.

Dissertation outline

The dissertation consists of four empirical chapters. Chapter 2 reviews the Pahlavi period, zooming in on the WWII period when the foundational institutions of Iranian corporatism were laid. Chapter 3 looks at the 1979 revolution and the 1980s war period. Chapter 4 looks at the persistence of corporatism in the 1990s and 2000s “neoliberal” era. Finally, chapter 5 provides an argument about the role of corporatist institutions in the sanctions’ period.

Chapter 2

Chapter 2 situates the origins of late Pahlavi (1941-79) politics and development in the labor institutions introduced between the forced abdication of Reza Shah in 1941 and the 1953 coup by his son, Mohammad Reza Shah. In the early 1940s, Iran's state institutions dealing with employment relations remained skeletal. The Iranian labor bureaucracy looked little like that of most other states in the MENA region, where labor groups and interests had to some extent become incorporated through party mobilization during the interbellum period. By contrast, following two decades of heavy-handed industrialization and limited state incorporation under Reza Shah, the Iranian state had more in common with east Asian states such as South Korea or Japan, than with its regional peers.

Many countries in the MENA region followed a model of *party incorporation*, whereby political mobilization of workers under Mandate-era governments served to integrate workers into the state and extend labor laws and regulations. This includes Turkey under Ataturk, with which Reza Shah's Iran is often compared. Yet, by contrast, Iran followed a model of state incorporation that limited the formation of ties between state elites and labor groups, thus contributing to the emergence of a mass communist-aligned labor movement in Iran in the 1940s. Combined with Soviet interference at the end of WWII, Iranian elites perceived these labor movements as a severe threat, deciding to "reform to survive" (Rasmussen and Knutsen 2022). Chapter 2 shows how aristocratic elites, deeply suspicious of labor rights and organizing, nevertheless introduced regulations, institutions, and

government bodies as part of attempts to coopt the communist labor movement. Iran went from having almost no labor institutions in the early 1940s to boasting an inclusive and generous set of labor institutions and workers' rights by the late 1940s. The government had also established a technocratic apparatus in charge of labor relations, manned by officials who were young, highly educated, and ambitious. Finally, the government introduced a model of decentralized bargaining centered on enterprise-level works councils, in the hope that business unionism and technocratic, localized bargaining would keep the communism away from workers.

The second part of the chapter shows how these institutions influenced Pahlavi development and politics after the 1953 coup. Oil rents facilitated economic development, but also corrupted commitment to *developmentalism*, creating obstacles to government attempts to pursue industrial deepening and upgrading. Authorities tried to overcome these contradictions by increasing the state's dependence on labor institutions and organizations. I delineate a dynamic whereby top-down attempts to mobilize labor institutions for developmental and political purposes helped to organize workers and their interests. Using newly released secret intelligence material, I show that these state-sponsored labor organizations and regime agents eventually contributed to workers' highly effective mass participation in 1978-9.

Chapter 3

Chapter 3 turns to Iran's postrevolutionary context and the 1980-88 war against Iraq. Contributing to a large scholarship on workers and the 1979 revolution, the chapter shifts the scholarly focus away from the repression of the revolutionary workers' movement toward labor incorporation under the young Islamic Republic. I find that competition with left-wing parties and groups in the 1979-81 period was an important driver behind the Islamic Republic's early support for labor organizations and corporatism.

The chapter spends significant time on the 1980-88 war with Iraq. I propose that *war mobilization* is an important, if understudied, factor in the development of state-labor relations in the post-revolutionary period. The chapter finds that labor-intensive war mobilization empowered grassroots organizations linked to the regime in general, and certain factions in particular. I show that the Workers' House used participation in war mobilization to transform itself from a peripheral and weak actor into a powerful political organization by the late 1980s. Together with its ally president Akbar Hashemi Rafsanjani (1989-97), the Workers' House channeled labor grievances following the war into effective demands for labor code approval. In other words, Workers' House control over the labor movement, which was facilitated by war mobilization, not only helped to consolidate Rafsanjani's "centrist" political rule and sideline more "radical" factions, but also contributed to the establishment of a powerful political bloc that wielded a degree of Gramscian hegemony. With the support of the Workers' House and the broader labor

movement, Rafsanjani codified a new social contract that endorsed both private enterprise and generous labor rights and welfare.

Chapter 4

Chapter 4 is an interim chapter. It looks at the 1990s and 2000s, or what I call the “neoliberal period” – an era marked by tenuous globalization and relative international peace, elite commitments to market reforms, and intensified political competition within the Islamic Republic’s authoritarian system. The chapter pushes back against common claims that neoliberalism comprehensively overturned Iranian corporatism and post-revolutionary institutions. By contrast, it highlights how labor market institutions remained mostly intact in the neoliberal period, even as commodification proceeded apace. Governments failed to reform post-revolutionary employment law and continued to support corporatist bargaining and labor organizing amid significant factional competition. Although the effects of neoliberalism were substantial, the chapter highlights how persistent labor market institutions also shaped and constraint Iranian political and economic change in this period.

Chapter 5

The final chapter, Chapter 5, turns to the more recent sanction period (2011-21). I argue that the imposition of sanctions in the late 2000s and early 2010s presented an international threat that provoked a significant response by domestic elites. Regime elites, led by the Supreme Leader, responded to sanctions by calling on state authorities, workers, and

employers to cooperate and establish a “resistance economy” capable of withstanding foreign pressure. As senior regime elites turned toward labor in the wake of sanctions, workers across Iran’s industrial landscape took to the street *en masse*. Integrating my own protest data with administrative data and industrial statistics, I show that industrial unrest reached unprecedented levels amid growing labor violations and a steep reversal in economic fortunes.

Chapter 5 argues that these top-down and bottom-up demands for institutional capacity propelled the state into action. I show how the Iranian state was able to discipline employers and channel production into new, more profitable routes. I retrace Iran’s economic resilience under sanctions to a model of “resilience by demand”, specifying a two-step sequence by which (i) elite campaigns and (ii) labor protests contributed to developmental persistence in 2010s and early 2020s Iran. I also use an in-depth qualitative case study of a single large enterprise, Haft Tappeh Sugar Cane, to show how labor protests and elite responses supported resilience.

The chapter concludes by proposing that the processes underlying Iran’s economic resilience also fragmented and moderated labor contention, despite unprecedented protest levels. I propose that the Islamic Republic survived compounding social upheavals in the late 2010s and early 2020s, notably the 2022 Amini uprising, in part because workers failed to join. The political foundations of economic resilience thus help to explain Iran’s surprising *authoritarian* resilience too.

Methods

This dissertation uses a political process perspective to study how warfare contributes to state-making. This perspective rejects what Charles Tilly called “invariant thinking” – a type of social scientific reasoning that invokes self-contained and self-motivating social units (Tilly 1995). Until recently, invariant thinking was common in comparative-historical sociology, likely playing no small part in the field’s declining status within sociology. Unfortunately, invariant thinking has not entirely disappeared, and it can be seen even in recent comparative-historical work on war- and state-making. For instance, in an otherwise insightful article, Taylor and Botea (2008) argue that “revolution” and “the existence of a core ethnic group” explain why war-making contributed to state-making in Vietnam but not in Afghanistan.² But, as Tilly points out, ethnicity and revolution are not variables. They are processes, themselves defined and shaped by warfare and war-making.

Comparative-historical sociologists propose to resolve invariant thinking by paying closer attention to *causal sequences* (Sewell 1992; Somers 1997; Stinchcombe 1978). Rather than engaging in historical particularism, sequence analysis can lay bare “recurrent causes which in different circumstances and sequences compound into highly variable but nonetheless explicable effects” (Tilly 1995:1601). In this sense, historical sociology can still deliver generalizable insights.

² According to Tilly, invariant thinking was especially problematic in the study of revolutions, including in some of the field’s most notable work (Farhi 1990; Goldstone 1993).

The dissertation studies three waves of war- and state-making, without imposing any singular regularity or invariance in the ways by which international threats and conflicts helped to make the Iranian state. The three periods that are the focus of my study are different in most respects. The actors, groups, relations, and ideas involved across this eighty-year period of Iranian history are extremely different – their interactions cannot fit a single template of events.

Having said that, the dissertation employs two methodological frameworks to analyze historical change within a single-country context in a more systematic way. These are (i) path dependency and (ii) process tracing. Path dependency starts from the observation that institutions, once created, are difficult to abolish or fundamentally reform. Institutions tend to persist, even if they often change (Hacker, Pierson, and Thelen 2015). This makes the period of “institutional genesis” especially important (Mahoney 2000). In the case of Iran, the basic institutional framework for labor politics and employment relations was introduced in the 1940s. Although these institutions changed significantly over time, the dissertation acknowledges that it is difficult to understand their later expressions without going back to their original content and form.

I do not use this insight to deny the importance of upheaval or rapid change. Given its history of revolutions and international conflict, what scholars call “critical junctures” are especially important in the Iranian case. David Collier (2022:129–30) defines a critical

juncture as “(1) a concentrated macro episode of innovation that (2) generates an enduring legacy”. Although it is too soon to call the 2010s sanction period a “critical juncture”, most scholars of Iran agree that the 1940s as well as the 1979 revolution and the 1980-88 wars present critical junctures in the country’s trajectory of socio-political change.

A second tool that the dissertation uses is process tracing. Process-tracing methods are a qualitative approach (which may use mixed or quantitative data) involving “causal-process observations” (Beach and Pedersen 2019; Collier 2011). Mostly a deductive and “theory-testing” approach, process tracing relies on intensive description, notably of causal effects that “are especially uncertain” (Seawright 2016:177–78). Alongside description, process tracing is also concerned with sequences. Those sequences can take on “reactive” or “self-reinforcing” forms (Mahoney 2000). Because the dissertation’s primary interest is in the effect of war on state-making, I zoom in analytically on war and post-war period. A more longitudinal, zoomed-out frame is used to then understand change between war periods. Again, this is not to deny the existence of (often rapid) change in those more “peaceful” periods, but to highlight how institution-building associated with international threats shape and constrain politics in the subsequent periods of relative peace.

Case selection and study limitations

Iran presents an ideal case to study how international conflict and threats shape labor movements, authoritarian politics, and worker power. As a single-country study, the project

prioritizes internal validity (Pepinsky 2019). Iran was selected for two main reasons. First, Iran is an *extreme case*, scoring high on both the independent and dependent variables (Seawright and Gerring 2008). Extreme cases may be “process-theoretic,” revealing the limits of standard classification categories while pointing to new categories of objects (Ermakoff 2014).

Secondly, Iran is also arguably a *crucial case*. In his seminal essay, Harry Eckstein (1975:118) describes the crucial case as one “that *must closely fit* a theory if one is to have confidence in the theory’s validity, or, conversely, *must not fit* equally well any rule contrary to that proposed”. Specifically, Iran constitutes what John Gerring (2007:232) calls a “least-likely” crucial case, i.e. “one that, on all dimensions except the dimension of theoretical interest, is predicted not to achieve a certain outcome and yet does so. It is confirmatory.” As an oil-dependent, authoritarian regime boasting high levels of unemployment, the Islamic Republic should be least likely to feature corporatist institutions. Widespread labor protest, institutionalized bargaining, and labor organizing, especially in moments of international pressure, calls for theoretical inquiry.

The study also has important limitations. Because the focus is on the relationship between corporatism and international conflict, the dissertation does not provide a comprehensive discussion of Iranian corporatism *an sich*. There is no detailed discussion, for example, of the way in which the Supreme Labor Council works. The chapters are also thematic. To give

an example, the final chapter on the sanction period looks at developmental persistence, not corporatist bargaining per se.

Sources

This project relies on extensive field research in- and outside Iran, partially conducted while I was a master's student at Oxford. I conducted interviews with a range of actors active in Iran's labor arena, including bureaucrats, lawyers, official and independent labor leaders, journalists, and academics. I connected with participants as a Visiting Fellow at the Sociology Department of Tarbiat Modares University (TMU) in November 2015 – April 2016. Consent was asked prior to interviews. All interviews were conducted with formal endorsement by TMU. I presented an official letter from the university stating my position and status. Similar institutional support from TMU also counts for any archival research I conducted in Iran.

Archival evidence and secondary literature were collected from the National Archives and Library of Iran; the Ministry of Cooperatives, Labor, and Social Welfare; the Central Library of the University of Tehran; the TMU library system; the Library of the Parliament (Majles). Outside Iran, I consulted the UCLA library system, the Iranian Library in Hanover (Germany), and the International Institute of Social History (IISG) in Amsterdam (Netherlands). Online, I consulted the Archive of Iranian Opposition Documents, the Center for Historical

Documents Survey, and collections provided the International Labor Organization, and Encyclopaedia Iranica.

Individual chapters have their own source base. Chapter 2 on the pre-1979 period relies on the Iranian Oral History Project at Harvard University, the Oral History Initiative at the Foundation for Iranian Studies, the *As Told by The SAVAK* collections provided by the Center for Historical Documents Survey, and the *Labor Law and Practice* series of the US Department of Labor. Chapter 3 relies on my labor protest and war mobilization datasets (see below), alongside legal bills and labor newspapers such as *Work and Worker*. Chapter 4 relies mostly on labor newspapers, public statements, and government reports. The final chapter on the sanctions period integrates administrative and statistical data with my own protest database (see below). I also use a qualitative case study that uses interview data and media analysis, providing a high degree of triangulation across sources.

Note that much of my qualitative and archival data builds on Iran's robust administrative infrastructure. Compared to other countries in the MENA, the Iranian government both collects and publishes detailed data on society, economy, and labor market. Similarly, Iran has a well-established and competitive media field, which included numerous outlets dedicated to labor affairs and politics. These sources Iranian labor politics much more visible and accessible to outside research, for instance by providing detailed information on labor protest, bargaining, and organizations.

Personal datasets

This dissertation contains quantitative evidence from three personal datasets. Chapter 3 on the 1980s includes my (i) Iran Labor Resistance Dataset (ILRD) and my (ii) Iran Workers' War Mobilization Dataset (IWWMD). Chapter 5 on the 2010s uses the Iran Economic Protest Dataset (IEPD), which runs from 2012 to 2021. See the Appendix for full codebooks.

1980s: Iran Labor Resistance Dataset (ILRD)

The source base for the Iran Labor Resistance Dataset (ILRD) is the Workers' Road (*rah-e kargar*) newspaper. Workers' Road was a monthly magazine published in exile (Germany) by the eponymous Marxist group. In the 1980s, Workers' Road was a new-left group with some ties to factories (Behrooz 2000). Workers' Road was interested in labor affairs. The earliest issue available is March-April (*farvardin*) 1984. The ILRD runs from March-April 1984 until July-August (*mordad*) 1989 because in the next two-three years only a few issues were published, or at least, available to me as a researcher.

Coverage of labor "resistance", defined broadly, merited inclusion in the dataset. Each article title was manually skim-read for evidence of workers' resistance. Picture 1.1. below provides an example of how these events were typically reported. Workers' Road often provided brief updates per factory.

Figure 1.1: Example of labor resistance events reported in Workers' Road

مقاومت کارگران در برابر توطئه نوبت بندی برای اعزام به جبهه ها

کارخانه ایران والونو

میگفتند: "این کمک ها با ما نیست میشود تا جنگ بیشتر طول بکشد، ما که راغبی نیستیم، آنها بزور ما این پولها را از ما میگیرند." و اینکه "غزانه دولست شده کشیده و عا لادست گذاشتی بسوی ما دراز کرده است."

در ضمن از ده ها کارکنان آنها پیگیری نمودیم و از آنها خواستیم که بگویند آیا این کمک ها با ما نیست میشود تا جنگ بیشتر طول بکشد، ما که راغبی نیستیم، آنها بزور ما این پولها را از ما میگیرند.



در پی اعلام نوبت بندی جهت اعزام اجباری به جبهه ها، بخشنامه ای نیز به کارخانه ایران والونو ارسال میشود تا کارگران جهت کمک مالی به جنگ و اعزام به جبهه ثبت نام میکنند. پس از آنکه بخشنامه را به قسمتها ای کارگری میفرستد، همه سرپرستهای قسمتها را به دفتر خود احضار کرده و در آنجا تصمیم میگیرند که از حقوق هر کارگری دوروز کم کنند و به عنوان کمک به جبهه بدهند. کارگران داوطلب اعزام به جبهه ها ثبت نام میکنند.

سرپرستها به قسمتها آمده و به کارگران اعلام کردند که دوروز حقوق آنها اجباراً کم خواهد شد. این عمل با اعتراض جمعی کارگران روبه رو نمیشود، اما کارگران طی اعتراضات پراکنده ای

کارخانه قرقه زیبا

همکاران کارگران که قرا رسیدند نامه ای به جبهه اعزام شوند، از رفتن به جبهه امتناع کردند. برای حمایت از این کارگران مدعی اعتراض کارگران در برابر این طرح در گوشه و کنار کارخانه با لگرفت، مدیریت کارخانه نیز برای جلوگیری از با لگرفت اعتراضات کارگران دستور داد تا طرح نوبت بندی منحل شده و اعزام به جبهه به تکمیل نرسد. کارگران نیز با این ترتیب کارگران قادر شدند تا موا مل رؤسرا و او را به عقب نشینی نمایند. لازم به تذکر است که قریه کشی برای نوبت بندی اعزام به جبهه مدتی پیش در کارخانه انجام شده بود و قرا رسید که از آن پس مدتها بهر سه ماه یکبار تعدادی از کارگران به جبهه اعزام شوند. قریه کشی برای مدت دو سال آینده اعزام انجام داده بود.

Source: Workers' Road, volume 49, issue 2 (March-April 1988), p.15

Labor resistance events were then manually entered in a spreadsheet. Variables included publication issue, publication date, protest date (or estimate), original source, protest day, a dummy for whether or not the resistance was staged by workers, the name of the institution or factory, its location (province and town), the economic sector in which this factory was active, estimates on resistance size, type of resistance (e.g. demonstration, making noise, slowing down production, sit-ins, petitions, ...), resistance location (whether at work or elsewhere), the employment status of the resisters, the role of local labor organizations in the resistance (against or supportive), the role of other state actors, whether violence was reported, and the protestors' demands. A brief description of each protest was also included. In the following step I used this information to code events by a set of demands, and by whether the resistance took on a more "atomistic" or "collective" form. Decisions were made on a case-by-case basis. Collective resistance means a collective action, whereas atomistic resistance involves more solitary action by one or a few disgruntled

workers. In total, the ILRD contains 1032 resistance events, 748 (72.5%) of which were staged by workers.

1980s: Iran Workers' War Mobilization Dataset (IWWMD)

The IWWMD uses the newspaper *Work and Worker* (*kar va kargar*). *Work and Worker* is a state-licensed newspaper published from 1984 by the Workers' House (WH). *Work and Worker* had a section devoted to company-level war mobilization. Large companies making charitable donations to the war front often gave the journal a detailed breakdown of these donations, as well as their destination. The figure below provides an example.

I coded every donation by what was donated (in kind or as money), the total estimated value of the donation, and, most importantly, which organization mobilized the resources, i.e. whether it was done independently by the company, the works council, or by some external actor, such as the WH. I removed all reports of donations occurring over longer periods of time (e.g. between year x and year y, company z donated this much to the front), and kept instead all single entries (last week, company x donated y to the front). See full coding procedures in Appendix.

کمک‌های اعضای هیئت مدیره تعاونیهای مصرف، جنبه‌های نبرد حق علیه باطل ارسال شد

در پی فرمان امام امت
مجلسی برخاسته‌ایست گردود
افتخار مسئولیت سمرده ام
جنبه‌های نبرد حق علیه
باطل هیئت مدیره تعاونیهای
مصرف مسکن و روزرنگاران
کارگر کمال کشور کمکهای
نشدی و جسمی و
روحی و مادی ۱۷۰ نفر
از کارگران به هیئت مدیره
نبرد حق علیه باطل ارسال کردند
نیز هیئت ملت ارسال شد
اوست کمکهای ارسال می
ذیل از نظرات میگذرد:

کمکهای جسمی سه اوش
۱۵۱۰ ۱۷۶۱۰۰ ارسال
نشدی ۹۷۵۳۱۸۰ ارسال
اقلام عمده اجناس عبارتند از:
سوزن، اواغ کبوت،
کشش، پیروشوش، سلوار،
شیربسته کشش، گونی،
کتاب، بسته، پودر لباسشویی،
انگش، کاسه، سوزن،
موت، مکر، کله، آلبوم، سوزن،
بازیچه، چراغ، کشکول،
سبکدستی، کشش، چای،
برایجات، پنو و اواغ کسرو،
اواغ ادویه چات، کباب پز
اضطرابی، خیارشور، بسته،
پوله، لبوان، سیم برق، سیم
تلفن، بشکه خدای، این
اجناس توسط تعداد ۱۲ عدد
کامیون و ۳ عدد وانت بار به

جهنهای جنگ ارسال شد
سه هیئت از استانها از
کمکهای ارسال شد
وزیراست استان سازمان
۱۸۷۳۸۵۰ ارسال کمکهای
سالی، ۲۰۰۰۰۰۰ ارسال
کمکهای جسمی، ۳- صفتان
۱۰۰۰۰۰۰ ارسال کمکهای
۳- صفتان از طریق
جذب ستاد کمکهای استان به
جهنهای ارسال شد-۴- فارس
۱۶۲۸۷۸۰ ارسال کمک جسمی

۵- چهارمجلس و مسختری
۳۳۰۴۰۰ ارسال کمکهای
نشدی، ۱۷۸۷۰۰ ارسال
کمکهای جسمی ۳- کرمان
۵۵۸۷۵۶۵۰ ارسال کمکهای
جسمی ۷- آذربایجان غربی
۵۰۰۰۰۰ ارسال کمکهای نقدی
۸- هرمزگان ۲۴۵۵۷۰۰ ارسال
کمکهای نقدی ۹- کرد
۲۴۵۵۰۰۰ ارسال کمکهای
نقدی ۱۰- لژیون ۱۰۰۰۰۰۰
ارسال کمکهای نقدی-
جسمی ۱۵- ۲۲۰۲۱۸۰ ارسال کمکهای

کارخانجات نیز کمکهای خود را به حساب شماره
۱۹۷۳۳۳۳ بانک تجارت، دفتر جنگ خانه کارگر و راهبر
نمودند. ابامی و همزان کمک گنگ کارخانجات مسعود ذایل
است.

کارکنان و انجمن اسلامی شرکت داروسازی کوثر
مبلغ ۲۳۳۹۰۰۰ ریال، بانک کارکنان و انجمن اسلامی شرکت
تافت.

کمکهای نقدی و غیرنقدی کارگران کارخانجات پلاستی ران، قرقه زبیل

Islamic association, management, or the *basij*, or whether it was done in coordination with an external organization), and how much was donated.

The IEPD (Iran Economic Protest Database) is an event catalogue of all instances of socio-economic contention and collective action reported in Persian by two major national news agencies in Iran. These news agencies are Tasnim News Agency (<https://www.tasnimnews.com>) and the Iran Labor News Agency or ILNA (<https://www.ilna.news>). I selected these two news agencies for two reasons. First, during the 2010s they belonged to two different factional groupings in Iranian politics. ILNA was affiliated with what are variously described as the “reformist”, “moderate”, or “softliner”

factions in elite politics. Tasnim was affiliated with “hardliner”, “conservative” and “principlist” factions. Because news production by state media in Iran is often political, choosing outlets associated with different factions can help reduce reporting bias associated with only relying on any single one political grouping. Secondly, I chose Tasnim to counterbalance ILNA’s focus on labor and workers. This helps strengthen claims about which groups are protesting in Iran.

While these considerations reduce potential bias, there are still limitations associated with relying on press reporting. The IEPD uses official, state-licensed news sources. In the Iranian context, this means that news agencies will tend to refuse to report demands, slogans, or actions that are deemed contentious, anti-regime, and might solicit judicial or police scrutiny. Any form of “political” protest is thus severely underreported by these news media. It is in part for this reason that I decided to focus on socio-economic contention, which is well represented, rather than political contention, for which social media provide a better potential source.

I built the dataset in the following way. First, I scraped all the reports ever published on these two websites. In both cases, the first reports available were published in September 2012. Several million news items and stories were downloaded in this way. Secondly, I filtered the title and lead paragraph of these news items based on a key string of around 50 words and pair words related to protests and contentious collective actions (see Picture 1.3 below for an example). This left about 5300 remaining stories for ILNA and less than 1500 for Tasnim.

Third, I manually skim read these stories and removed all items that were unrelated to contentious action. Finally, I coded the remaining news items. It often happened that a single protest had multiple story items associated with it. In these cases, the reports were still read, and the information so acquired was used to further add to the data. A strict coding scheme was used to code the reports (see Appendix).

Picture 1.3: Example of scraped protest reports from ILNA, with leading description

	A	B	C	D	E	F	G	H	I	J	K	L
1	source_id	source_code	source_link	pub_year	pub_month	pub_day	pub_hour	pub_min	title_long	hyperlink		
2	ilna	356612	www.ilna.ne	1395	1	3	10	31	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-356612		
3	ilna	357218	www.ilna.ne	1395	1	8	10	59	خانه کارگری ر	http://www.ilna.news/fa/tiny/news-357218		
4	ilna	357784	www.ilna.ne	1395	1	12	10	28	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-357784		
5	ilna	357896	www.ilna.ne	1395	1	13	11	4	خانه کارگری بازار	http://www.ilna.news/fa/tiny/news-357896		
6	ilna	357990	www.ilna.ne	1395	1	14	10	32	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-357990		
7	ilna	358567	www.ilna.ne	1395	1	16	9	46	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-358567		
8	ilna	358836	www.ilna.ne	1395	1	17	9	41	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-358836		
9	ilna	358984	www.ilna.ne	1395	1	17	14	12	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-358984		
10	ilna	359533	www.ilna.ne	1395	1	19	13	19	خانه کارگری وا	http://www.ilna.news/fa/tiny/news-359533		

Source: ILNA, 2016, March-April. Title_long represents a leading description of the event, filtered by a key string of around 50 words related to protests.

Chapter 2: Reforming to Survive, 1921-78

Chapter introduction and summary

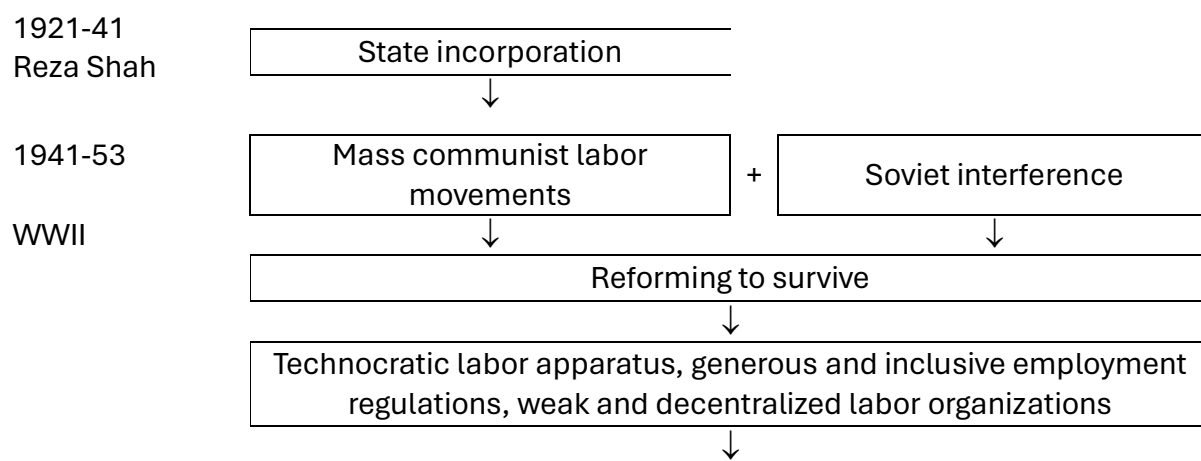
In 1978-9, Iranian workers were critical in the revolutionary overthrow of one of the world's most repressive and outwardly stable authoritarian regimes. They did so (i) largely without ties to the opposition or left-wing parties, (ii) despite supposedly being tightly controlled from above by regime-sponsored organizations; and (iii) through protest actions that remained mostly "socio-economic", localized, fragmented, and even conservative in shape and form.

The chapter explains this puzzle by looking at the development of labor institutions and organizations in Pahlavi Iran (1921-79). Figure 2.1 below summarizes the argument. I trace state support for labor after the 1953 coup to the 1940s, when the government introduced an autonomous bureaucracy dedicated to workers, generous employment regulations, and exclusionary bargaining institutions. I delineate a model of "reforming to survive" amid Soviet interference and a mass communist labor movement – itself a product of Reza Shah's refusal to incorporate workers politically into the state. To block a communist take-over and coopt the labor movement, the Pahlavi government decided to extent major concessions to workers. Starting from near zero, Iran by the late 1940s had introduced generous labor legislation. The government had also established a basic and autonomous labor bureaucracy, manned by comparatively well-educated officials. This new labor bureaucracy

was a pocket of Weberian excellence in a mostly corrupt and predatory state, fielding many of the planners, officials, and politicians that rose to power in the post-1953 period.

The second part of the chapter shows how these institutional legacies shaped Pahlavi politics in the post-1953 period. I delineate three top-down campaigns between 1960 and 1977 that deepened existing labor market institutions, supported workers' organizing, and expanded employment regulations. Situating the origin of each campaign in its political, social, and economic context, I argue that, taken together, the three campaigns followed a path-dependent and self-reinforcing logic. Despite their different origins and motives, each campaign was bigger and more ambitious than its predecessor. None attempted to break the regime's initial pro-labor thrust. Top-down campaigns thus contributed to significant worker empowerment within the institutional constraints and affordances originating in the 1940s. Amid significant oil revenues, the Pahlavi regime became locked in its support for labor.

Figure 2.1: Summary of Chapter's Main Causal Argument



1953-1977
Post-coup

Top-down campaigns to expand labor organizations and regulations:

1. White Revolution
(1963-8)
2. Bureaucratic authoritarian
(1969-72)
3. Rastakhiz
(1975-77)



Worker empowerment within existing institutional constraints



1978-9
Revolution

Fragmented, conservative, but effective labor mobilization

In the final section, I shed new light on the ways in which regime-licensed labor representatives and organizations supported, coordinated, and even directly organized protests during the 1978-9 upheaval. State organizations and regime-licensed agents shaped, produced, and participated in the mass revolts, contributing to the success of the revolution. I propose that the power resources given to workers over the preceding two decades, including organizations, political ties, and regulatory institutions, are central to understanding what Robert Bianchi (1986) has called the “unruly corporatism” of 1978-9.

Institutional Genesis in Comparative-Historical Perspective

In their work on early-to-mid 20th century Latin America, Ruth Berins Collier and David Collier delineate two separate trajectories in the development of state-labor relations. They associate these trajectories with state decisions to pursue either *party incorporation* or *state incorporation*. Party incorporation occurred in contexts where political parties had formed.

These parties, typically in competition with other parties or groups, mobilized workers for political purposes. Labor mobilization in turn led to workers' integration into the state, i.e. mobilization → integration. Labor integration into the state facilitated conservative reactions and often involved the establishment of centrist political blocs.

Collier and Collier contrasted party incorporation with state incorporation. While party incorporation involves party-led mobilization, state incorporation is more exclusively pursued by the state bureaucracy. State incorporation occurred in contexts where political leaders prohibited substantial party formation and competition. State incorporation involved higher degrees of bureaucratic control, which often provoked a backlash that polarized and radicalized the labor movement, i.e. control → polarization. As they put it, "state incorporation left unresolved the partisan affiliation of workers and unions, leaving them available for mobilization by other actors in later periods" (Collier and Collier 2002:9).

Similar trajectories of state vs party incorporation can be seen in the Mandate-era MENA region (1920s-40s/50s). In Turkey and many newly established Arab states, state-labor relations developed along lines closer to Collier and Collier's model of party incorporation. In the 1920s and 30s, new political parties sought to appeal to workers, providing some space for labor organizing. For example, in Egypt, the dominant Wafd Party established links to the labor movement, as did several smaller parties (Lockman 1994; Posusney 1997). Inspired by Italian, Russian, and German fascism and corporatism, Kemal Ataturk's Republican People's Party also organized workers, even if that remained limited in scope.

Partially an outcome of the independence struggles that followed WWI, party incorporation was also an imperial project sponsored by continued foreign (notably British and French) occupation in the region. The International Labor Organization, which was established in 1919 as part of the League of Nations, played an especially important role in establishing new labor standards and institutions.³ The ILO did this by supporting “tripartism”, which was the organization’s policy against communism. Thus, Turkey’s 1936 Labor Act – the country’s first comprehensive labor law – was drafted in close collaboration with ILO advisors. Apart from minimum wages, limits on working hours, and health and safety standards, the code also introduced formal labor organizations (Bianchi 1984; Delaney 1963).

The model that Collier and Collier describe, whereby party incorporation leads to workers’ integration into the state and the establishment of a more centrist political bloc inclusive of labor was clearest in Turkey. In Turkey, the right-leaning Democratic Party under Adnan Menderes unseated the incumbent Ataturk party, the CHP, in 1950, committing to corporatist labor organizing throughout the 1950s (Margulies and Yildizoglu 1984; Mello 2007). But even in Arab states, which became engulfed in national independence struggles, post-colonial ruling coalitions remained largely centrist and conservative, typically led by military leaders that included organized labor as subordinate partners. The influence of

³ In other words, power resource theories that suggest that labor rights are the product of bottom-up labor pressure have less validity in this period (Esping-Andersen 1990; Shalev and Korpi 1980). Norm diffusion, propagated by the imperial metropole, continued to be more important. Also see (Baccini and Koenig-Archibugi 2014; Strang and Chang 1993).

communism on labor movements in many parts of the MENA in the 1940s-50s remained minimal – a consequence not just of physical distance from the Soviet Union (Turkey, after all, bordered the USSR), but also of preceding experiences with party incorporation.

By contrast, Iran did *not* follow a model of party incorporation. Even state incorporation in the way that Collier and Collier describe might be an exaggerated term for the development of labor-state relations in Iran in the early decades of the 20th century. If workers were incorporated at all, it was an extremely minimal and heavily repressive form of state incorporation. This had major consequences on Iranian political development and its labor movements. Following Collier and Collier's prediction, after the 1941 abdication of Reza Shah and amid direct Soviet threats, workers became mass organized under a radical Stalinist party.

Unlike much of the MENA, the Pahlavi government under Reza Shah (1921-41) barely attempted to incorporate workers into the state in the interbellum period. In large part, this had to do with the tiny size of Iran's modern workforce in the 1920s, making organized labor too weak to shape the foundations of the Pahlavi state. Though remaining nominally independent, Iran suffered from low levels of economic development, even compared to Egypt and Turkey (Issawi 1981). Circa 1900-1920, modern wage labor barely existed in Iran (Atabaki 2013). Iran's 1905-11 revolution was one of the world's few constitutional

revolutions *without* significant labor involvement (Kurzman 2008).⁴ Around the time of the 1921 coup, most of Iran's working classes were employed in oil fields *not* under Iranian government control. These included the British refineries in the south-west of Iran, and the Baku-based factories in the Russian Empire. Most wage-earners active on Iranian soil were Russian citizens, who were employed in the fisheries of the north of the country and mostly relocated to the USSR after WWI. According to Willem Floor, there were only a few thousand modern "Iranian" workers on Iranian soil in 1920, mainly comprising printers, railway employees, teachers, miners, industrial workers (Floor 2009:22).⁵ In 1921-23, total union membership peaked at around 5,000 workers, with the bakers, tailors, and shoemakers comprising the vast share (Floor 2009:41).

After the 1921 coup d'état that brought Reza Shah to power, Zia ol-Din's short-lived 1921 government attempted to push through a number of labor reforms (Floor 2009:86–87). But these efforts quickly faltered.⁶ Rather, between the late 1920s and 1941, the Iranian government pursued a model of state incorporation. This process consisted of three main dimensions: (i) the formation of basic industry, (ii) introduction of minimal labor regulations, (iii) state repression and banning of any labor organizations.

⁴ The printers were one of the only labor groups at the time. They participated in the 1906 constitutional revolution, and established Iran's first labor union, though their influence in the events is often overestimated. Also see (Martin 2013).

⁵ Urban craft occupations, such as baking, metalwork, leatherworkers, were much more numerous.

⁶ Apart from the small number of workers in Iran, other reasons include internal divisions within the workers' movement. From 1923, the USSR also dropped its commitments to global communist revolution, endorsing the rule of Reza Shah.

First, under Reza Shah, basic industries were established. The government repealed concessions to foreign powers in the late 1920s and early 1930. It established basic fiscal and monetary capacity, including a central bank. As elsewhere in the 1930s, much investment was channeled into military expansion, but this went hand in hand with the formation of “easy” import-substitution industries and manufacturers. By 1940, there were 460 industrial companies registered, up from a bare 38 in 1931 (Floor 2009:138). Industrial employment creation was concentrated in textiles and clothing, food, and tobacco, with chemical, basic armaments, and matches adding on a few thousand additional workers (Floor 2009:134).

Industrialization, which proceeded apace in the 1930s, did not involve a significant expansion of labor rights or regulations. Compared to MENA states such as Egypt and Turkey, where foreign actors (notably the ILO), political parties, and labor organizations demanded employment laws, the Pahlavi regime blocked concessions to labor. The 1936 Factory Act is an especially blatant instance of Pahlavi resistance to labor regulations and rights. Approved in the same year as Turkey’s first labor code, and similarly inviting ILO consultants, the 1936 Factory Act was the most comprehensive piece of labor legislation approved under Reza Shah. But the Factory Act remained extremely basic, providing not more than minimum health and safety regulations (Schayegh 2006). The act also prohibited employees from “faction formation, connivance, and other activities leading to disturbance of the smooth running of factory affairs and progress in production” (Ladjevardi 1985:61).

Limited expansion of labor rights is closely associated with the regime's unwavering commitment to labor repression and opposition to political party and organization. A paranoid figure, Reza Shah blocked initiatives to form political parties, even by his closest associates.⁷ He gave the police and security forces a *carte blanche* to repress attempts at labor organizing. The major 1929 strikes in the Abadan oil complex got the British onboard with Reza Shah's heavy-handed approach (Bayat 2007; Cronin 2010). After the first large strike on sovereign Iranian soil, at the Vatan Textile Company in Isfahan in 1931 (Afacan 2018), all labor organizations were outlawed, purportedly for their ties to communism. Thus, although otherwise much inspired by Ataturk's policies in neighboring Turkey, Reza Shah refused to follow Ataturk's lead in developing corporatist institutions during the 1920s-30s (Atabaki and Zurcher 2003; Bianchi 1984; Floor 1985).

The risks associated with these minimal forms of state incorporation became clear after Reza Shah's forced abdication in 1941, which left a major political vacuum. As in Collier and Collier's model, state control became associated with radical mass movements in 1940s Iran. The threat constituted by these labor movements constituted was turbocharged by Soviet interference during and after WWII. In 1941, as during WWI, the USSR and the UK occupied, respectively, the north and the south of Iran. Combined domestic and external threats created a situation in which Pahlavi elites decided to "reform to survive."

⁷ Most notably, in the late 1920s, the minister of court, Abdolhossein Teymourtash, tried to form a quasi-fascist party, called the New Iran Party, to mass mobilize social groups in favor of the regime. But the Shah blocked this (Atabaki and Zurcher 2003:65).

Marxist labor leaders, mostly former inmates freed after universal amnesty in 1941, contacted the Soviets and established a party called the Tudeh (Abrahamian 1982). They set out to organize the modern workforce. Amid one of the worst war-induced cost-of living crises in the Middle East (Bharier 1971; Issawi 1981), the Tudeh posted enormous successes. Within a few years, almost Iran's entire modern workforce, which was concentrated in cities, in industry, and in the public sector, was organized under the banner of the Tudeh Party and its subordinate unions.⁸ Compared to the Marxist Tudeh, private employers and aristocratic elites had significantly less success in mobilizing workers for political purposes, although they too, tried (Abrahamian 1982; Ladjevardi 1985).

The Tudeh Party was vigorously held out of power by incumbent Pahlavi elites, many of whom were aristocrats and military figures associated with the ousted Reza Shah. But although incumbent political elites saw the Tudeh as a destabilizing force, they did not imminently perceive the Tudeh, despite its Stalinist ideology, as an imminent threat to regime survival. Bearing the imprints of Iran's 1906 constitutional revolution, many Tudeh leaders had reformist commitments. Fighting for a constitutional monarchy, many Tudeh organizers did not seek to overthrow the Pahlavi state *tout court*. The Tudeh was homegrown – not an agent of the USSR, whose officials expressed frequent frustration in dealing with and trying to control the Tudeh.

⁸ The Tudeh's limited influence in the countryside is notably. The Tudeh's limited agrarian success is both reflective and constitutive of the peasantry's political marginalization in modern Iran (Harris and Kalb 2019; Kazemi and Abrahamian 1978; Randjbar-Daemi 2021).

From the perspective of incumbent elites, one main factor changed these calculations: the Soviet-Azeri alliance. Specifically, Soviet interference in domestic affairs at the end of WWII briefly united the Pahlavi elites around fears that their political and economic dominance was threatened by revolutionary movements from below. These fears pushed them to introduce new institutions that fundamentally reshaped Iranian politics. Thus, in response to bottom-up threats, Pahlavi elites “reformed to survive” (Rasmussen and Knutsen 2022:11).

The politics behind these major concessions are concentrated in the critical years of 1945-6. These were world-making years, resonating far beyond Iran and coinciding with a global spike in labor protests associated with post-war demobilization (Silver 2003). For numerous reasons, war demobilization hit Iran particularly hard. Britain and the USSR had agreed at the 1945 Yalta Conference to jointly move their troops out of occupied Iran by 1946. But the Soviets bought time and delayed their departure, in the process supporting armed separatist rebellions in north-west Iran, notably in Azerbaijan.

Levels of labor protests shot up in 1945-6 (Abrahamian 1982). In mid-1946, the British oil refineries were hit by the largest strike in Iran up until then (Elling 2016). In the north-west of Iran, Jafar Pishevari and others set up an independent Azerbaijan’s People’s Government, and claimed Tabriz, one of country’s largest and most-developed cities. In Kurdistan, rebel

groups set up another pro-Moscow republic. In this unstable context, the Tudeh reached the height of its influence.

When Soviet troops left Iran in early 1946, a short but intense struggle ensued. The conflict pitted the Tudeh, the autonomous Azerbaijan and Kurdistan republics, and the USSR, against the Pahlavi government. In May 1946, days after Soviet troops left Azerbaijan, Pishavari's government approved a generous new labor code, which included paid leave and a minimum of 15 annual paid vacation days. The code also endorsed the principle of a minimum wage, instituted an 8-hour work day and 48-hour work week, set overtime premiums at 50 percent of base pay, and allowed illiterate workers to leave work half an hour early to attend literacy classes (Ladjevardi 1985:113).

On the Pahlavi side, a key actor was prime minister Ahmad Qavam, a veteran statesman and major landowner. Aiming to coopt the more reformist Tudeh and drive a wedge between the Tudeh and the Pishavari government, Qavam convinced the political elite to enter closer collaboration with the Tudeh and agree to major concessions in the summer and fall of 1946. Six months after the Azerbaijan labor code was approved, the Pahlavi 1946 labor code introduced very similar concessions, agreed upon with Tudeh support. The 1946 code included annual minimum wage setting, an eight-hour workday, 48-hour workweek, a 35 percent overtime premium, paid leave and holidays, a weekly day of rest (Friday), alongside further benefits for women and children (Chaqueri 1978:326–34; Ladjevardi 1985:60). The 1946 labor code (art. 34) also permitted union formation and introduced the Supreme Labor

Council as the principle central bargaining platform for employers, the government, and labor, with authority over “drafting laws concerning Labour as well as laws and regulations relating to this Act, and supervising the enforcement of workmen’s insurance, and Social Insurance; and of studying all matters concerning work” (Chaqueri 1978:333).

In the summer of 1946, Qavam assigned three cabinet seats to senior Tudeh leaders, including the Ministry of Commerce and Industry. Because labor affairs were still controlled by this ministry, Qavam cleverly decided to establish a separate ministry, called the Ministry of Labor and Propaganda.⁹ He appointed his close confidante as Iran’s first labor minister. Separately, Qavam helped employers to establish their first national organization, called the Industrial Council of Iran (Ladjevardi 1985:60).

These reforms reshaped the Iranian state. They changed the government’s relationship not just to workers but also to employers. Habib Ladjevardi (1985:177) argues that “The factory owners were violently opposed to the Ministry of Labor and all its works.” Apart from forcing employers to organize and bargain with employees in the Supreme Labor Council, the Qavam government also issued warnings in April 1946 that if employers shut down factories on pretext that they were incurring losses, authorities would intervene and operate those factories on behalf of the owners (Ladjevardi 1985:60).

⁹ Qavam put his deputy, Mozaffar Firouz, in charge of the new labor ministry, depriving Tudeh leader Iraj Eskandari, the new ministry of industry and commerce, “from exercising any control over labor affairs” (Ladjevardi 1985:67). In 1944 a “labor division” was set up in the ministry of industry and commerce “for the purposes of mediating industrial disputes.” (Delaney 1964:28).

The Qavam reforms were critical in coopting and weakening the Tudeh. With British support, the government explicitly supported “nonpolitical” labor organizations, controlled by the labor ministry, to take the place of the Tudeh unions (Ladjevardi 1985:173). The state-sponsored union ESKI (*etehadieh-e sandika-ha-ye kargaran-e Iran*) was created in September 1946. The motive to establish ESKI was clear. As one official pointed out: “The government could not destroy the Tudeh union by force, since suppression of unions leads to a reaction in their favor among the workers” (Ladjevardi 1985:173). A senior labor official, Habib Naficy, argued that: “the danger of the Tudeh was too great ... to have waited for a non-Communist union to develop from the grassroots” He hoped that ESKI would become “a genuine union led by and for the workers.” The ministry declared that workers were “ignorant of their rights and of the procedures of organizing, and were in need of direction (Ladjevardi 1985:173).

The Azerbaijan autonomous republic came to an end a year after it was established, in December 1946. With the separatist threat gone, the government used flexibility afforded in the 1946 code to lay down separate union regulations in 1947. These regulations were designed to minimize the power of licensed labor organizations (so-called *sandika*). Among others, they made union licensing dependent on approval by the labor ministry (Ladjevardi 1985:63), effectively prohibited the use of strike by introducing a range of dispute settlement bodies with priority over strike action. Factory councils were the lowest level dispute resolution board. With British and AIOC lobbying, the government mandated in 1947 that

only company employees were allowed to sit on factory councils, rejecting Tudeh demands that outside workers should also be allowed on them (Ladjevardi 1985:64).

As I show more in the next section, the labor ministry became a central component of Iran's technocratic corps. This was achieved especially under the leadership of Habib Naficy, who was the vice minister of labor from 1946-52. The organization's main purpose was to project the benefits of "nonpolitical" organizing and regulations for workers and employers alike.

In 1948, the government continued this mindset by establishing another important technocratic organization, the Plan Organization, created with American support (Baldwin 1967; Daftary 1973; Razavi and Vakil 1984).

Pahlavi concessions had two important outcomes. First, it led to the introduction of generous labor legislation and regulations. Table 2.1 compares labor regulations in Iran, Egypt, and Turkey along several main indicators. Although the data is from the early 1960s, Iran's regulations are mostly based on the 1946 code. It shows that Iran, having almost no labor regulations in the early 1940s, stood largely on par with its regional peers in the generosity and complexity of labor regulations by the 1950s. In the 1960s and 70s, as I will show in the next sections, the government rapidly extended these regulations, making Iran one of the most generous states in terms of formal employment legislation, even overtaking the MENA's self-declared "socialist" states.

Table 2.1: Formal employment regulations in Iran, Egypt, and Turkey in the 1960s

	Iran (1964)	Egypt (1965)	Turkey (1963)
<i>Severance pay</i>	15 days at last wage, times the number of years in service.	15 days at last wage, times the number of years in service. If employed for more than 5 years, the worker receives 1 month pay, instead of 15 days, for every additional year.	15 days at last wage, times the number of years in service.
<i>Firing</i>	15-day notice period prior to dismissal. Workers can appeal. If won, they can get up to 3 years' worth of wages, plus regular severance.	15-day notice period prior to dismissal; up to 30 days for salaried workers. Worker can appeal. If won, they will receive compensation.	2 to 8-week notice period, depending on seniority. Workers can appeal. If won, they receive up to 24 weeks' pay as compensation.
<i>Hours of work</i>	8 hours per day, 48 hours per week. These 48 hours can be rearranged to 9-hour shifts.	8 hours per day, 48 hours per week. In national industry, 42 hours or 7 hours per day.	9 hours per day, 48 hours per week. Longer working hours of up to 66 hours can be arranged with labor ministry approval.
<i>Overtime</i>	paid an additional 35% of base rate.	maximum 12 hours of overtime per week; paid an additional 25% of base rate for hours worked by day and 50% for hours worked at night.	Paid an addition 25 to 50% of base rate; no more than 3 hours overtime per day.
<i>Paid Leave</i>	12 workdays annual leave with full pay, rising with status and seniority to up to 30 days. Workers must take their full leave each year.	14 workdays annual leave with full pay, increasing with seniority to up to 21 days. Workers can postpone part of their leave for one year.	12 workdays annual leave with full pay, increasing with seniority up to 24 days.
<i>Periodic rest</i>	Friday is the weekly rest day. Employees working on Friday but given another weekly rest day are entitled to a 35% premium for Friday work. Employees who work on Friday and voluntarily give up their substitute day are entitled to 135% of base pay.	Friday is the weekly rest day. Most commercial establishments must close 1 day a week or grant workers 24 hours off.	35 consecutive hours of rest within each workweek.
<i>Holiday premium</i>	10 official holidays, with another 13 holidays irregularly observed.	maximum 10 public holidays per year	One national holiday with full pay, 14 additional holidays with half pay if no work is done

Notes: This list is not exhaustive and not complete. I restricted the comparison to several important and comparable metrics for which data is available.

Source: US Department of Labor, Bureau of Labor Statistics, part of its global series on "Labor Law and Practice" (Clarke 1965; Delaney 1963, 1964).

Secondly, Pahlavi concessions involved the establishment of new bargaining and organizational arrangements designed to fragment, de-politicize, and control the labor movement. The origins of the labor ministry are explicitly anti-communist. This administrative organization was determined to organize workers but to do so along US- and

UK-supported lines of “business unionism”. The central idea was that employment regulations could help channel workers’ grievances into bureaucratic and non-political routes (Khosrovani 1983). Organizationally, business unionism in Iran was founded on the so-called *sandika*, which was effectively an enterprise-level works councils. Although the 1946 code remained mostly silent on the form of works councils, later legislation institutionalized a decentralized and bottom-up model of labor bargaining that can be contrasted with more classical models of state corporatism. Thus, whereas elsewhere in the 1950s-60s MENA region, ruling political parties came to control mass unions, in Iran, a highly decentralized model of labor relations and mobilization took root.

In sum, this section contrasted the development of state-labor relations in Iran with the rest of the MENA in the early-to-mid 20th century. I find that, in Iran, mass labor movements, produced in part by state incorporation, and Soviet interference led to a model of “reforming to survive” that is at odds with more moderate and incremental labor politics seen elsewhere in the MENA, where party incorporation helped to integrate workers’ movements into the state. To get a stronger sense of counterfactuals, I conclude this section by briefly comparing Iran with east Asia. East Asia, including countries such as Japan, South Korea, and Taiwan, are good comparison cases because, like Iran, early experiences with state incorporation in the pre-WWII period combined with severe international threats in the 1940s-50s. Like Iran, Japan and its pre-WWII colonial dependencies built up only a skeletal framework for labor rights and regulations. Labor market institutions remained traditionally patriarchal, i.e. mostly informal and resting on the shoulders of the employer rather than the state. As in Iran,

in Korea and parts of China, Japanese retreat after WWII led to mass USSR-linked labor movements over which newly independent governments had little control, posing a threat to regime survival and capitalist interests in those countries.¹⁰

In East Asia and Iran, “systemic vulnerability” derived from external threats, bottom-up movements, and severe resource scarcity involved the introduction of new state capacities that later served developmental projects (Doner, Ritchie, and Slater 2005). East Asia departs from Iran in the types of concessions elites gave in response to those bottom-up threats. While the Pahlavi government handed down major labor concessions, political elites in South Korea or Taiwan mostly refused to pursue labor reforms in response to mass bottom-up movements and international threats (Haggard and Kaufman 2008). The east Asian state remained “neoliberal” in its approach to employment relations.¹¹ Although welfare arrangements were introduced, they remained largely dissociated from employment. Instead, social rights mostly targeted universal education and healthcare (Haggard and Kaufman 2008). Labor institutions tied to the state remained light and minimal (McNamara 2012; Pempel and Tsunekawa 1979).¹²

¹⁰ Though occupied by the Japanese during WWII, in Indonesia the situation was a little more complex, since the Dutch government had laid down basic labor market institutions in the interbellum period (Bastos 1968; Caraway 2023).

¹¹ Flexible employment relations support the original claim made by neoliberals that states in east Asian outperformed their peers economically due to lack of government regulation.

¹² The east Asian similarities to Iran but divergent response to communist labor movements is important to remember because it provides some evidence of a counterfactual.

The lack of labor reform in South Korea and Taiwan in the 1940s and early 1950s explains why strong and autonomous labor interests never developed in those countries in the 1960s-80s period, and thus, why they were able to become “developmental states”, i.e. states where economic policy was shaped mostly by *capital-state* rather than *capital-labor-state* interactions (Chibber 2006). As I show in the next section, Iran after its 1940s labor reforms was different, resembling the more typical “intermediate state” in the developing world.¹³ Labor interests and organizations became increasingly important and powerful in the late Pahlavi state, eventually shaping and contributing to the success of the 1978-9 revolution.

Worker Empowerment from Above

In this section, I show how the institutional framework established in the 1940s was gradually expanded and deepened in the post-1953 coup period. I argue that institutional expansion was mostly a project from above, delineating three top-down campaigns that Pahlavi elites pursued between the late 1950s and late 1970s. Though the product of specific immediate conditions, these campaigns were part of a growing reliance of the Pahlavi state on labor institutions and organizations for both political and economic purposes. The Iranian state became locked in its support for labor, which empowered workers within their existing institutional constraints. I trace this trajectory of worker empowerment from above back to the initial set of organizations, institutions, and regulations established in the 1940s. The

¹³ Scholars have made a similar argument about the absence of rural interest in the east Asian developmental state (Naseemullah and Arnold 2013). My argument suggests the importance of the *absence* of strong labor interests in developmental states, more than just labor repression as some scholars have argued (Deyo 1989).

White Revolution, the first top-down campaign, is especially important, since it set the tone for the late Pahlavi regime's "populism" (Bashiriye 2004). In the next subsection, I trace the White Revolution's pro-labor biases to the Shah's alliance with a new and younger generation of educated "technocrats", many of whom had ties to or were based in the "technocratic" labor ministry that had been originally established to prevent a communist take-over. I then briefly discuss the other two campaigns and their effects.

1. The White Revolution and the Shah's Consolidation of Power (1960-67)

The 1953 coup entrenched Pahlavi rule, putting an end to the more pluralist and unstable politics of the preceding decade. The post-coup regime was developmentalist, and this development-oriented mindset was partially based on the 1940s experience, including the struggle for oil nationalization (Painter and Brew 2023). In the words of several American social scientists who visited Iran in the late 1950s, "In Germany with the competition of England, in Japan with its fear of foreign conquest, and in Iran with its fear of social revolution, the obvious hand of the future impelled the established elites to accept the unaccustomed methods while still seeking to preserve as much as they could of the old order" (Kerr et al. 1960:269).

Apart from its 1940s labor reforms, post-1953 Iran was not too different from the east Asian “developmental state.”¹⁴ Like South Korea, the Pahlavi state imposed top-down land reforms in the early 1960s that effectively channeled fixed and dormant agricultural capital into industrial development (Moghadam 1995; Najmabadi 1987b; Randjbar-Daemi 2021; Richards 1975). Indeed, the 1940s labor reforms did not appear to matter too much in the immediate post-1953 period. The post-coup Pahlavi regime appeared to mostly ignore labor relations and government interest in funding a labor bureaucracy fell. The regime was exclusionary and narrow, which should have facilitated labor repression and state capitalism in the process of industrialization and development in the 1960s-70s.

But instead, the Shah in the early 1960s launched a “White Revolution” that, apart from land reforms, also sought to appeal to workers. This turn toward labor in the early 1960s continued until the revolution. Why did the Pahlavi regime choose this pro-labor path in the early 1960s, ten years following a successful coup that sidelined and repressed organized labor? Although there are many immediate causes, I trace the White Revolution back to the labor apparatus introduced in the 1940s. More so than just the existence of labor regulations and standards, what mattered was the centrality of labor officials and bureaucrats in a younger generation of technocrats and progressives – a group of people that the Shah relied on to consolidate his rule in the late 1950s and early 1960s.

¹⁴ To name but a few similarities, Iran had inherited a legacy of industrial development. It had a high degree of state autonomy, a repressive and exclusionary regime, a bureaucratic ethos and pockets of Weberian excellence in parts of the state (Nasr 2000), and the legacy of “systemic vulnerability” that I described.

The labor ministry, created in 1946, was intended to be anti-communist and undermine the Tudeh-controlled labor movement. Although the labor ministry initially had a “political aura” (*halat-e siyasi*), “within a year or two” [of its establishment in 1946] “it became a technical ministry” (Kalali 1983:4). As an important state body, it was staffed by some of the country’s brightest young minds. One Pahlavi official recalled that the ministry “insisted on acquiring young and educated individuals. This was the first ministry that had a very high level of education. Comparing [the labor ministry] in that time even with the Ministry of Economy or the Ministry of Roads, the level was very high, and [employees] often had a college degree (*diplom*) or higher” (Kalali 1983:4). While the labor minister often remained a political appointment, with high rates of turnover, the deputy minister became the prime point of contact. Habib Nafisi is an especially notable figure, who, in the late 1940s and early 1950s, organized the labor ministry and set it up as a capable technocratic organization (Ladjevardi 1985:169;173-183).¹⁵

Many of these young and educated officials were ambitious. They were eager to make careers in post-coup Iran. They often did so by branching out beyond the labor ministry. There were push factors involved. After 1953, the labor ministry received less funding and attention. One Pahlavi official recalled that in the late 1950s “The budget for the Ministry was about 120 million rials [less than \$4 million in 2017 prices], and the organization included

¹⁵ Not all labor ministers are equally remembered for their intelligence. For example, Aqa Khan Bakhtiar, labor minister in 1957-8, “still saw workers as *amaleh* (an old Persian word meaning worker as serf-laborer, with no rights) and his way of thinking was that of a traditional tribal chief (*khani*),” making “clear soon after taking office that in the government’s view labor syndicates were an unnecessary nuisance” (Khosrovani 1983).

two branch offices in Abadan and Isfahan and three small offices in other cities. The central office in Tehran was housed in two rental buildings, which barely accommodated the needs of this important agency” (Ansari and Ansari-Biglari 2017:85).

But there were also pull factors, notably the Shah himself. Toward the late 1950s and early 1960s, the Shah increasingly sought alliances with “technocrats” – a term he mobilized to oppose an aging aristocratic elite he referred to the “feudal chiefs” (Pahlavi 1961:239).¹⁶ In this royal alliance with the technocrats, former and current labor officials came to constitute a central group. This alliance facilitated career openings to other parts of the bureaucracy and planning apparatus. It also established a new pipeline to an expanding party politics.

The Shah’s alliance with young “technocrats” deepened in the late 1950s. Often coming from the labor ministry, these technocrats regularly occupied posts in the planning and economic state organizations. But the ministry itself also became more involved in political mobilization. In 1957, the Shah introduced formal two-party politics to legitimize his rule and normalize the post-coup climate. Between 1957-1960, formal party politics consisted of two parties, the Mardom and Mellun. Both were dominated by an older generation of aristocratic elites, but the Mardom, which was supposed to function as the opposition party, provided some space for organizers and campaigners (Weinbaum 1973). Many labor officials joined

¹⁶ In his first book, *Mission for My Country*, the Shah stated quite explicitly that “their days of feudal control are numbered” (Pahlavi 1961:200).

the Mardom Party to help organize workers for political purposes.¹⁷ One early figure to do so is Dr. Mohammad Baheri, who had briefly supported the Tudeh and had worked at the labor ministry after his return from a French university following the 1953 coup. As one of the leaders of the Mardom, Baheri expressed a “strong interest” in mobilizing workers (CHDS 2009). These attempts quickly led to outrage within the party, still led by the older aristocratic elite, who claimed that the party “was being taken over by the Left”. Meanwhile, the labor ministry itself also became more committed to labor organizing. Foreign scholars visiting Iran in the late 1950s were “especially impressed” by the labor ministry’s “apparently genuine desire” to organize workers (Chaqueri 1991:145).

After the collapse of this short-lived two-party experiment in 1960, the Shah deepened his alliance with the technocrats. The Shah tapped into the Progressive Circle (*kanun-e motaraqi*), chaired by Hassan Ali Mansour, a former labor minister (1959-60) and active political organizer. When the Shah launched his White Revolution of social and economic reforms in 1963, the Progressive Circle transformed itself in the Iran Novin Party and Mansour became prime minister.¹⁸ Unlike the Mardom, Iran Novin was dominated by a younger generation supportive of the Shah’s modernizing goals. The Shah made Iran Novin a hegemonic party. Elections were designed to give it majority support. The party appointed and selected members of parliament and controlled access to numerous other important

¹⁷ In the original set up, the Mardom was the opposition party. The Mellun, led by Prime Minister Manuchehr Eqbal, was given control over the executive.

¹⁸ Many other figures in the Progressive Circle had earlier been labor officials, including Jamshid Amouzegar, who was appointed health minister in the Mansour cabinet.

political and administrative positions (Weinbaum 1973). The Iran Novin received significant government resources to advance its ambitions. It was encouraged to set up party cells across the country. Party members paid membership dues. In a late 1960s assessment, the SAVAK called Iran Novin's revenues "apparently a lot" (CHDS 2005b).

Labor officials dominated the Iran Novin. After Mansour's assassination in 1965, the Shah replaced him with Ataollah Khosrovani, who was known to be one of the Shah's personal favorites.¹⁹ Concurrent with his party leadership, Khosrovani was also labor minister (1961-1968).²⁰ In his capacity as joint labor minister and party leader, he acted as a transition belt for bureaucrats looking to make a political career in a well-funded and rapidly growing party. Khosrovani was notorious for his nepotism. He manned the upper echelons of the party with friends and colleagues from the labor ministry. One senior Pahlavi official recalled that "Khosrovani was labor minister for seven or eight years, so naturally the entire system [*dastgah*], all the people were individuals whom he had picked" (Majidi 1985).

The White Revolution supported the extension of labor market institutions and regulations in 1960s and 70s Iran. An important early innovation is the Workers' Welfare Bank, formed in 1960. One Pahlavi official explains how this institution worked to promote development and state regulation:

¹⁹ Personal communication with Homayoun Katouzian, 7 July 2023.

²⁰ His seven-year tenure at the labor ministry was unprecedented since the organization's founding.

“The problem was that the employers were withholding the amount from the pay cheques, yet not contributing their fair share [...] To collect these funds, the agency had to take them to court, which would entail years of legal wrangling [...]. The worry was that factory owners would threaten to close, and lay off workers, creating unrest [...]

[A] mechanism needed to be developed that would encourage employers to cooperate. [...]. Employers would be asked to deposit salaries in the bank, which would simplify the monitoring of the accounts and bring order to the system. [...] The bank accounts would also encourage illiterate workers to attend literacy classes. The bank would charge a lower interest rate than the open market on loans to employees as an incentive. The objective was to facilitate the implementation of labor laws in Iran. [...].

I believed that establishing the Workers’ Welfare Bank [...] would allow the bank to extend sizable loans to industries that correctly implemented the labor laws, at reasonable rates; this would benefit the government by ensuring the collection of funds that were owed (Ansari and Ansari-Biglari 2017:88–90).

Another foundational piece of legislation was the 1963 Law on Profit Sharing. Modelled on a French law introduced under de Gaulle several years earlier, the 1963 Profit Sharing Law was a complex and ambitious bill designed to raise productivity by giving workers a share in company profits based on their contribution to output. Its main outcome was the rapid extension of works councils (*sandika*), as the Iran Novin encouraged workers to form local organizations to sign collective bargaining agreements with their employer and the labor

ministry.²¹ By 1971, there were around 400 works councils in large enterprises, up from close to zero in 1960 (de Givry and Scoville 1973).²² Because there were only a few hundred large industrial enterprises in Iran at the time, this means that most large companies had a works council by the early 1970s.

With the Third Development Plan (1963-67), Iran's labor bureaucracy and institutions were formally incorporated into the planning apparatus. "Labor and manpower" became a pillar of developmental policy (Daftary 1973). Ataollah Khosrovani, as joint labor minister and party leader, expanded labor legislation considerably. He recalled that "[Prime Minister Ali] Amini had dissolved parliament [in 1961-2]. But in the absence of parliament, decrees (*tasvibnameh*) take the place of law (*qanun*) until parliament's return. I quickly changed labor and welfare regulations. I imported the latest international norms into labor and

²¹ The Profit-Sharing Law substantially raised wages, even if the original intension to make wage increases conditional on productivity failed. Instead, "the profit share tends to become a fixed amount paid annually in amounting to two to three months wages, independently of what the real profit may have been" (de Givry and Scoville 1973:17). Scholars typically blame this failure on employers' refusal to open their books to workers (Bashiriyeh 1984; Bayat 1987). But more practical concerns were also important. "One serious obstacle is the low level of education of many workers and employers, particularly outside Teheran. More than elementary literacy is required to understand and carry out the provisions of, for example, the Workers' Social Insurance Law and the Profit Sharing Law. In the latter case, the Government has had to extend the grace period for filing collective bargaining contracts, because both employers and workers lack the technical education to work out a complicated financial arrangement" (Delaney 1964:34). The report continued on the same page: "In 1963, the Ministry of Labor had a staff of about 35 inspectors, to check on more than 18,000 workshops and plants. The Plan Organization calculated that two visits a year to each plant would require at least 160 inspectors in 1963 and that 200 would be needed by 1968". Finally, a distinction should be made between foreign and domestic employers. "Compliance of most foreign employers with pertinent labor laws is usual. Among the first to draw up profit sharing schemes were foreign companies in Teheran" (Delaney 1964:34).

²² Board members of the works councils tended to be skilled and white-collar employees (Jafari 2020; Jefroudi 2013). In part this was due to election procedures, which required that workers' representatives are literate and have worked in the company for at least 6 months. The law also required that representatives are nominated by at least ten percent of the eligible electorate in a company (Delaney 1964:30).

welfare regulations.” He added that “I never told the Shah I was changing the law [...] I never asked him prior to do any of the things I did [...]” (Khosrovani 1983). He continued: “After we passed the labor code, we passed the Social Insurances Act, and we started to build capacity [*shoru’ be taskhilat kardim*]. We passed another law in which factories that had stopped working for unclear reasons were taken over by a council. This is a law that exists everywhere because workers can strike but employers can also halt production if they observe legal rules. But if they halt production without good reason (*bikhodi*), say by making the excuse (*bahaneh*) that I don’t have money and I can’t [...] we decided that [in those cases] the government would take over [the firm] and operate it on his [i.e. the employer’s] cost, and if he wants he can get a loan from the bank and run [the factory]. This law later came in handy for the country in many ways.” Khosrovani added that “we brought into existence labor inspection, which was *one of the most sensitive issues in an industrializing country*, we create a labor institute (*enstitu-ye kar*) [...], a training system, a system for vocational centers, and cooperative companies.” Moreover, in 1960 the government made social insurance compulsory, requiring every employer to insure his workers with the Workers’ Social Insurance Organization, which was part of the Ministry of Labor (de Givry and Scoville 1973:17–18).²³

²³ The Act of 11 May 1960 (2 ordibehesht 1339). The amount payable to the SSO equaled 18 percent of wages, of which 13 percent was payable by employer, and 5 percent by insured person. The total number of persons insured by the SSO expanded gradually, from 190,000 in 1957 to 627,000 in 1970 (Amuzegar and Fekrat 1971:92).

With the support of Ataollah Khosrovani, the government also established rights for worker representatives. In 1965, the labor ministry scored a significant victory with a labor code revision that prohibited the dismissal or job change of workers' representatives and union officials in such a way as to hinder the performance of their duties without prior approval of the labor ministry (Ladjevardi 1985:239). Equally important, the law included a provision for the settlement of disputes that "amounted to compulsory arbitration," meaning that the state became directly responsible for mediating employee-employer disputes (Ladjevardi 1985:239).²⁴

The 1959 labor code strictly forbade works councils and labor organizations from engaging in "political affairs" (article 29). Simultaneously, these organizations were given important socio-economic duties and responsibilities. Article 27 of the 1959 labor code states that "syndicates, unions, and confederations" have, "at least", the responsibility to (i) conclude collective contracts of employment (ii) purchase, sell, and acquire movable and immovable properties for noncommercial and non-profit purposes, (iii) defend the trade rights and interests of their members (iv) establish cooperatives (v) establish and create unemployment funds "with a view to giving aid and assistance to unemployed workers" (Sabi 1971:13). Linkages to cooperatives and unemployment funds were especially remarkable. Although it remained largely unimplemented, the policy on unemployment funds resembled

²⁴ Interestingly, leftists opposed article 33, note 2 of the Pahlavi labor code, accusing it of being an anti-labor measure designed to protect SAVAK agents against worker revolt (Ghotbi 1977:18).

a Ghent-style system that is rare in the global South. The ILO confirmed this by publicly describing the code as “biased toward labor” (Moghadam 1985:111–12).

2. Technocrats and Industrial Deepening (1968-72)

The White Revolution was a “populist” campaign with a significant party mobilizational component. In the late 1960s, bureaucrats launched a second campaign that sought to extend existing labor institutions. Led by officials and elites who rejected Iran Novin and idealized the “technocratic” mindset, this campaign was explicitly formulated against party mobilization.

This second campaign emerged in the context of industrial deepening. Scholars see the early phases of industrialization as relatively “easy”, requiring only minimal state intervention and capacity. But when industrialization shifts from light to heavy industries, demands for state capacity become steeper, requiring extensive coordination between government units, firms, and workers to establish the necessary investment, skills, and planning. In Iran, oil abundance facilitated industrial deepening.²⁵ The Pahlavi regime wasted no time (Daneshkhu 2004; Karshenas 1990; Korby 1977). The government shifted toward light manufacturing in the early 1960s with the Third Five-Year Plan (1963-8). Already by the late 1960s, policymakers decided to level up. The Fourth Plan, approved in 1968, marked the

²⁵ Developing countries with less resource wealth often faced fiscal pressures and constraints when attempting heavy industrialization (Hirschman 1968).

start of heavy industrialization, with major ambitions in steel, car production, and petrochemicals. Rising oil revenues only served to make policymakers more ambitious. The final Five-Year Plan (1974-8) earmarked huge sums of money for industrial development, especially at the high-end.

Industrial deepening had broad support across Iran's political and bureaucratic elites. Policymakers imagined forward and backward linkages integrating the oil sector, situated at the top, with an advanced industrial base beneath it, producing mid-to-high-value goods (Amuzegar and Fekrat 1971). To give an example, the machinery required for oil production, exploration and refinement is very costly. Iran mostly imported this equipment from the West. Policymakers believed Iran could become internationally competitive in producing this sort of advanced machinery. This would also save the country significant amounts of money. Those manufacturers would in turn source their inputs from domestic steel and alloy producers that used Iran's rich iron and coal deposits. The petrochemical industries would further refine oil products, and channel some of its goods into the chemical industry (such as fertilizers), pharmaceuticals, and rubber production. In this way, Iran would achieve a degree of self-sufficiency while moving into export-oriented production in some fields.

Yet, within the context of import-substitution industrialization, resource abundance also deprived the state of both market- and fiscal control mechanisms to monitor firms and

discipline capital.²⁶ As a result, industrial deepening had the potential to cause mass corruption, while also posing significant difficulties for the government to accomplish its goals.

In the late 1960s, Iran's leading technocrats were imminently concerned with the difficulties of pursuing industrial development. In the late 1960s, corruption scandals, often tied to Iran Novin, multiplied. Moreover, in 1968, the government approved the Fourth Five-Year Plan, which marked the start of heavy industrialization in Iran.

It was in this context that self-proclaimed technocrats, led by Amir-Abbas Hoveyda, launched a concerted campaign against Iran Novin. In doing so, they further extended existing labor institutions, believing that higher labor involvement and state support for workers could resolve difficulties associated with economic development. They were supported by the Shah, who, in response to growing corporate corruption in the late 1960s and early 1970s introduced the term "industrial feudalism", revamping a concept that he had only a decade earlier used to denounce the landowning elites. The Shah made his pro-labor position clear when he addressed the Plan Organization in late 1970, stating that: "unfortunately, the belief seems to be prevalent that our factories make far more profit than

²⁶ Firstly, taxation and fiscal systems are a main way by which states collect information on the private sector. Taxes can thus provide authorities with key information on firm performance. In Iran, oil reduced tax demands, leaving the fiscal regime underdeveloped. In fact, firms tended to only file taxes if they were loss-making, i.e. when they could use tax reports to make claims on further government subsidies (Firoozi 1978; Klein 1973). In this sense, Iran's lenient and permissive fiscal regime had a negative effect on development, encouraging predatory and rent-seeking behavior. Secondly, import-substitution industrialization imposes trade constraints, which means that firms cannot be disciplined through international competition. This makes firms powerful vis-à-vis governments.

appears, and *for this reason I have instructed the Ministry of Labor to discover by any possible means what the real profits of Iranian factories are*, for it is a fundamental principle of the Iranian Revolution that the workers should participate in up to twenty percent of their factories profits. *The true position with regard to factory profits has to be made known in a way that both myself and the workers untrusted*” (de Givry and Scoville 1973:17).

In the developing world in the 1960s-70s, “technocratic rule”, as a top-down project associated with industrial deepening often implied an *anti-labor* politics.²⁷ But in Iran, technocrats remained committed to organized labor and labor market institutions. One of the most important self-identified technocrats in late Pahlavi Iran was Abbas Hoveyda. Hoveyda was a powerful figure. He was the second-in-command after the Shah, serving as Prime Minister from 1965 to 1977 – an unprecedentedly long tenure.

Hoveyda was suspicious of party politics. In the late 1960s, he used a window of opportunity to launch a technocratic campaign against Iran Novin. In 1968, he removed Khosrovani as labor minister, appointing a close ally, Abdolmajid Majidi. Like Hoveyda, Majidi was a proud and self-identified technocrat. He opposed the Iran Novin, recalling that “Until its dissolution, it was a party that wanted to play a revolutionary role, but its members were all government employees, ministerial authorities, MPs, or senators. It looked more like a group of professionals than a political group in the sense of having a popular base. The problem is

²⁷ For instance, anti-labor technocrats play an important role in post-1973 Chile, post-1964 Brazil, or 1970s Egypt (O’Donnell 1973).

that, in Iran, in my opinion, political work (*kar-e siyasi*) could do a lot of damage, because if you really wanted to lean on the masses of the people [...] you had to speak according to their wants and needs, and their needs, expectations, and wants were also in extreme opposition with the central axes (*khotut-e asli*) of the country's economic and social development" (Majidi 1982).

Khosrovani was removed as Iran Novin leader in 1969.²⁸ In response, Hoveyda and Majidi moved fast to detach organized labor from party control. And, importantly, in doing so, they continued to strongly support organized labor and expand labor institutions. They used the occasion of the 50th anniversary of the ILO, held in Tehran in 1969, to set up a new platform, called the National Labor Conference (NLC).²⁹ The National Labor Conference (NLC) was designed to weaken the Supreme Labor Council (SLC). The SLC, set up in the 1940s as a concession to the communists, gave an equal vote share of three seats to employers, worker representatives, and the government. By contrast, the NLC gave the government 50 percent of the vote share (de Givry and Scoville 1973). The NLC, with one hundred voting participants, was also much larger than the SLC, which had only nine voting members.

²⁸ Opposition to Khosrovani had been growing for a while, but the direct cause of his resignation was a fight he got himself involved in on the floors of parliament, with another minister. The Shah demanded that both individuals renounce their posts.

²⁹ In the words of Majidi, the labor minister: "the formation of the National Labor Conference gave some weight to the labor ministry and to those social factors that had been unduly ignored. It had less of a political dimension, and was more technical (*fani*), specialized, and occupational" (Majidi 1982). The National Labor Conference remained outside of formal employment legislation (Sabi 1971).

In the early 1970s, Iran Novin regrouped. After the departure of Khosrovani, two of his close associates Manuchehr Kalali and Abolqasem Moein were able to “consolidate the party” in the hands of a dominant “labor wing”, who are “all labor ministry folks” (*vezarat-e kari-ha*), according to the SAVAK (CHDS 2005a). When Majidi was replaced in 1972 with a labor minister associated with Iran Novin. Hoveyda appointed himself head of the SLC to prevent politicization of employment issues by the ruling party (Chaqueri 1991:247).

These technocrats believed that party politics facilitated the types of corruption that was increasingly undermining Iran’s developmental program. Although they suspected party control over labor, they did not oppose organized labor itself. Rather, Majidi and Hoveyda saw labor organizations and labor market institutions as important vehicles for economic growth, equity, and development. In 1969, the government increased minimum wages by 55 percent – their biggest increase in over a decade. This increase was mainly to make minimum wages more commensurate with urban formal sector wages, which far outpaced the minimum rate. Moreover, one of the main goals of the first and second NLC was “strengthening syndicalism and accelerating the formation of syndicates and federations (*etehadieh ha*).” Though fiercely opposed by the SAVAK, Majidi also changed May 1st to May/Labor Day. This move was explicitly designed to take the winds out of the sails of the socialists who would “secretly” celebrate that day (Majidi 1982). It replaced Reza Shah commemoration day – an earlier measure that had a more repressive and anti-labor edge (Majidi 1982).

Under Majidi, the government extended the profit-sharing scheme further.³⁰ The government also introduced a comprehensive job classification program. According to American observers, this program “by which the government is establishing standard and consistent job description for all industries and industrial wage scales [...] will act as minimum wage platforms for semi-skilled and skilled workers as well as the unskilled. The program is already in effect in large industries in Tehran and is being expanded rapidly” (Chaqueri 1991:230). Struggles over employment classification became central to labor contention in the mid-to-late 1970s, during the 1978-9 revolution, and beyond.

Another initiative was literacy, vocational, and skills training – a project pursued aggressively by the government and international organizations. Technocrats strongly supported vocational and literacy training because of growing manpower shortages, especially among more skilled workers. Works councils played a role in setting up local literacy and training programs. Labor organizations also frequently liaised with the Literacy Corps, which was set up by the government in the early 1960s eliminate illiteracy (Sabahi 2002). The law mandated that employers give employees who passed literacy classes a 5 to 10 percent raise, thus powerfully linking education and social development to industrial employment and development.

³⁰ In 1971-72, profit sharing covered 167,480 workers in 2,788 establishments, up from 84,791 workers in 876 establishments in 1965-66 (de Givry and Scoville 1973:14).

Following this second top-down campaign, the labor ministry had become a more capacious organization that regularly sided with workers against employers. According to US embassy staff, “virtually all work stoppages in Iran seem to take place without formal organization more or less spontaneously and without notice in response to specific grievances. Such work stoppages are common, but they are almost always settled rapidly and informally through ministry intervention.... and often it [i.e. the ministry] exacts conditions from employers not required by Iran's labor laws. For example, it is virtually impossible to discharge an employee without full separation benefits regardless of cost because the ministry will not approve strict application of discharge laws. Consequently, the ministry has developed an unfavorable and not unmerited reputation among management for being pro-labor” (Chaqueri 1991:224–25).

Moreover, US officials noted that the labor ministry “actively promoted controlled labor union development. [...] Its purpose has been fourfold: first, to provide the means for workers better to protect their interests in Iran’s industrializing society; second, to establish a way of effectively communicating with labor; third, to combat working class apathy and dissatisfaction and involve workers more actively in Iran’s development effort; And four, to *disengage the ministry from the role it has had to assume by default of acting as labor’s representative in disputes with management*” (Chaqueri 1991:222).

Legal mobilization conducted through the courts expressed similar pro-labor biases. The Tehran labor office, covering more than a thousand cases of employment termination at the

initiative of the employer, found that the average amount ordered to pay by the labor office when the parties cannot agree amounts to an average of 208 days' workers' pay. The report noted that: "In employer circles, the case was quoted of an enterprise who, having dismissed an employee after a fortnight of work had been condemned to pay the full amount of three years wages, which had led the managing director of foreign nationality to leave the firm and the country." Employers argued that "while there is a clause in the law stating that if the dismissal of the worker is attributed to negligence in the performance of the duties, he shall forfeit his entitlement, the disputes board is invariably in favor of the workers" (de Givry and Scoville 1973:10). On the other side, workers' organizations regarded rigid firing protections as "essential to protect workers against unjustifiable dismissal" (de Givry and Scoville 1973:11).

3. The Rastakhiz and the Oil Boom (1975-77)

This dynamic, whereby top-down political projects provided opportunities to expand labor organizations and deepen labor market institutions, reproduced itself on an even grander scale in 1975. This final campaign took place against the backdrop of the 1972-3 oil boom, which caused economic instability and undermined technocratic projects.

Attempts by the technocrats to use the opportunity provided by the oil boom to consolidate their control faltered. Instead, the Shah decided to exert more direct control. In late 1974, Abbas Hoveyda had finally managed to take over the Iran Novin, which he had helped to delegitimize after successive scandals and corruption allegations. But only months later, the

Shah suddenly decided to abolish Iran Novin and all other existing parties. Instead, the Shah formed a single ruling party of which he was the direct leader.³¹ This party was called the Rastakhiz (Resurgence) party. It would dominate Iranian politics, rather fatefully, until the revolution.

The Rastakhiz was conceived entirely along pro-labor lines. One of the US-educated architects of this experiment in one-party rule even argued that it had “much in common with Yugoslavia’s model of worker’s self-management” (Milani 2000:276). The Rastakhiz launched a biweekly magazine dedicated to labor, called “Workers’ Resurgence” (*rastakhiz-e kargaran*). National television and radio time was set aside to discuss labor rights and union formation, wage and productivity concerns. A Persian-speaking tourist visiting Tehran in the mid-1970s might have mistaken the Pahlavi’s capitalist autocracy for a socialist state.

The formation of the Rastakhiz immediately led to efforts to establish party cells across factories and offices. Existing works councils were rejuvenated while firms that still lacked one were unionized. By 1977, the total number of works councils reached over a thousand (Bayat 1987). In the process, firms and workers were also encouraged to set up housing and consumer cooperatives. In 1977-8, there were 1,612 worker (*kargari*) consumer cooperatives, up from close to zero in 1973. This high figure suggests most large enterprises provided access to state-subsidized goods through local level organizations. By the time of

³¹ He permitted a degree of factionalism through the notion that the party would serve as national tent for the expression of differing political opinions.

the revolution, around 90 percent of government workers were covered by a cooperative (Razaqi 1988:569).

The regime appeared especially concerned to extent participation beyond skilled and white-collar workers, as the Iran Novin had done. For instance, in 1976, the Rastakhiz organized the employees of Leyland Motor Company into six party-affiliated associations (*kanun*). The SAVAK noted that: “of the six party associations that were formed, only the members of the second association are *kargar*, the rest are *karmand*, even though there are 1000 blue-collar and only 200 white-collar workers in the factory. This development has led to severe grievances (*narahati*) among blue-collar workers (*kargaran*).” A second intelligence agent confirmed the report, adding that “Mr Amir Moradi, the party official [responsible for labor organizing], has pursued the same strategy [of organizing the *karmand*] in other factories” (CHDS 2022).

The formation of the Rastakhiz involved a spate of new social policies. The Shah was not wrong to state, after the revolution, that these new policies assured that Iranian labor law “became one of the most progressive of its type in the world” (Pahlavi 1979:106). Two main laws stand out. The first is the 1975 Social Security Act, debated for many months by parliament. This Act gave *kargaran* many of the same cradle-to-grave benefits in healthcare and social security long exclusively enjoyed by the *karmandan*. It was a major and comprehensive bill, imposing high costs on the state, that continues to form the bedrock of the Iranian welfare state today. Secondly, the government approved the Workers’ Shares Plan

in 1975. This plan, engraved as the 13th principle of the White Revolution, required all private companies older than five years to sell 49 percent of their stock to their own employees.³² Apart from making employees shareholders in their companies, the program sought to cement company loyalty and discourage employees from switching jobs. This was important because, due to widespread labor shortages, employees often left companies for better jobs elsewhere. The scheme made employee rights to company shares conditional on three years of contractual obligations with their employer. He was not entirely wrong.

The Rastakhiz involved a major reorganization of the political apparatus concerned with labor mobilization. National labor organizations were merged into the Workers' Organization of Iran (WOI), which constituted the principal mass union. The 1975 Social Security Act also established a separate ministry of welfare, which reduced the labor ministry's responsibilities and control over the labor movement. US officials noted that "The present Minister of Labor and Social Affairs, Amir Ghassem Moini, is generally acknowledged to have little influence with the Prime Minister or Plan Organization head [Abdolmajid] Majidi. As a result, the Ministry [...] has lost many of its former functions and power. The cabinet reshuffle... created a new Ministry of Social Welfare which took from the Ministry of Labor the Social Insurance Organization and other ancillary worker welfare organizations. Further, the Ministry of Labor appears to have lost much of its former role, shared with the Iranian national security and intelligence organization, as watchdog over the workers' organizations.

³² Months before his death in 1981, the Shah argued that "This principle [of Workers' Shares] completed the democratic economy [...]. The association of all the working population, with the capital of the major units of production, was to cement the union between owners, technicians, and workers" (Pahlavi 1979:107).

The [Rastakhiz]-affiliated Iran Workers' Organization, with cooperation from SAVAK, now orchestrates what passes for organized labor in Iran" (Chaqueri 1991:233). May Day demonstrations in 1976 and 1977 were larger than ever before, drawing tens of thousands of participants (Kalali 1983).

If Iran Novin in the early 1960s and the technocrats in the late 1960s raised workers' benefits and pay, the Rastakhiz project took redistribution to another level. Figure 2.2 shows that in Iran, as elsewhere in the MENA, wages and labor productivity moved mostly in tandem between 1963-75.³³ Wages in manufacturing increased in the late 1960s, with the start of heavy industrialization and the technocratic campaign discussed above. The latter included significant minimum wage increases and new employment classification schemes. As significantly, the 1972-3 oil boom itself did not increase the wage-productivity ratio by much.

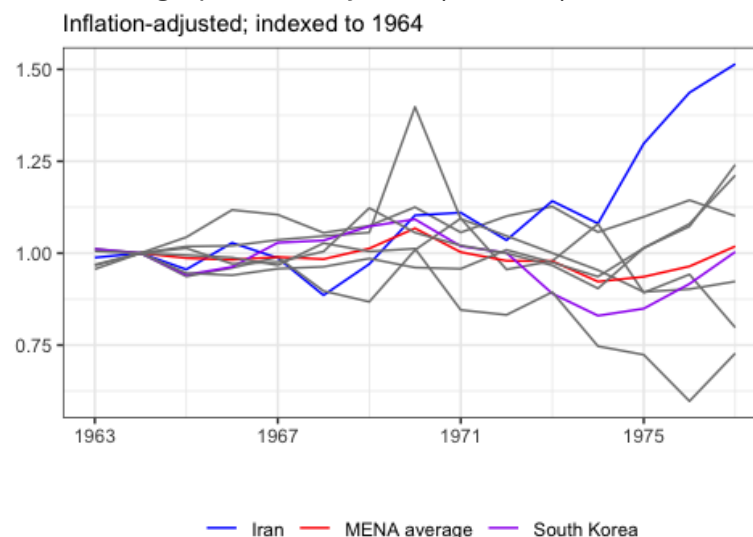
By contrast, a major move toward more redistribution occurred between 1975-77, suggesting that political campaigns associated with the Rastakhiz played an important role. In 1975, 1976, and 1977, wage increases significantly outpaced productivity increases, which led to labor claiming a growing share of the value of output produced.

The graph supports the hypothesis that the top-down campaigns supported redistribution to workers, with the Rastakhiz being an especially effective campaign in this regard. But such

³³ Notably exceptions include Syria and South Korea, where the state was able to repress wages, relative to changes in output.

redistribution should not be confused with a more fundamental re-organization of the relations between labor and capital. Within Iran's oil-dependent model of ISI, firms and employers retained crucial power advantages vis-à-vis both labor and the state. Moreover, these top-down campaigns likely increased popular dissatisfaction, as mass redistribution to a narrow stratum of privileged workers widened inequality (Mehran 1975; Pesaran 1976). They likely also fueled inflation, as higher labor costs raised the costs of goods, many of which were domestically produced (Jacqz 1976).

Figure 2.2: Changes in the wage-productivity ratio (1963-77)



Source: UNIDO, INDSTAT

Notes: Figure represents the ratio of wage *growth* to labor productivity *growth*. A reading of less than 1 indicates higher productivity growth (relative wage suppression). Numbers higher than 1 indicate higher wage growth (relative wage inflation).

State-licensed labor leaders and the 1978-9 revolution

In this section, I provide evidence of the importance of state-licensed labor leaders, elites, and officials in the unfolding of the 1978-9 revolution. These findings help to address the

puzzle of workers' participation in the revolution. A large scholarship identifies several surprising facts that my findings help to explain. Most importantly, scholars find that workers (i) joined relatively late (Ashraf and Banuazizi 1985), that (ii) their participation was highly fragmented and localized, giving way to a "council movement" (Ashraf 2011; Rahnema 1992, 2023), (iii) the direct influence of Khomeini, the leader of the revolution, remained minimal until late in the revolutionary process (Jafari 2018), (iv) demands remained mostly "conservative" and socio-economic (Ashraf 2011), and (v) labor protests diffused with rapid speed and effectiveness, which in turn helped to turbocharge the revolution (Rasler 1996).

So far, a common argument that workers' participation in the revolution was organic and occurred outside the strictures of state control. By contrast, I use novel archival evidence to show how state-sponsored labor organizations and regime-licensed activists supported, coordinated, and even directly organized protest actions during 1978. I argue that, during 1978, (i) the subversion of state organizational infrastructures supported the spread of protests, and (ii) that much of this subversion was done by licensed and regime-vetted labor leaders, not just by the rank-and-file.³⁴ Linking these findings back to the rest of the chapter, I propose that these outcomes should be sought in two decades of state support for labor regulations and organizations within the institutional constraints originating in the 1940s.

³⁴ The Iranian revolution was not only made through the repurposing of state organizational capacity from below. More like Tunisia in 2011, where junior cadres of the main state union defected to support the revolutionary movement (Yousfi 2018), in 1978-9 Iran low- and mid-level state actors and regime-licensed representatives came to actively support and organize protests. This was picked up by Asef Bayat, who returned to Iran in 1979 to conduct field research on the revolutionary workers' council movement (Bayat 1987). Bayat noted that around half of the dozen workers' councils he visited in 1979 were still led by Pahlavi-licensed leaders. Some of these councils were even led by popular SAVAK agents.

In 1977, US embassy staff wrote home that: “[Pahlavi] Iran's labor situation is perhaps comparable in some respects to that in its oil producing Middle Eastern neighbors, but has little in common with the bulk of Asia's less developed countries which have both better organized labor movements and higher unemployment rates (Chaqueri 1991:257). “The basic structure of Iran’s labor situation has not changed during the period from January 1977 through December 1977,” they proclaimed, “and will probably not change, barring unforeseen circumstances, over the next five years” (Chaqueri 1991:258).

But things did change, quite radically, only a few months later. When the first major political protests broke out in late 1977, the Workers’ Organization of Iran (WOI), the main Rastakhiz labor confederation, decided to organize counter-mobilizations. In Isfahan in December 1977, 8,000 workers reportedly gathered in front of WOI headquarters, demanding that universities be cleansed while proclaiming their support for the Shah (CHDS 2003a). Yet, as the famous 40-day protest cycles, organized along Shia religious lines to commemorate the martyrdom of protestors killed by the regime, expanded in scale and geographic spread, the unified pro-regime stance of the WOI broke down.

Growing opposition from within Iran’s labor apparatus was on display in the provincial town of Kashan, which is part of Isfahan province. Like Isfahan, Kashan had many large textile companies. And only two years earlier, a worker representative of the Kashan Weaving and Spinning Factories lauded the “good relations which exist between employers and the

workers in the weaving and spinning factories of Kashan” (Ghotbi 1977:72). Early in the revolutionary process, in late March and early April 1978, popular protests spilled over into labor unrest in several of these textile factories. The police launched a crackdown and arrested protest leaders. Among a SAVAK-compiled list of suspected leaders were not just agitating students and ordinary workers. The SAVAK found that many of the leaders of the protests were state-licensed labor representatives. Among 31 workers suspected to be instigators of the strikes, four were regime-licensed labor representatives with positions in the factory works councils. The main suspect, Hossein Gashtab, was also the treasurer of the official syndicate of the major Kashan Textiles Company, whom SAVAK believed to be part of the “movement of Islamic workers” (CHDS 2003b). In its report, the SAVAK did not repeal its support for state-sponsored associations, arguing rather that the problem lay with “the lack of influence of worker representatives among the workers”. With SAVAK and Rastakhiz support, remaining leaders of the local syndicate responded by organizing large pro-regime rallies, both within the factory and in front of the local WOI branch (CHDS 2003c, 2004b). But when Rastakhiz officials visited Isfahan a few weeks later in April or May 1978 WOI labor leaders again took a decisively critical position of the government. The WOI leaders demanded wage increases, no more lay-offs, support for textile industries, and higher bank loans (CHDS 2004a).

These elements took on a new dimension by the end of the summer of 1978 as a wave of strikes spread across Iran’s industrial and labor landscape. In September 1978, authorities soberly predicted the positive feedback between labor strikes, concessions, and spatial

diffusion that scholars later found was critical to the success of the revolution (Rasler 1996). SAVAK officials observed that “with the concessions that the strikes of bank, telecommunications, and oil company from the government, we have to expect strikes by all organizations in the future” (CHDS 2016c).

During the September-October strike wave, labor officials and leaders often supported workers’ protests, demanded regime concessions, and even directly helped to organize and coordinate labor strikes. In joint meetings with army and security personnel, labor officials and formal representative lobbied to minimize state repression. In a large meeting with striking workers of a food manufacturer in Tehran, the county-level WOI leader told the company CEO and government officials that all the workers’ “demands are legal.” The boss in turn promised to respond to demands, and workers duly returned to work. Days later, the WOI sent a letter with demands to the labor minister, including improving production, work conditions, and removing differences with foreign nationals.

By mid-October, even the WOI of far-flung Yazd province joined the protests. One widely attended meeting was led by the current WOI president and a Yazd MP and former provincial WOI president (CHDS 2015). After reading pro-labor passages from the Shah’s last book *The Great Civilization*, published in early 1978, the WOI leaders demanded that the government implement the welfare measures “demanded by the Shah,” and reduce distinctions between blue-collar (*kargaran*) and white-collar workers (*karmandan*). Several days later, a follow-up

report by the SAVAK found that none of the WOI demands had been implemented by the government.

Events in Isfahan, Iran's second largest city at the time, suggests a similar dynamic. On October 4, the SAVAK expressed alarm that the board of the works council of the Isfahan water and wastewater company had planned another strike. Noting that the works council's offices were located next to the oil workers' organization (*sandika*) in central Isfahan, the SAVAK recommend that the licensed labor leaders be referred to the governor for disciplinary action (*farmandari*) (CHDS 2016c). Only a few days later, on October 8, the weekly Isfahan WOI meeting called for solidarity strikes with the workers of two factories whose demands had not received sufficient official attention (CHDS 2016a). This meeting brought together 400 state-licensed workers' representatives from across the city's industrial landscape. It was also decided that forty leaders of formal unions publish a letter in official newspapers to complain about a recent government concession on housing benefits, which they claimed was less than white-collar (*karmandi*) housing benefits.

Only a day later, a strike broke out at the Zub Ahan Steel factory, the largest factory in Isfahan. The SAVAK called for a provincial security meeting (*shura-ye tamin-e ostan*) with the factory's CEO, army and police officials, and representatives of the Social Security Organization and the Labor Ministry. The meeting ended with an agreement in favor of further concessions, which was mainly demanded by the labor ministry official. The official stressed that the demands of steel workers are "legal," with most demands "entirely" in line with labor code.

The labor officials then proceeded to argue that “it is our responsibility to guide and respond to workers’ legal demands so that the enemy cannot exploit the situation. Workers’ expectations rise every hour so long as we don’t pay attention to their demands.” The official also predicted that concessions would lead to further protests by other companies through diffusion and imitation. But rather than suggesting more repressive strategies, the official proposed that a visit by high-ranking officials from Tehran would likely resolve the situation (CHDS 2016b).

The Rastakhiz was formally abolished in late 1978. But as the evidence above suggests, the Rastakhiz had already stopped serving its purpose many months earlier. Its labor arm, the WOI, had become deeply embroiled in the protest movement. Meanwhile, Khomeini and his allies, as well as left-wing groups, remained detached from the labor movement until the beginning of the winter of 1978-9. As part of his attempt to control Iran’s fragmented labor movement, Khomeini decided to enlist members of the Pahlavi developmental apparatus. When Khomeini formed a National Strike Coordinating Committee, he gave an employee of the Plan and Budget Organization (PBO) a central role. In the words of two former PBO employees: “The Employees’ Association of the PBO hosted a series of antiregime lectures in the main PBO building and invited the employees of other government organizations to attend. In addition, many formal and informal meetings were held with employee representatives from other government agencies to discuss and coordinate the antiregime activities. The PBO’s involvement in this respect had become so extensive by the fall of 1978 that Ayatollah Rouhollah Khomeini appointed Ali Akbar Moinfar [a mid-level PBO manager]

as the national strike coordinator, an appointment that encouraged the PBO employees to intensify their efforts even further [...]” (Razavi and Vakil 1984:104).

Chapter 3: Articulation through Mobilization, 1979-91³⁵

Chapter introduction and summary

Governments often pursue comprehensive socio-economic reforms following major wars and international crises. But how does warfare shape subsequent socio-economic reform? This chapter seeks to answer this question by focusing on Iran in the 1980s and early 1990s. Iran is a curious case because the Iranian government, following the 1980-88 war, approved comprehensive labor and welfare reforms that continue to form the basis of Iran's capacious and deep welfare state. But, at the same time, the Rafsanjani government *also* approved a package of major pro-business and market reforms that commentators routinely interpret as the start of "neoliberalism" in the country.

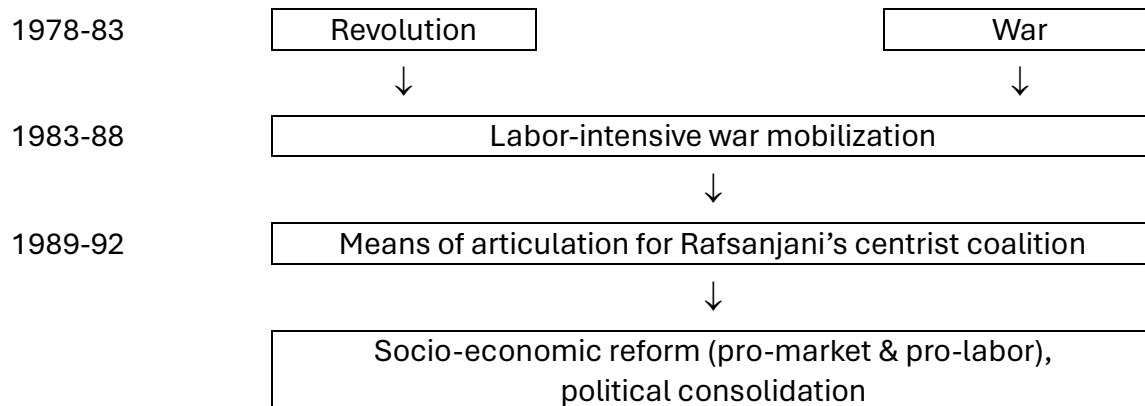
How is the Iran-Iraq war related to these post-war policy shifts? Existing scholarship on Iran mostly uses "reflective" and "pay-back" models to explain how warfare caused pro-market and pro-labor reforms, respectively. These explanations are not integrated: they tackle each policy shift separately. Reflective models argue that post-war market reforms in Iran *reflect* institutional and structural demands, such as budget deficits, austerity, and growing authoritarian domination by a new "ruling class". Payback models, by contrast, propose that autocratic elites decided to approve welfare policies to "repay" citizens' wartime sacrifices.

³⁵ Parts of this chapter were published in the journal *Middle Eastern Studies* (Kalb 2022).

In this perspective, elites “could not ignore” the blood, tears, and labor that Iranians had shed to defend their country against the enemy.

The chapter argues that existing approaches linking warfare to post-war reforms are insufficiently specified. One core weakness is that they fail to explain how Akbar Hashemi Rafsanjani, a centrist political figure, sidelined powerful leftwing factions after the war ended and supported these socio-economic reforms to consolidate his rule. After all, throughout the 1980s, Rafsanjani and his allies mostly espoused the combination of market and welfare reforms that became law after 1988. Social rights and strong markets were their ideals of a post-revolutionary Iran. Thus, post-war socio-economic reform appears more a realization of their long-standing political ambitions, and less a sell-out to competing structural, popular, or institutional demands.

Figure 3.1: Summary of Chapter’s Main Causal Argument



To account for this, I propose a more dynamic political articulation model that situates post-war socio-economic reforms in relation to the formation of a new centrist political bloc

under President Akbar Hashemi Rafsanjani. Specifically, I argue that centrist political organizations associated with Rafsanjani were able to use war mobilization in the 1980s to expand their organizational capacity and political influence, which they used to propagate a post-revolutionary vision in support of market reforms and social rights. Focusing on the Workers' House, Iran's main labor organization, I show how participation in labor-intensive war mobilization provided Rafsanjani's coalition with the "means of articulation" to realize these corporatist visions. I integrate protest and war mobilization data to show how the Rafsanjani bloc used these means of articulation to unify the labor movement and channel popular grievances into demands for comprehensive welfare *and* market reforms after the war ended.

The chapter consists of two parts. The first part looks at the impact of the 1979 revolution on processes of labor incorporation in Iran. The first part summarizes how the revolution impact state-labor relations in Iran, using both secondary literature review and cross-national industrial statistics. The second part then follows up with an investigation into the relationship between war mobilization, labor politics, and post-war socio-economic reforms. The chapter's main argument about political articulation and socio-economic reforms is summarized below.

The 1979 revolution

Revolutions and mass-mobilized military warfare can powerfully incorporate workers into the state (Kier 2021; Middlebrook 1995; Silver 2015; Skocpol 1994). Post-revolutionary warfare typically turbocharges those processes of labor incorporation. This scholarship proposed that the ideology of the revolution itself was not as important as the mass mobilization and activation of workers from below (Middlebrook 1995; Skocpol 1994).

This section extends that insight to the case of post-1979 Iran. For various reasons, the Iranian Studies literature has mostly ignored processes of post-revolutionary labor incorporation.³⁶ This historiographic neglect has contributed to common understandings of labor politics in the Islamic Republic as a rather stale, top-down affair dominated by repression and control (Kalb 2022). By contrast, this section shows how, despite its “Islamic” characteristics, the 1979 Iranian revolution, together with the 1980-88 war, led to the deep incorporation of labor and worker groups into the state. Processes of labor incorporation gave labor groups enduring influence, resources, and access to the Iranian state.

Amid widespread labor protest, intense political competition, and severe administrative and economic crisis, revolutionary leaders decide to incorporate labor groups by extending rights and privileges, appealing rhetorically to workers, including workers’ organizations, and

³⁶ One reason is that research on the 1979-83 period relies heavily on sources produced by left-wing groups and activists. As a result, scholars have traced the activities and processes that most directly affected or concerned left-wing groups in this period, notably state repression and workplace organizing.

nationalizing vast swaths of the economy. Calls for labor incorporation came from two main sources: (i), state bureaucrats and (ii) political elites associated with the IRP, the main party associated with Khomeini. Bureaucrats, who wanted order, and political elites, who sought to coopt labor to consolidate their rule, converged on the need to incorporate workers into the state.

I will briefly discuss each of these factors, noting how and where they differed from the Pahlavi era. I divide the process of labor incorporation into three separate aspects: (i) appeals to labor, rhetorically and constitutionally, (ii) structural transformations at the level of the economy, (iii) associational concessions related to workers' organizations.

Appealing to labor

Post-revolutionary rhetoric, expressed in the constitution and other laws, reflects a state paternalism that already existed under the Pahlavis, but made more universal, generous, and progressive (Akhavi 1992). It also reproduces Pahlavi commitment to corporatism, in the sense of “harmonious” cooperation between labor, capital and the state for purposes of national development, but with an Islamist twist (Behdad 1988). This corporatist rhetoric also takes on a distinctly more mass character, with commitments to organize all economically-active social groups. It seeks to turn all individuals within an economic unit into active members.

Notably, the constitution of the Islamic Republic, approved in late 1979, contains an entire chapter on the economy and welfare. The post-revolutionary constitution enshrines government commitment to economic planning (Amuzegar 1994; Pesaran 2011). It gives the state a main role in development. It contains provisions putting all “large-scale and mother industries” into the hands of the government (art.44). It commits the state to providing welfare, including the “basic necessities for all citizens: housing, food, clothing, hygiene, medical treatment, education, and the necessary facilities for the establishment of a family” (art 43). The constitution is not anti-market: it protects private property and supports private initiative. But in doing so, it supports cooperative activities, which are made a third pillar of the economy alongside the public and private sectors (art. 44). The constitution also commits the government to form “councils consisting of the representatives of the workers, peasants, other employees, and managers.” Its main rationale for doing so is “to ensure Islamic equity and cooperation in chalking out the programs and to bring about the harmonious progress of all units of production, both industrial and agricultural” (art. 104).

Similar rhetoric can be found in Imam Khomeini’s speeches following February 1979. After the revolution, Khomeini thanked workers for their contributions. Imam Khomeini on May Day 1981 called “workers (*kargaran*) and peasants (*keshavarzan*)” the “backbone of the country and the revolution” (Ruhollah 1989:328). At the same time, Khomeini also called on workers to go back to work and stop striking. When this did not work, he accused “infiltrators”, “spies”, and other nefarious elements keeping workers away from the realizing the Islamic revolution.

Khomeini, like many other clerics, stuck to a traditionalist of society as divided into distinct occupational groups or “guilds” (*sonuf*) (Floor 1975). But in doing so, he carefully reproduced many of the occupational and labor categories constructed under Pahlavi rule. Groups such as “blue-collar workers” (*kargaran*), “white-collar workers” (*karmandan*), “engineers” (*mohandesin*), “doctors” (*pezeshkan*), and “teachers” (*moalemin*), were all included in an expansive definition of the “downtrodden” or *mostazafan* and the “oppressed” or *mostakbarin* (Abrahamian 1993). Khomeini stuck to existing frames to appeal to these groups, including leftwing ideology. For instance, when the clerical leader Morteza Mottahari was assassinated on May 1, 1979, Khomeini rebranded Teachers’ Day (*ruz-e moalem*) in his honor. Yet, he did not change its original date from May 2 (12 Ordibehesht in the Persian calendar) to avoid angering teachers for taking their own holiday separate from Labor Day.

Ayatollah Khomeini, more than most other senior leaders, took care not to lend workers’ councils and labor organizations too much credit or influence. He appealed to groups rather than organizations. One important reason is that, representing the Quranic word for “council”, the Islamic-left term *showra* had quickly come to express dominant revolutionary understandings of popular power and grassroots organizing. It competed with *sandika* – an alternative term, of Franco-Persian origin, that was associated with an older secular and Tudeh-affiliated trade unionist tradition tainted by Pahlavi cooptation (Bayat 1983). Popularized by Ali Shariati, the famous sociologist who died just before the revolution, *showra* became central to the political philosophies of most leftwing groups, including both

secular and religious. These groups were often also inspired by Mahmoud Taleqani, a senior revolutionary ayatollah, who had also built a corpus of thought incorporating the concept of *showra*. Khomeini, who regarded Taleqani as a rival given the latter's seniority and popularity, tempered reference to the concept after the victory of the revolution.

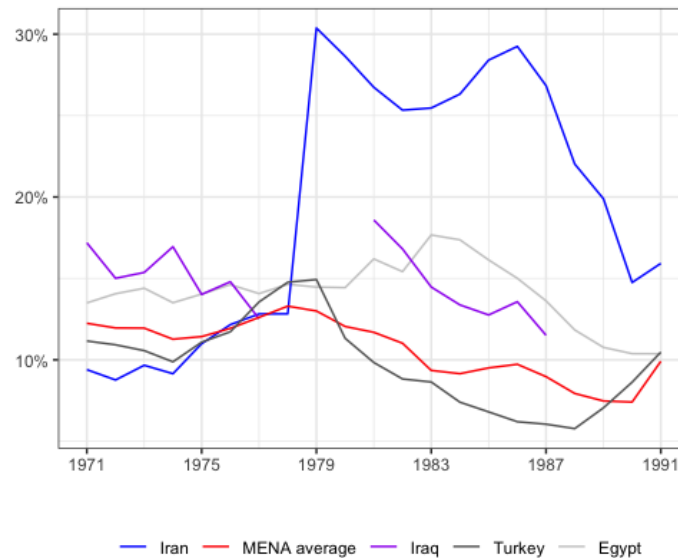
Structural transformations

Labor incorporation following 1979 also had economic and structural dimensions. Following 1979, the regime gave numerous concessions to workers. Many of these concessions were local, often in response to labor protests, including wage hikes and mass promotions. At the national level, the government blocked redundancies and lay-offs. In 1979, authorities tripled the minimum wage from 6,300 to 17,000 rial. As shown in Figure 3.2, post-revolutionary concessions led to major shifts in patterns of redistribution in large industry. The impact of the Rastakhiz, discussed in Chapter 2, pales in comparison with the revolutionary impact. Post-revolutionary shifts were also relatively durable, lasting into the 1990s. Figure 3.2 indicates that the share of wages in total output remained high throughout the 1980s, fluctuating above 25 percent right through 1987. *No other capitalist country for which data is available, except Denmark, achieved those rates of redistribution for a considerable length of time in the latter half of the 20th century.*³⁷ In the final years of the

³⁷ I calculated the wage share of output for all countries with a population above 5 million for the period 1963-1999, retaining only country-years with a ratio higher than 25 percent. France, Sweden, and South Africa make their way into the resulting data for one or two years. Only Denmark (in 1970s & 90s) and Iran (in 1980s) consistently achieved those high rates. Note that for many communist countries, such as Cuba or the USSR, these rates are lower, but are compensated for by a fully socialized economy.

1980s, this ratio fell rapidly. Yet even in 1990, the wage share was still 15 percent, much above the MENA average and the late 1970s Pahlavi peak. In other words, wage suppression followed declining industrial output and the broader economic crisis; it did not exceed it.³⁸

Figure 3.2: The share of wages in manufacturing output, 1971-91



Sources: UNIDO, INDSTAT

Notes:

1. The wage share is calculated by taking the ratio of average wages (remuneration per worker) to output per worker.

2. MENA average based on the available data from the following countries: Iran, Egypt, Turkey, Iraq, Tunisia, Syria, Jordan, Morocco, Algeria, Libya, Kuwait. Note that some countries have missing data in one or more years.

I deleted the Iraq 1991 figure, which briefly spikes because of the Second Gulf War, for illustrative-comparative purposes. That data remains included in the MENA average, however.

Material and substantive concessions are “incorporation light”, at best. Beyond concessions, labor incorporation in the economic realm is especially reflected in two more significant procedural shifts: (i) nationalization of the vast swaths of the workforce and (ii)

³⁸ In Iranian Studies, scholars often point to declining real minimum wages and average incomes to argue that the revolution and the war had detrimental effects on workers’ welfare. But these declines followed the broader economic downturn, indicating that workers, at least in the formal and public sector, were not the primary victims.

government commitment to expanding employment in those sectors. State employment implies incorporation because workers working directly for the government are typically able to exercise more influence over its decisions and policies, compared to private sector workers.

Many critical decisions in this regard were made by the interim Bazargan government. A liberal government dominated by PhD holders and professionals, the Bazargan government decided to pursue nationalization to address the looming financial and economic crisis. By the summer of 1979, the Bazargan government had nationalized most of the banking, insurance, and the financial sector, as well as large industry. The post-revolutionary government also confiscated the assets of major industrialists known for their ties to the Pahlavi court, which included hundreds of major enterprises and factories.

By 1986-7, the public sector claimed 48 percent of wage-earning industrial workers, up from only 16 percent in 1976-7.³⁹ In that year, Iran boasted 900 state-owned enterprises and 1,252 enterprises with at least 50 employees.⁴⁰ A non-conservative estimate would put state ownership in large industry at around 75 percent.⁴¹ The Iranian state had become a workers'

³⁹ Housing and Population Census, respective years.

⁴⁰ Yearbook of the Statistical Center of Iran.

⁴¹ If large industry is defined here as comprising firms with at least 50 employees. If kept at units with at least ten employees, the figure would drop to about 15 percent. Note that a lot of conflicting figures in the data make conclusions about small and large enterprises difficult. Data also suggest increase in number of smaller enterprises but seems related to government census taking and accounting, as the number shoots up in 1987 (1366), a broad census that also includes tiny enterprises of less than 10 employees; public between 1355-60 includes mixed ownership. Also inconsistencies in number of large companies over time. In

state, in the sense that blue-collar laborers (*kargaran*) constituted a major part of public sector employment. In 1980-1, the Statistical Center of Iran counted 1 *karmand* for every 6.6 *kargar* in large industry.⁴² By 1985-6 (1364), the ratio had grown to 1 *karmand* to every 6.8 *kargar*.⁴³ By contrast, in 1972-3, before the revolution, this ratio stood at around 1 *karmand* per 2.3 *kargar* in the public sector.⁴⁴

In the early 1980s, the government also expanded public sector employment, largely continuing the rapid pace maintained by the Pahlavi regime following the 1973 oil boom. Increases in public employment occurred in the industrial and administrative sectors. Newly nationalized industrial firms accepted employees *en masse*, leading to employment growth that rivalled the boom years of the early 1970s (Figure 3.3). Between 1979 and 1984, the registered workforce employed in factories with at least ten employees increased by almost fifty per cent, from 415,000 to 615,000 – an impressive figure given Iran’s otherwise dire

1985 (1364), for example, the number of large companies registered as over 1900, but curiously fell to 1252 in 1987 (1366).

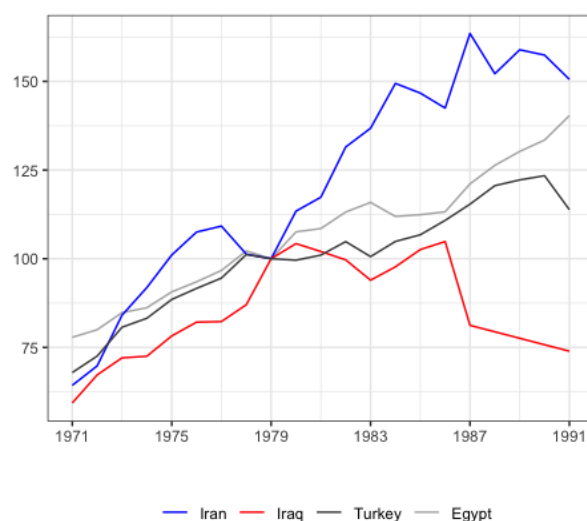
⁴² SCI, industrial units survey 1980 (1359). In 1980-1, there were 410,950 *kargar* to 62,592 *karmand*. Only seasonal figures were available. I calculated the annual total by averaging across these periods. Note that large industry is defined as industrial units with ten or more workers.

⁴³ Unfortunately, this is the only data point, prohibiting longitudinal analysis. The 6.8 ratio means 74,000 *karmand* alongside 504,000 *kargar* in enterprises with at least ten employees.

⁴⁴ For the 1972-3 (1351) figure, the calculation is for public sector “employees in mining, production, and transport,” (54,900 *karmand* to 127,800 *kargar*), which provides some indication of the relatively more privileged status of industrial workers in the pre-revolutionary period.

economic prospects.⁴⁵ As shown in Figure 3.3, Iran outpaced Egypt or Turkey, the other large countries in the region, not just during the booming 1970s, but also in the war-torn 1980s.

Figure 3.3: Employment in manufacturing, 1971-91 (index with base 100 = 1979)
Industrial employment (index with 1979=100)



Sources: UNIDO, INDSTAT

Notes: Iraq data unavailable for 1988-90.

The growth in public sector employment is especially stark in comparison with Iraq. Iraq is another labor-abundant rentier state. Being Iran's enemy on the battlefield, Iraq was also embroiled in warfare. As shown in Figure 3.3, Iraq underperformed Iran in the 1970s, refused to expand industry throughout much of the war, and cut industrial employment amid harsh austerity from 1987. Iran outpaced Iraq in the 1970s, expanded employment in the early 1980s, but despite experiencing similar fiscal pressures, never cut employment after 1985.

⁴⁵ Meanwhile, the total employed workforce grew by about 10 per cent over this period to slightly over 10 million. In 1984, workers in large-scale industry comprised 5.8 per cent of the total workforce, up from 4.4 per cent in 1979. All data are from the Statistical Center of Iran, relevant yearbooks.

In short, a comparison with Iraq, another labor-abundant, oil-rich state at war, highlights the relatively positive effect of the 1979 revolution on labor incorporation in post-1979 Iran.⁴⁶

As remarkably, employment expansion was concentrated in heavy industry. State protection and labor absorption policies operating through the public sector led to *heavy industrialization*, as small-scale and private activity declined.⁴⁷ By 1985, Iran had overtaken Turkey in terms of employment in medium-to-high technology sectors, which comprised almost a quarter of the total industrial workforce. Dipping in the following years, Iran again achieved the MENA top spot by 1990.

Heavy industry empowers workers relative to light industry.⁴⁸ The core of labor movements in many countries continues to be concentrated in heavier, more advanced, and high-skilled industry. In this sense, the revolution empowered Iranian workers further, continuing a trend that had started under the Pahlavis in the late 1960s (see Chapter 2). Again, a sharp contrast

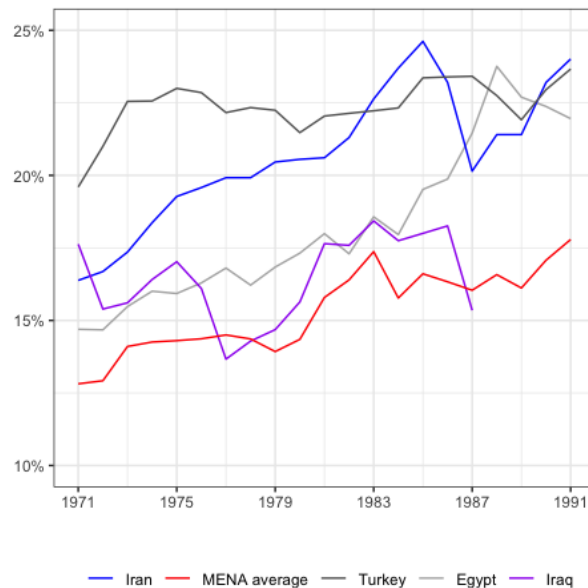
⁴⁶ One might posit the counterfactual here. Had Iran not experienced a revolution, had it maintained its 1970s capital-intensive model of development, and had it been subject to the *similar* 1980s wartime structural and fiscal constraints, would Iran have pursued a similarly expansionist trajectory? The answer is likely no, given that the government would have pursued more prudent and fiscally conservative policymaking. The revolution happened because something was flawed about Iran's economic and political system. If not revolution, another major correction appears to have been likely.

⁴⁷ Basic steels, (petro-)chemicals, and machinery production expanded, in relative terms, while garment and textile production declined (Razaqi 1988:381–84).

⁴⁸ This has numerous reasons, including more protections, benefits, and higher education. The state is also more invested in protecting and subsidizing heavy industry, which gives workers more power. Finally, workers in heavy industry have more “workplace” power because final products and inputs are valuable, which makes the threat of disruption costlier to employers and capital. By contrast, light industry tends to be more precarious and exploitative. Light industry is often also dominated by female workers, whose worker power is often constraint by their subservient position within patriarchal family units.

with Iraq is visible. While Iran mass expanded heavy industrial employment in 1981-85 period, Iraqi employment in mid-to-high technology industries stagnated. In 1987, Iraq *cut* industrial employment *by cutting* heavy industry. By contrast, in 1987 Iran's share of employment in heavy industry declined because it *expanded employment in light industry*.

Figure 3.4: Medium-to-high tech share in total industrial employment, 1971-91



Sources: UNIDO, INDSTAT

Notes: MENA average based on the available data from the following countries: Iran, Egypt, Turkey, Iraq, Tunisia, Syria, Jordan, Morocco, Algeria, Libya, Kuwait. Note that some countries have missing data in one or more years.

Iran, Turkey, and Egypt had relatively high skills ratios in the late 1980s. Iran and Egypt had made the biggest leaps. I deleted the Iraq 1991 figure, which briefly spikes because of the Second Gulf War, for illustrative-comparative purposes. That data remains included in the MENA average, however.

Similar forms of labor incorporation are visible in the administrative parts of the public sector. Thus, like large industry, the expansion of the civil service after 1979 followed pre-revolutionary trends. In 1974-5, almost a third of all civil servants had served for less than 5 years (Table 3.1). These young civil servants, recruited by the late Pahlavi state, went on to lead the revolution. After the revolution, entry into the civil service was loosened, but not so radically as to overthrow the 1970s expansionist legacy. In 1983-4, the largest group,

comprising 36 percent, were employed in the last 5 years of Pahlavi rule. Only 20 percent found employment in the four years since the revolution. More civil servants were recruited on average per year in the final years of the Shah than in the first years of Khomeini. More noticeable in the data is the post-revolutionary elimination of senior civil servants, realized mostly through “soft purge” techniques such as early retirement and high severance pay (Habibi 1989). Only 17 percent of workers had 15 years or more of experience in 1983-4, compared to 29 percent in 1974-5.

Table 3.1: Number of years of service among civil servants (1974-5 and 1983-4)

	1974-5 *		1983-4	
	Number	Share	Number	Share
Less than 5 years	93,300	31	154,712	20
5 to 9 years	56,900	19	285,391	36
10 to 14 years	50,200	16	141,160	18
15 years or more	87,400	29	131,755	17
Not stated	16,600	5	71,424	9
<i>Total</i>	<i>304,400</i>	<i>100%</i>	<i>784,442</i>	<i>100%</i>

Source: Statistical Center of Iran, Annual Yearbook 1974-5 (1353) and 1983-4 (1362).

Notes:

1. The categories strictly only apply to 1983-4. For 1974-5, the brackets moved up one year. Instead of less than five years, until five years; instead of 5-9, 6-10, etc.

2. A civil servant is someone who falls within the law of national employment (*qanun-e estekhdam-e keshvari*).

Associational concessions

Third and finally, labor incorporation following the 1979 revolution operated along associational lines. The post-revolutionary government agreed to formalize workers' councils. The government also promoted cooperatives, which became more independently organized. Significant fragmentation of Iran's labor movement undergirded these processes

of labor incorporation. As I discuss in more detail below, the IRP was unable to establish dominance over Iran's fragmented labor organizations, which came out of the localized and decentralized experience of the revolutionary workers' council movement.

As noted above, the 1979 constitution committed the government to forming workers' councils. State elites also routinely reached out to these councils, legitimizing their existence and revolutionary contributions. But beyond rhetorical and constitutional acknowledgement, the post-revolutionary government also sought to include these workers' councils into policymaking – a project that proved somewhat successful prior to the outbreak of the war in September 1980. Thus, three major and relatively inclusive labor congresses were held in the spring and summer of 1980. These congresses brought together hundreds of company representatives and shop stewards from around the country. The conferences were geared toward drafting and debating policy. Their main product was a labor code proposal. Major left-wing parties endorsed these congresses, which, they reasoned, pushed back against attempts by the state bureaucracy to control the labor movement. For instance, the Fadayaan Majority argued that: 'we differentiate between the national congress of Islamic councils and the experts of the labor ministry. Although the Islamic councils congress is to a degree under the monopolizing influence of the Islamic Republican Party, it still pays more or less attention to workers' issues, and invites workers' and union participation in drafting the labor code' (Kar 1980).

Authorities also took important steps to formalize and institutionalize the revolutionary workers' councils. In June 1980, the Revolutionary Council approved the law on the "formation of employees' Islamic councils in production, industrial, agricultural and service units" (Revolutionary Council 1980). This law aimed to fit the whole range of existing councils into a tighter template. Drafted by the labor ministry, it defined councils as powerful mass associations that existed at the plant-level. Aiming to increasing cooperation in the workplace, everyone, "from unskilled workers to managers", became statutory members in these councils. These councils were allowed to "supervise" factory affairs, but not in a way that would "interfere with the natural work process". Even if the law made all council requests in "large government enterprises" dependent on government approval, within a year over 400 works councils were officially registered (Saremi 2014:182). Most large industrial enterprises, in other words, had a formally registered works council by 1981.

In short, despite Khomeini's reservations, the young Islamic Republic institutionalized workers' councils along Pahlavi autocratic lines but on revolutionary steroids. The 1980 law defined them as mass and inclusive organizations geared toward company-wide collaboration, productivity maximization, and dispute resolution. Importantly, the law rejected a leftwing demand to make these organizations representative of workers rather than companies by restricting membership to "employees" (*karkonan*) and excluding managers (*modiran*), or, more radically, to establish labor organizations for blue-collar workers (*kargaran*) only, i.e. to exclude the white-collar workers (*karmandan*) that had dominated these organizations in Pahlavi times.

Table 3.2: Urban consumer cooperatives (1977-84)

Year	Non-worker (<i>gheyr kargari</i>)			Worker (<i>kargari</i>)		
	Number	Membership (mn)	Capitalization (1000s rial per member)	Number	Membership (mn)	Capitalization (1000s rial per member)
1977	1.3	0.76	7.4	1.6	0.41	1.32
1979	1.4	0.85	8.7	1.8	0.53	1.30
1981	4.1	1.69	12.8	2.4	0.77	1.36
1983	7.7	3.10	18.4	3.9	0.64	2.81
1984	8.6	3.55	23.5	4.5	0.68	3.10

Source: compiled from (Razaqi 1988:568), which is based on Statistical Center of Iran, Annual Statistical Yearbooks.

Note: original in Persian years

In addition to workers' councils, the labor movement became incorporated through state support for the cooperative economy. Cooperatives are often important for worker power (Williams 2016). In Iran, most large firms and public sector workers had access credit, housing, or consumer cooperatives by the late 1970s (see Chapter 2). Initially, the Islamic Republic sought to incorporate hitherto excluded urban and rural groups into the cooperative economy (Lob 2020). But the revolution also benefitted existing worker cooperatives. Capitalization rates for worker coops rivalled those of non-worker coops (Table 3.2). In fact, between 1981 and 1984, capitalization rates for *kargari* coops grew faster than non-*kargari* coops. A similar trend occurred among *karmandi* (white-collar) cooperatives (Razaqi 1988:568).⁴⁹

⁴⁹ In 1983, almost 90 percent of all civil servants and white-collar employees (*karmandan*) had access to occupational cooperatives, a number likely close to its pre-revolution figure (Razaqi 1988:568).

Worker cooperatives benefitted from their relatively robust organization. Unlike the pre-revolutionary era, when works councils and the Rastakhiz controlled the cooperative sector, cooperatives after 1979 gained independent organizational capacity and policy-making access. Worker cooperatives pushed for state subsidies and more control over credit and goods. For example, following a 1984 “national conference of the Federation of Consumer Cooperatives of Public Servants” (*karmandan-e dowlat*), the concluding statement read that: “given that employees (*karmandan*) including families comprise 10 million individuals, or a quarter, of the country’s total population, the share allocated to [their] cooperatives is certainly not fair (*adelaneh*). We ask responsible authorities, considering civil servants’ situation, to revise the current allocation of goods” (Razaqi 1988:566).

Cooperatives in post-revolutionary Iran were quite autonomous. They gained their own ministry and managed their own newspapers. They had significant responsibilities in the broader economy. Many even trained their own internal regulators and bureaucrats. An example is the Tehran Teachers’ Consumer Cooperative, one of the country’s largest white-collar worker cooperatives. Between 1979-87, the organization trained over 45 thousand cooperative “managers and inspectors,” highlighting its mass and participatory nature (Taavon 1988:57). By 1987, it had over 17 store branches spread across the city, boasting a membership of more than 100,000 teachers.⁵⁰

⁵⁰ Including family members, this amounts to a membership of around half a million.

Over the course of the war, the cooperative economy became beset by issues of underfunding, bureaucratization, and inefficiency (Amid 2009; Araghi 1989; Lob 2020). Scholars charge that their political influence and role was always limited and that this became worse as the 1980s progressed. Nevertheless, cooperatives played some role in incorporating workers into the state, giving certain labor groups access to government, policymaking, and state resources.

As I show in more detail below, the cooperative economy also supported consolidation by certain national labor organizations during the 1980s. The Workers' House, for instance, took over the central workers' consumer and housing cooperatives, called ESKAN and EMKAN, which provided the WH with significant resources.⁵¹

The 1980-88 war

This dissertation is mainly interested in the ways in which international threats and conflict shaped the Iranian state and politics. In this section, I provide a political articulation model of the relationship between the Iran-Iraq war and the introduction of new labor regulations after the war. Specifically, I show how labor-intensive war mobilization facilitated bloc formation following the end of the 1980-88 war, which empowered the government to pursue

⁵¹ EMKAN, the Central Union of Consumers' Cooperatives for Iranian Workers, was established in 1971. ESKAN, the Central Union of Housing Cooperatives for Iranian Workers, was also established prior to the revolution.

comprehensive welfare and market reforms that define the Iranian welfare state and socio-economic policymaking to this day.

The immediate post-war period is in many ways a puzzling moment. The late 1980s were marked by Imam Khomeini's death, deep factional impasse, as well as major reconfigurations of the Islamic Republic's political institutions. Amid these upheavals, Akbar Hashemi Rafsanjani, who became president barely one month after the Supreme Leader died, emerged as the main political leader. Rafsanjani forged a powerful ruling coalition that quickly sidelined the two main factions that had held power during the previous decade. He pushed through comprehensive social *and* market reform policies. In doing so, he laid the basis of not just of neoliberalism in Iran, but also of the post-war welfare state.

Wars are often followed by comprehensive socio-economic reforms, but the causal mechanisms linking warfare to post-war policy shifts remain poorly understood. I argue that, in Iran, the role of organized labor in pushing for market *and* labor reforms from within the ruling coalition was critical. Moreover, I situate labor's ability to do so in the ways in which labor-intensive war mobilization both empowered and centralized organized labor in Iran, notably by putting the Workers' House in control of the labor movement.

In making this argument, the section combines the sociological literature on political articulation with literatures on workers and warfare. The scholarship on political articulation proposes that political parties can build hegemonic blocs when they effectively articulate

social cleavages and political differences (De Leon, Desai, and Tuğal 2015; Eidlin 2016; Gramsci 2015; Mudge 2018; Przeworski 1985). In contrast to other approaches, a political articulation approach puts emphasis on the *creative structuring* role of political parties, specifically parties' role in assembling and naturalizing political coalitions (Eidlin 2016). In doing so, the political articulation approach pays attention to the “means of articulation”, i.e. the unique resources and tools that are at a party's disposal to articulate new interests and visions (De Leon et al. 2015).

I combine this literature with the scholarship on workers and warfare. This body of work studies how warfare builds welfare states (Lachmann 2013; Markoff 2014; Skocpol 1995) and expands state capacity (Mann 1986; Slater 2010; Tilly 1990). Scholars emphasize that correlation is different from causation. The literature proposes several mechanisms causally linking warfare to welfare, all of which emphasize the importance of the degree of labor-intensity of warfare. For instance, Beverly Silver notes that mass war *demobilization* tends to produce widespread labor unrest (Silver 2003, 2015). Labor protests, in turn, put pressure on authorities to concede rights and privileges. Payback arguments are also common, whereby elites agree on the obligation to extend labor rights and welfare concessions to compensate for workers' wartime sacrifices (Kier 2021:11–15; Tilly 1990:83–103). Both arguments suggest that the likelihood of states to extend labor rights increases with higher levels of mass mobilization and popular sacrifice.

Although the scholarship on Iran has paid significant attention to post-war developments, few researchers have investigated the *causal* mechanisms connecting warfare to post-war policy shifts. If scholars of Iran speculate on mechanisms at all, elite payback arguments appear most common to explain the welfare reforms (Rahnema and Nomani 1990). In this perspective, the post-war regime agreed to social reforms because ruling elites, presumably, could not ignore popular demands and wartime sacrifices, or ignore the legacy of the revolution. By contrast, to explain the pro-market shift, scholars advance “reflective” models that see these policies as reflecting institutional and structural conditions. Class- and state-based arguments are especially common. Class-based models propose that growing authoritarian domination by a new Islamic “ruling class” pushed the government toward pro-business policies, as new autocratic elites sought to transform their political into economic capital.⁵² Many studies refer to Rafsanjani’s family background as wealthy landowners and traders of pistachio to argue that Rafsanjani had a personal interest in privatization, export-oriented production, and trade liberalization. Alternative state-centric accounts explain the pro-market shifts in relation to budget deficits and austerity policies associated with the cost of warfare and failing oil prices (Gongora 1997).

These arguments suffer from rather weak evidence, conflicting reasoning, and poor specification. Thus, elite payback and class-based arguments provide opposing

⁵² Scholars often bring up Rafsanjani’s own class background to strengthen their arguments. The fact that Rafsanjani and his family-owned large pistachio farms is thus taken as evidence that Rafsanjani wanted to pursue export-oriented market reforms. Such “ruling class” arguments often fail to acknowledge that Rafsanjani was known as the “red ayatollah” after 1979, tempering his socialist views only later.

perspectives that appear to strategically ignore the other side, and thus fail to explain why the Rafsanjani government combined comprehensive welfare expansion with major market reforms. Moreover, as Elisabeth Kier (2021:14–15) points out, the main problem with payback arguments is that they are hard to prove. How can scholars provide convincing evidence that elite intentions and actions align? This is especially hard in authoritarian contexts, where government accountability is more restricted.

I provide a stronger causal argument linking warfare to post-war policy reforms. I propose that *labor organizational capacity and centralization links warfare to socio-economic reforms in post-war Iran*.⁵³ The section provides further evidence highlighting the importance of labor-intensive war mobilization. Specifically, I argue that growing government reliance on labor organizations for purposes of war mobilization and recruitment over the course of the 1980s enabled the Workers' House to support labor organizing, expand its influence, and integrate vertically with works councils. In this way, the Workers' House was able to unify Iran's previously fragmented labor movement and exercise top-down control over its constituents.

⁵³ There are some instances of direct links between the two that I will not discuss. The government extended welfare and protections to war veterans, the deceased, and their families. For example, the 1988 Human Resources Reduction Act (*qanun-e nahveh-ye tadil-e niru-ye ensani dastgah-ha-ye dowlati*), an important austerity bill, contained employment protections for war veterans and the families of "martyrs" and veterans. In early 1988, the government also approved the Early Retirement Law, which imposed substantial costs and difficulty on employers seeking to shrink their workforce this way. The bill was supported by the Workers' House and other labor organizations. In late 1988, the government approved a law that demanded that private and public organizations employ "veterans, captives, and individuals of families of martyrs and veterans of the Islamic revolution and the imposed war who are unable to work, captive, or missing and individuals who voluntarily served for nine consecutive months or one year intermittently at the war front" (Islamic Consultative Assembly 1988).

I propose that growing organizational capacity and vertical integration are the principal “means of articulation” that the Workers’ House used to propagate a pro-market, corporatist vision of workers’ welfare, reconstruction, and national development. In close alliance with Rafsanjani, the Workers’ House was able to control Iran’s labor movement as war demobilization and the sidelining of left-wing elites by Rafsanjani provided opportunities for bottom-up contention. But instead, the Workers’ House, as an increasingly independent political party, channeled popular grievances into effective demands for market reforms *alongside* welfare expansion.

The section has three parts. First, I briefly discuss labor fragmentation in the early 1980s, describing the politics behind the WH take-over of the labor ministry in 1983. Then, I show how labor-intensive war mobilization supported the expansion and centralization of organization labor in Iran. Third, I briefly describe Workers’ House ideology. After showing how the Workers’ House increasingly controlled and shaped the labor movement from the top, I explain how and why the Rafsanjani government approved major welfare policies alongside comprehensive market reforms.

Strong groups, weak movements

In the wake of 1979, the Iranian labor movement fragmented (Bayat 1985, 1987; Jafari 2020; Saremi 2014).⁵⁴ The labor movement’s fragmentation and internal divisions in the early

⁵⁴ No national labor unions existed following 1979. Certain occupations or sectors, such as the oil workers or teachers, did have more unified organizations, but these remained independent from political parties. Most

1980s were, of course, closely associated with the broader inability of the IRP to consolidate. In 1979-81, many workers, often within the same workplace, belonged to different political parties. Among the workers' council movement, there was also a strong commitment to independence from political parties.⁵⁵ Although it had access to significant state resources, the IRP, created only in the spring of 1979, stood at a temporal disadvantage compared to certain leftwing organizations, notable the Fadayaan and the MEK, which had agitated among workers since late 1978 (Jafari 2018).⁵⁶

The Iraqi invasion in late 1980 and the MEK assassination and bomb attacks in mid-1981 partially unified Iran's labor movement along radical Islamist lines (so-called "Maktabis"). But it quickly became clear that labor activists and leaders, beyond their radical Islamism, did not have a common understanding of class and employment relations.

In the early 1980s, Iran's fragmented labor movement consolidated against the backdrop of growing class consciousness and struggle against increasingly powerful state-appointed

industrial firms had local councils, sometimes with regional branches, that remained independent or were affiliated with different parties, notably the Fadayaan or the People's Mojahedin. Attempts by the IRP in early 1980 to create a national labor federation failed. Regional subunits could not come to an agreement (Saremi 2014).

⁵⁵ Imam Khomeini himself gave an obvious and powerful example by staying formally independent from party politics, but anti-party syndicalism was also a product of the council movement and the revolutionary strike committees. Labor activists wanted to create unity even among workers with different political opinions. In 1979, the former headquarters of the Workers' Organization of Iran, which became the nerve center of the workers' council movement, forbade students from handing out political flyers and had a strict policy against party canvassing and campaigning.

⁵⁶ The IRP's limited influence among workers was also reflected in the party's failure to halt widespread labor unrest. In early 1980, Khomeini again called on workers to stop striking, with limited effect (Khomeini 1989). Even after the Iraqi invasion, protests and strikes continued, though at a lower rate.

managers. State-appointed managers, seeking to establish their control in the workplace, often fired formally licensed labor activists (Bayat 1987). The main IRP newspaper cited evidence that employers fired around 800 shop stewards across Iran's industries over the course of 1982 (Jomhuri-ye Eslami 1982e). The Marxist *Workers' Road* even claimed that employer dismissal of 'hizbullahi', i.e. pro-IRP, activists was a main source of redundancy in the country (Workers' Road 1985).

The IRP labor wing mobilized these grievances against the new labor minister, Ahmad Tavakkoli. Tavakkoli was an easy target because he supported managerial actions and explicitly rejected workers' councils. In contemporary lexicon, one might call Tavakkoli a neoliberal. At the time, he drew much attention as an outspoken advocate of a neo-traditionalist Islamic economics.⁵⁷ He believed that social rights, state regulations, and works councils interfere with an individual's direct connection to God. According to Tavakkoli, Khomeini's theory of Islamic governance, the Guardianship of the Jurist (*velayat-e faqih*), meant that Imam Khomeini, as Supreme Leader, mediates the relationship between citizens and God. Further intermediation by state institutions or grassroots organizations would weaken that bond. Tavakkoli's ideology was radical in its rejection of tradition Islamic

⁵⁷ Heterodox Islamic economics at the time mainly departed from mainstream and mostly liberal Islamic opinion in their opinions on land questions. Even they had little to say about wage relationships. See for instance, Sohrab Behdad, 'The Post-Revolutionary Economic Crisis', in *Iran After the Revolution: Crisis of an Islamic State* (London: I. B. Tauris, 1995), pp.97–128.

notions of “guild” (*senf*) or “social strata” (*qeshr*). It was also ferocious in its rejection of socialism and leftwing ideas and institutions, including “councils” (*showra*).⁵⁸

Tavakkoli led the crackdown on labor organizing. In December 1981, he suspended registration of all new works councils “until further notice” (Jomhuri-ye Eslami 1982c). As a revolutionary, he also wanted to educate labor activists in his ideology. In a national works councils congress, he told a surprised crowd of over a thousand shop stewards that “in Islam we don’t have a council order (*nezam-e showrayi*) but an order of guardianship (*nezam-e vilayati*) and we believe that guardianship comes from god, the prophets, and the imams, and in their absence from the representative of the imam” (Jomhuri-ye Eslami 1982d).

Tavakolli and his allies also blocked attempts by the IRP labor wing, which was increasingly known as the Workers’ House, to transform itself into a formal mass union – an outcome that would have supported party formation and consolidation in Iran. Notably, in 1982, the labor ministry blocked a proposal that sought to formally integrate the Workers’ House with works councils to establish an official and central labor apparatus (Jomhuri-ye Eslami 1982b)

In response, the Workers’ House increasingly attacked company managers and the labor ministry over their dismissal and opposition to workers’ councils. In these attempts, the Workers’ House was supported by the Revolutionary Guards, the main party newspaper, and

⁵⁸ Tavakkoli was from Mazandaran; his grandfather was an Isfahani merchant who traded with Russia and the Caucasus but bankrupted by the Bolshevik revolution and forced to settle in Mazandaran.

leftwing parts of the judiciary (Kalb 2022). One ideal opportunity was provided by the labor ministry's rightwing labor code proposal, published in late 1982. In mid-November, Tavakkoli created a political storm by publishing a draft labor code that broke with many earlier revolutionary promises. Tavakkoli's draft code understood employment as a contractual affairs between the owner of work (*saheb-e kar*) and acceptor of work (*karpazir*), boldly reneging on earlier attempts to expand labor protections (Jomhuri-ye Eslami 1982f). His labor code proposal provoked an immediate outcry, not least because Tavakolli had still been forced to include works councils officially into the drafting process of the code.⁵⁹ Works councils were expected to review the code before it was to be sent off to parliament. Shop stewards used this opportunity to mobilize against the draft bill, organizing meetings across the country and voicing their opposition across the major newspapers. One council activist even proclaimed: 'At the dawn of the Islamic revolutionary awakening, the most revolutionary class and the class most oppressed during the infidel [i.e. Pahlavi] regime expects that their rights would be returned to them, not that a new law is introduced that oppresses them even more.'⁶⁰

The government took the fall-out seriously, and immediately organized a two-day conference in which 2,000 shop stewards participated alongside senior clerics, ministers, and company managers.⁶¹ The draft law was binned, and major political leaders, from the president to the

⁵⁹ Less surprisingly, Tavakolli's draft also generated a reaction from the left. Nuroldin Kianuri, leader of the Tudeh, wrote that the draft was "anti-labor and non-constitutional" (Kianuri 1982).

⁶⁰ JI, no.1037, 28 December 1982, p.9

⁶¹ JI, no. 1041, 2 January 1983; JI, no. 1044, 6 January 1983.

head of the judiciary, were forced to publicly address workers. Not soon later, Tavakkoli and several other right-leaning ministers, including Ali Akbar Parvaresh (education) and Hadi Manafi (health), were replaced.⁶² Abolqasem Sarhadizadeh, a figure associated with the Workers' House, was installed as labor minister.⁶³

Direct control of the state was important for the Workers' House and its ability to build capacity.⁶⁴ In 1984, the Workers' House was allowed to publish its own newspaper, *Work and Worker*, which only became the fifth newspaper in Iran that was officially allowed to be sold (Shahidi 2010).⁶⁵ In the repressive atmosphere of the 1980s, when few dissenting voices were allowed, *Work and Worker* became a platform for the involvement of works councils in formal politics. For instance, works councils would frequently endorse certain candidates for government positions, such as when employees of 35 major Tehran factories signed a

⁶² The list also included Behzad Nabavi, a MEK sympathizer and on the self-proclaimed left-flank, who was appointed minister of heavy industry. Another figure sympathetic to labor associations was Gholamreza Shafeei, who managed the assets confiscated from 51 major pro-Pahlavi capitalists first as head of the National Industries Organization of Iran and later as minister of industries.

⁶³ Sarhadizadeh was one of the 55 members of the Islamic Nations Party (*hezb-e melal-e eslami*), a socialist Islamist group, arrested in 1965 for the assassination of Hassan Ali Mansour, the leader of the Iran Novin. Only 20 years old at the time of his arrest, he spent the next 18 years in prison (Tarikh Irani 2020). Another member of the Islamic Nations Party, Abbas Duzdazani, was a founding member of the Islamic Associations of Teachers in Iran – another IRP-affiliated labor organization sponsored by Mohammad Beheshti and Mohammad Ali Rajaei.

⁶⁴ Three leaders stepped forward: Hossein Kamali, an MP, Alireza Mahjub, in charge of the Workers' House and labor organizing, and Abolghasem Sarhadizadeh, labor minister from 1983. The division of labor between these three figures was not coincidental: Sarhadizadeh, the oldest, was a professional revolutionary with no labor background. Kamali was a skilled worker who had played an active role in labor organizing in the late 1970s in cement and steel enterprises around Tehran. He was elected to parliament in 1980. Mahjoob was a younger worker-revolutionary who became a leader of the workers' council movement in the early 1980s. None of the three had university education.

⁶⁵ The four others were the large state-run *Eteelaat* and *Keyhan*, the IRP outlet *Jomhuri-ye Eslami*, and *Sobh-e Azadegan*. Only a year later, in 1985, conservative factions founded *resalat*, which would become the voice of market-oriented thinking in post-war Iran.

petition in support of Mousavi's government and "recent remarks by the Attorney-General" (Work and Worker 1985a). The newspaper also pushed for union formation in enterprises, such as by publishing employee petitions. It also published damning critiques of corporate conduct, such as the in-depth story on a major defense company that had refused to allow union formation (Work and Worker 1985c).

The Workers' House consolidated its organizational apparatus in the latter half of the 1980s. A milestone was the 1985 law on the "formation of Islamic works councils" (Islamic Consultative Assembly 1985). The law gave the labor ministry licensing and monitoring powers over local labor organizations. The labor ministry could unilaterally abrogate works councils, but the law also mandated that the boards of local works councils had to be chosen through company-wide elections every two years. Labor ministry officials were tasked with monitoring these elections and could vet candidates on the basis of principles as open to interpretation as 'having honesty, integrity and lack of corrupted morals' (Islamic Consultative Assembly 1985).⁶⁶ Sarhadizadeh was not shy about using ministerial power to influence these elections, stating that electoral committees should make sure that only '*hizbullahis*' were elected into council boards as a way to protect the 'political share of workers in the revolution' (Work and Worker 1984b).

⁶⁶ Article 2.g

Labor-intensive war mobilization

Although WH conquest of the labor ministry in 1983 was important to its survival and, more broadly, the development of organized labor in post-revolutionary Iran, it guaranteed rather little. After all, the labor ministry was a weak organization. Pahlavi employment law had been discredited, with little yet to replace it. In terms of employment share, the private formal sector also barely existed anymore. Formal sector employment was dominated by other state ministries, which often maintained their own internal regulations.

In this section, I argue that labor-intensive war mobilization was an important factor that helped to expand and consolidate organized labor under the wings of the Workers' House.

War mobilization was initially not an issue for the regime. If anything, there were too many volunteers, overwhelming military and bureaucratic capacities. Following the Iraqi invasion in September 1980, hundreds of thousands of Iranians volunteered to go to the front. Based on the Iranian case, Theda Skocpol (1994:20) argued that: "[t]he mission that revolutionized regimes perform best is to motivate masses of ordinary people - people who were excluded from politics under the old regime - to die for the glory of their national state." Significant oil revenues also meant that the government did not require financial or fiscal resources from its citizens. The Islamic Republic could proudly stick to its initial Islamic mandate by which citizens would not be taxed. Instead, they could donate their wealth and income based on Islamic law and charity (Adelkhah 1999:9-18).

Yet, over the course of the eight-year war, as citizens became more aware of the horrors happening at the front, voluntarism rapidly declined (Razoux 2015). Government revenues also fell, especially after the global oil price drop in 1986, leading to austerity (Clawson 1988). Faced with these problems, the post-revolutionary government decided not to impose a new fiscal regime or demand universal conscription. Rather, authorities balanced the regime's early commitment to mass volunteerism with the reality of lower popular support for the war. They did so by seeking to extract more resources from society, without explicitly forcing citizens to make these sacrifices. Until the end of the war, the government refused to significantly increase taxes or impose mandatory military service. Outwardly, the regime remained committed to an Islamic-revolutionary notion of volunteerism, charity, and donations.

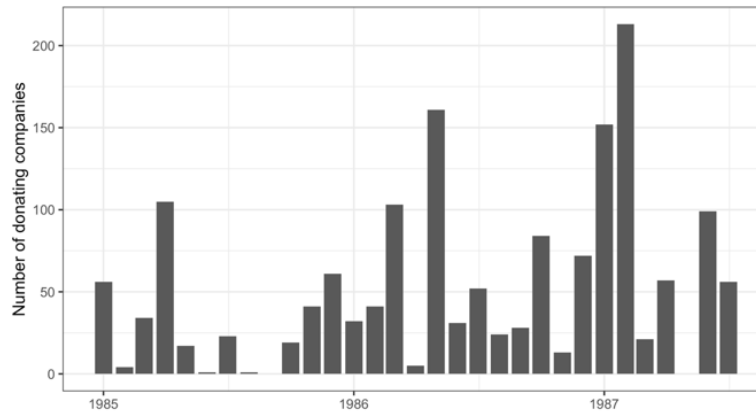
In the labor arena, these politics were backed up by various legal bills that facilitated higher recruitment in the public sector. In the early 1980s, the government tried to stop excessive volunteerism by prohibiting certain labor groups, notably skilled workers and engineers, from leaving their jobs for the front. Yet, by the mid-1980s, the government revised these earlier laws that limited the number of workers per factory that could volunteer to go to the front (Council of Ministers 1982). These revisions allowed military forces to mobilize up to a fifth of an enterprise's workforce (Council of Ministers 1985). Subsequent legislation established an incentive structure for workers to volunteer for conscription, linking veteran status to job security, pay increases, and career promotions (Council of Ministers 1986).

Companies were also increasingly expected and called upon to donate resources, such as money or provisions.

In balancing the promise of charity with the need for extraction, authorities relied on post-revolutionary Iran's many grassroots organizations, including mosques, religious societies, neighborhood committees, cooperatives, and works councils. These embedded organizations were charged with convincing members and social groups to donate money, time, or resources, including through military service. Peer pressure and soft coercion techniques stood at the core of this mobilization drive.

To get a sense of military mobilization by labor organizations, Figure 3.6 depicts the total number of unique companies that made charitable donations to the war front. Since data on military recruitment is lacking, data on charitable donations constitutes the best available source of evidence. I extracted this data from *Work and Worker*, the newspaper run by the Workers' House (see Appendix and Introduction). In the early 1980s, the newspaper occasionally published reports of charitable campaigns, but this number shot up in the final years of the war (Figure 3.5).

Figure 3.5: War donation campaigns, by number of unique companies (1985–87)



Source: IWWMD

Notes: Bars indicate the total number of unique companies that made a charitable donation of any sort in each month. Charitable donations were both monetary and in-kind. Donations were usually collected by shop stewards and managers pushing fellow workers to relinquish part of their wages or put in extra, often unpaid, hours of work.

Growing top-down demands for military mobilization benefitted grassroots labor organizations and works councils, who were typically put in charge of donation campaigns. It also empowered Workers' House leaders to forge new ties to workers and their associations. Available data provide an illuminating picture of labor organizations' rapidly expanding role in tying workers to the front. While the Workers' House only organized a few small charitable campaigns in the early 1980s, by 1985 the organization was responsible for mobilizing slightly over half of all company financial and material donations. By 1987, this figure increased to 70 per cent.

Table 3.3 further breaks down this data by the name of the organizer and the number of large firms that they managed to mobilize resources from. The table shows that, in the late 1980s, the Workers' House was by far the single largest external actor involved in organizing these

donation campaigns, compared to other state institutions. These figures highlight how active and successful the union was in using the war to extend its influence and role as mediator connecting factories and works councils to the war front.

Table 3.3: Top organizers of company-level donation campaigns (Dec 1984 – July 1987)

Organization name	Share of total number of company donations
Workers' House	57 %
Local coordinating committees	17
Imam Khomeini Relief Foundation	6
Labor Ministry	4
IRGC	3
Foundation for the Oppressed	3
Oil Ministry	2
Construction Jihad	0.5
All other organizations	8

Source: IWWMD

Notes: companies were coded directly from listings. A total of 1,538 donation events were recorded. No organizer was listed for 488 of these. These cases were probably independent donations by the company. After removal of these events, a total of 1,050 donations remained.

In short, labor-intensive war mobilization, and particularly the way in which the post-revolutionary regime increasingly relied on labor and resources quasi-extracted from embedded, grassroots organizations, contributed to state and employer support for works councils and labor organizing. Moreover, the Workers' House, by coordinating across these local works councils, vertically integrated Iran's hitherto fragmented and disconnected labor movement into a more consolidated and unified whole.

As a result, the organizational apparatus surrounding the Workers' House consolidated rapidly in the late 1980s. In 1988, there were 914 works councils in Iran, or around 70 percent

of the total number of enterprises with more than 50 employees.⁶⁷ The Workers' House held its first national congress in early 1988. A WH leader claimed that, in Tehran alone, the Workers' House comprised 20,000 shop stewards sitting on the boards of works council. He further claimed that the WH had over 20 branches across the country (*Work and Worker* 1988c).⁶⁸ Growing vertical integration within organized labor in Iran was also reflected in how *Work and Worker* spoke about the WH leader, Alireza Mahjoob, who went from being called "brother" (*baradar*) in the early 1980s, to a "spokesperson" (*sokhangu*) by the mid-1980s, to the "secretary-general" (*dabir-e kol*) of the Workers' House by the late 1980s.

Forming a centrist bloc

The expansion of welfare rights and labor legislation after the war can be understood in relation to these processes of war mobilization and worker empowerment. The Workers' House, which by the late 1980s presided over a vertically integrated, consolidated, and embedded labor apparatus, entered an alliance with President Akbar Hashemi Rafsanjani. Due to the support of organized labor, the Rafsanjani coalition was able to articulate a powerful, market-based vision of workers' welfare and national development.

⁶⁷ Note that these organizations can be set up in all units with at least 35 employees.

⁶⁸ Many, though not all, of these branches were inherited from the Pahlavi-era WOI. In 1984, the government transferred ownership of the WOI's former physical assets to the labor ministry, to be divested as a "charitable organization" (Council of Ministers 1984). The name was remarkable, being eponymous with the Pahlavi name of the Tehran WOI headquarters.

Rafsanjani is often simply called a “pro-business” or “pro-market” figure. But in terms of employment relations, Rafsanjani agreed mostly with the leaders of the Workers’ House. They maintained a close alliance. When rumors circulated that Rafsanjani would run for the 1985 presidential elections, the WH declared its support. In 1989, the Workers’ House again supported Rafsanjani’s candidacy. Hossein Kamali, the WH leader in parliament, was one of Rafsanjani’s close allies since the early 1980s. Rafsanjani appointed Kamali labor minister after he became president in 1989.

The Workers’ House and Rafsanjani maintained a strong ideological affinity. Both agreed in their defense of private property and private sector-led production. In the early 1980s, both were busy attacking the communist left and more radical left-leaning factions within the IRP, whose demands for state ownership and interference they opposed. The Workers’ House also supported managerial skill and autonomy. Hossein Kamali, the WH leader in parliament, was a skilled worker who valued good management and acknowledged the need for worker collaboration with and limited supervision over, rather than control over the production process.

At the same time, the Workers’ House supported (certain) labor rights, benefits, and protections. Its ideology was social conservatism based on employer paternalism, company loyalty by employees was compensated for by various benefits and employment protection. This model was expressed in the labor code which the WH drafted. The code

emphasized production and the need for collaboration, but also provided workers with significant benefits and rigid employment protection.

Throughout the 1980s, WH leaders did their best to discipline shop stewards and local works council leaders, who were drawn to more radical solutions. In one example from early 1985, shop stewards complained in a meeting with WH leaders that “infidel” employers continued to be active, sacking workers for being ‘*hizbullahi*’ and for “the smallest crimes”. The activists complained that managers ‘are usually assigned a post when they have the right connections’, asking, “Don’t we have the permission and the right to protest against managers who thwart production and the revolution?” WH leaders rejected this, warning “not to interpret the council as it was done early in the revolution, when they controlled factories.” They emphasized that state institutions “have set out associational regulations in a theologically just manner, *and one which will certainly differ from your views*” (italics mine), advising the activists to invite clerics to their meetings to study the meaning of the new laws (Work and Worker 1985b).

WH leaders were explicit in their defense of works councils. In one speech, Hossein Kamali declared that “union formation everywhere depends on ideology. In our Islamic country, a works council cannot be non-Islamic. [...] Islamic works councils are the successors of our revolutionary committees; they are the successors of strike committees and the Islamic factory councils. [...] For us, the works council means a step toward making our society more industrialized and more self-sufficient. Our works councils defeat oppression (*istikbar*). [...]”

Not me and not anybody has the right to abolish them” (Jomhuri-ye Eslami 1982a). Similarly, labor minister Sarhadizadeh argued that: “Islamic associations and councils have repeatedly come out in support of the revolution, and it is necessary that they actively continue their work [...]. Weakening them is completely to the detriment of the Islamic revolution” (Work and Worker 1984a). Rafsanjani agreed with the Workers’ House, declaring that “the presence of Islamic works councils in factories must be taken seriously to the extent determined by law” (Work and Worker 1986).

Much of the WH social conservatism was a refurbished, Islamicized version of late Pahlavi discourse, including support for privatization conditional on giving employees company shares, profit sharing, and a rejection of “industrial feudalism”, as the Shah put. For instance, in early 1985, the Workers’ House organized a large rally with over ten thousand workers in Tehran’s main soccer stadium to rally up support for a proposed bill to “transfer of the shares of industries to workers”. Although privatization would not be pursued for another decade, the Workers’ House already tried to sway workers with a Pahlavi-style employee share initiative.⁶⁹ Mahjoob told attendees that: “we state explicitly (*sarihan*) that we are under no circumstance against the private sector [...]. What we oppose is monopoly-formation (*enhesar*), because we believe that monopolies cause discrimination and the destruction of many of the country’s active and creative workforce” (Work and Worker 1985e).⁷⁰ Ayatollah

⁶⁹ Remember that, in 1975, the Shah made employee shares a principle of the White Revolution. The proposed Workers’ House bill was called the “transfer of the shares of industries to workers” (*vagozarie saham-e sanaye be kargaran*). A final bill on employee shares was not approved until 1994.

⁷⁰ Discrimination in that sentence refers to workplace inequality, especially between *kargar* and *karmand*.

Mousavi-Ardabili, the head of the judiciary, stated that: “it is our luck that the prophet was a worker (*kargar*),” reminding the audience that Khomeini had said that “god is a worker” (Work and Worker 1985d).

In the late 1980s, Rafsanjani stepped up alliance with the Workers’ House by publishing more frequently in their newspaper *Work and Worker*. In a long interview in late 1987, he declared that, while other social groups created problems, “in our revolution workers were not only *not* a problem, but they were a major column of support for administering the revolution” (Work and Worker 1988a). Rafsanjani argued that: “in our country, the working class (*qeshr-e kargar*) has in its hands the foundations of social life and has taken responsibility for the most difficult parts of living life,” adding that “The working class has never in history acted like an oppressive, dictatorial, or exploitative force benefitting from the rights of others.”⁷¹ Acknowledging the role of factories in sending combatants to the war, Rafsanjani heaped praise on the Workers’ House, arguing that the organization was critical in defending the country against the “enemies of Islam,” including the “Marxists, capitalists, and even right-wingers.” He concluded that: “the labor code approved in parliament is a good code, albeit not yet an ideal one. Yet, it largely provides workers with their political and social rights, and with human dignity (*sho’onat-e ensani*) [...] if this law is implemented, we did an acceptable job, not a perfect one” (Work and Worker 1988a).

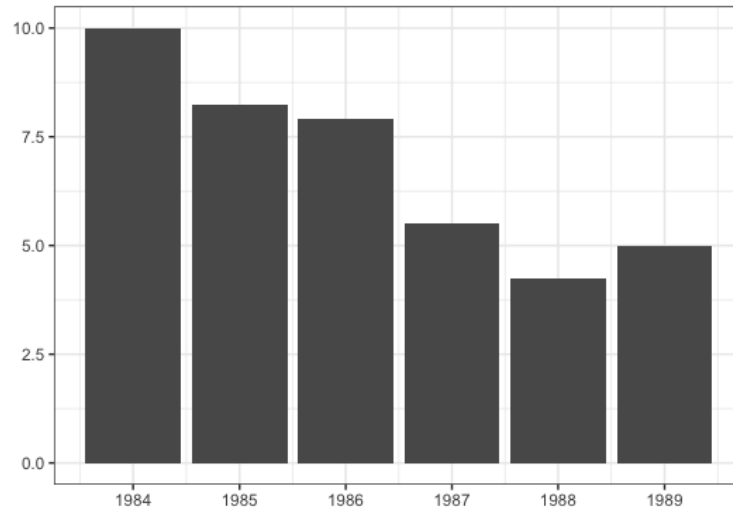
⁷¹ The term *qeshr* or strata is often used by Iranian state elites to refrain from using the more socialist “class” (*tabaqeh*).

Contention, control, and the emergence of a national labor movement

Through its control over works councils, the Workers' House increasingly dominated and shaped Iran's labor movement. This is suggested by data on labor contention. Thus, levels of labor contention, incredibly high after the revolution, gradually fell over the course of the 1980s. Graph 3.8 depicts the intensity of labor protest in 1984-9, normalized by month for longitudinal-comparative purposes. Protest data comes from my own dataset, collected from *Workers' Road*, a leftwing oppositional journal published in exile. Because there is likely overreporting on protests within specific firms, I calculated protest intensity by taking the average number of unique firms in which at least one collective action was reported in each month.⁷² I then calculated the average monthly number of firms by year, to account for the fact that the dataset starts in early 1984 and ends in mid-1989 (i.e. not the full five years). Figure 3.6 shows that the intensity of labor protest declined in the late 1980s, falling by more than half between 1984 and 1988. Few of these protests occurred publicly. Most were staged behind company gates.

Figure 3.6: Average number of companies with at least one labor protest, 1984-89

⁷² Such overreporting appears in large part associated with the journal's own news reporting network, which was stronger in some firms. It is likely that the Marxist group that published the journal had sympathizers and informants in certain Iranian companies.



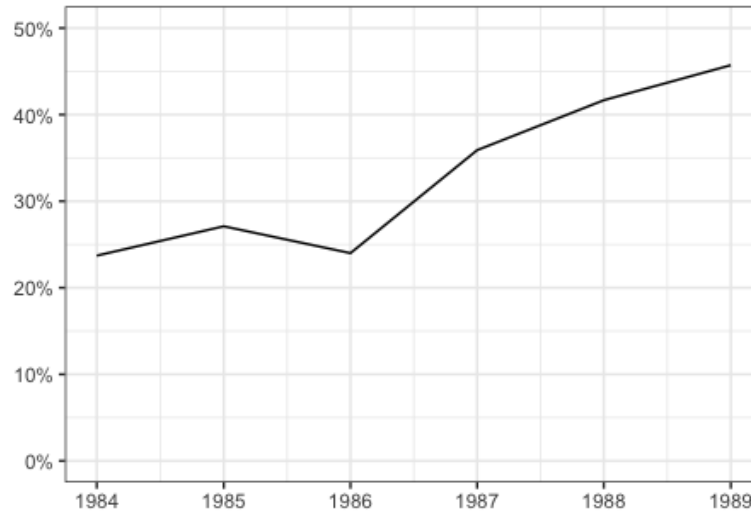
Source: IRLD

Notes: average number of collective actions by unique firms per month, averaged over the year to facilitate longitudinal comparison and account for fewer month in 1984 and 1989 (i.e. normalized by month).

Timeframe: April 1984 - June 1989. The number of 'quiet'/non-collective protest peaked in 1986.

The declining intensity of labor protest was due to economic factors, including a worsening economic and fiscal crisis after 1985 and layoff threats. But falling rates were not just an outcome of economics: they also reflected Workers' House consolidation and growing union control over workers. This is shown in Figure 3.7, which depicts the estimated proportion of collective actions in which labor organizations were involved. In 1984, fewer than one fourth of collective protests recorded the involvement of local labor organizations. By the late 1980s, this share had increased to almost half.

Figure 3.7: Protest involvement by labor organizations, 1984-89



Source: ILRD

Notes: number of times a labor organization is directly involved in collective/loud protest. Not including demands, which leads to further increase. Labor orgs both on side and against protestors. But by late 80s more on side of workers. CHECK.

April 1984 - June 1989

As elsewhere, labor protests often took place because formal representatives and works councils were not doing their job properly, i.e. they were an expression of failing formal institutional channels for representation. Still, local labor organizations regularly came out in support of the protesting workers, even leading some actions. Especially toward the end of the war, works councils and shop stewards often sympathized with employees' demands and negotiated on their behalf with managers and state actors.⁷³ Works councils thus played a 'dual', mediating role in disputes, ranging from supporting workers in wage demands to opposing managerial demands for more troops or overtime work. Such organizational support was reflected in the high protest success rates, despite the broader fiscal crisis of

⁷³ These figures should be seen as conservative estimate, as *Workers' Road* editors were invested in depicting works councils as being on the side of managers and reporting employees and often had little knowledge about manager-works council relations.

the state.⁷⁴ Even in the reports published by Workers' Road, 39 percent of all collective protests ended in a victory for workers.⁷⁵ These success rates expressed the power that workers yielded within the young Islamic Republic.

Moreover, over the course of the 1980s, labor protests were increasingly institutionalized around the demands, tactics, and grievances articulated by the Workers' House. Formal representatives channeled claim-making into less contentious and more legalistic routes. The share of collective protests featuring strike action fell precipitously, from 60 percent in 1984 to less than 20 percent in 1988. At the same time, formal complaints and petitioning grew from 10 to 20 percent of the total tactics used. There was also a sharp decline in the proportion of protests reporting violence and state repression. Protest violence dropped from 23 percent in 1984 to just 3 percent in 1988 (Table 3.4).

Table 3.4: Protest tactics, violence, and institutionalization, 1984-89

Year	% strike	% legal	% violence	<i>Total protests</i>
1984	60	10	23	97
1985	47	12	8	107
1986	25	10	12	100
1987	26	18	5	78
1988	18	20	3	60
1989	29	14	11	35

Source: ILRD

Notes:

⁷⁴ The pre-revolutionary state might also have tended to adjudicate disputes in favor of workers, but the late Pahlavi regime was never under comparable fiscal pressure, and would likely not have behaved had it not had access to high oil revenues that guaranteed high profit rates.

⁷⁵ This is likely a major underestimate as accurate information on conflict resolution is lacking for many protests.

1. The three categories are not exhaustive. See Appendix for codebook. Other categories, such as “rally”, “hunger strike”, or “demonstration” also exist.
 2. I coded all reported tactics per protest.
-

Table 3.5 depicts the main protest demands in the late 1980s. The journal published reports on quieter and more atomistic forms of resistance, such as foot-dragging, sabotage, graffiti, or complaining, alongside reports on collective and mass protests, such as strikes or demonstrations. Table 3.5 leverages this feature of the original texts to divide protest events by the type of protest. Both modes of protests (quieter/atomistic and loud/collective) were likely visible to and noticed by managers and authorities, but they differed in their risk calculations on the part of the protestors. Quieter protests could express more radical and unacceptable forms of resistance. Collective action required more framing and often involved formal organizations and the Workers’ House.

Table 3.5: Demands reported in labor protests, by protest type (1984-89)

Theme	Atomistic		Collective	
	%	Total	%	Total
Benefits	14.8	27	27.6	129
Working hours	12.6	23	13.5	63
Employment	13.2	24	11.1	52
Employment classification	9.5	16	12.0	56
War	22.5	41	4.9	23
Associational	13.0	22	7.1	33
Wages	4.5	7	8.3	39
Working conditions	2.8	3	4.2	18
<i>Other & miscellaneous</i>	11.4	19	11.8	55
<i>Not stated</i>		73		9
Total	100.3 %	255		477

Source: ILRD

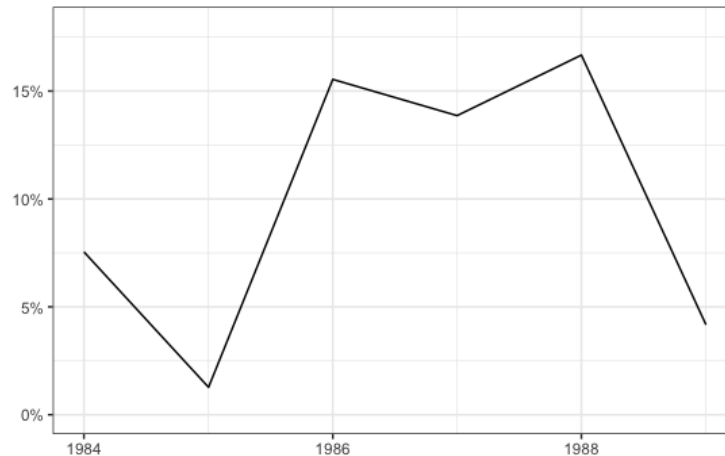
Note:

1. Unknown categories removed from total.
2. The total may not be a hundred due to rounding.
3. Some figures bolded to show significant change.

4. Demands were coded using broad classification schemes (see Appendix). There is overlap across the categories. For example, “employment” might entail redundancy or company closure. “Associational” contains struggles related to cooperatives, worker representative, and works councils. “Benefits” include a range of benefits, from literacy classes to bonuses. “Other & miscellaneous” includes other harder to classify demands, including issues around factory control (firing manager for example).

Several dimensions of the data stand out. First, the protest data reveal the high degree of war-weariness among Iranian workers in the late 1980s. War-related protests shot up in 1986 and stayed high until 1988 (see Figure 3.8). Over 40 percent of all atomistic protests involved demands directly related to the war (Table 3.5). These protests typically revolved around two issues: forced donations and forced overtime. Both issues were intrinsically wound up with the processes of state-led extraction, as explained above. Employees routinely resisted extractive campaigns to mobilize resources for the war organized by company managers, labor organizations, and military units. Growing popular resistance to the war made continuing it difficult for elites. War policy was not just made by secluded elites, growing labor resistance also put pressure on Imam Khomeini to, as he famously put it, “drink the chalice of poison,” and accept the UN-brokered ceasefire.

Figure 3.8: Labor protests directly targeting the war, 1984-89



Source: ILRD

Notes:

1. Includes collective and non-collective events.
 2. See Appendix for codebook.
-

Even more important than demands around peace and war mobilization were demands around benefits. Demands around benefits were strongly supported by the Workers' House. Over 27 percent of all collective actions featured demands related to benefits. Typically, workers protested because benefits had not yet been paid, or they were deemed too low. Even among atomistic protests, benefit-related demands comprised around 15 percent of the total. Benefits included a wide range of issues, including housing, production bonuses, annual and new year's bonuses, family support, meals, money to commute. Some labor protests demanded that their employers set up kindergartens in factories. Others wanted employers to hold literacy classes and pay employees who passed the courses a bonus. The importance of benefits reflected the socialization of the economy. Benefits occupied an especially important material position in workers' daily lives, often as or more important than cash salaries. Benefits were extensive and high, and, if paid out properly, operated to protect purchasing power amid economic stagnation and decline.

The centrality of benefits in contention also meant that labor protests in the late 1980s revolved largely around the rights and privileges given to workers by the Iranian state. The state and the welfare arrangements it provided structured the field of contention, even

among the more radical atomistic forms of resistance reported by the *Workers' Road*. The Workers' House, and its campaigns pushing for benefit-extending legislation, was a central actor.

A similar argument, in reverse, could be made for the low level of demands around associations and associational rights. In 1987, the journal *Adineh* published an important piece in support of union rights and calling, specifically, for the formation of a union for translators and writers (Abu-Alhamd et al. 1987). It was one of the earliest public calls for union rights beyond the government sector and industry, yet largely accepted the associational template laid out by the state. Among industrial workers, less than 10 percent of all demands were related to labor associations. Many of those were about corruption in cooperatives. Some even demanded the dismantlement of a labor organization seen as unrepresentative. Some, though certainly not the majority, expressed a stronger pro-democratic ethos, such as by demanding fair union elections or formal registration. Workers stopped short, however, of collectively mobilizing against their organizational models or the Workers' House.

Labor pressure from within

In the late 1980s and the early 1990s, Rafsanjani and the Workers' House allied to sideline the left- and right-wing factions that had dominated Iranian politics for much of the preceding decade. The majority left-leaning factions, often called the “statists”, dominated parliament and the cabinet (Baktiari 1996; Behrooz 1991; Mohseni 2016; Pesaran 2011). They mostly favored state intervention and public sector employment, opposing the type of privatization and market-oriented growth that the Workers' House aligned with. Minority right-wing factions, often labelled the “mercantilists” dominated certain state bodies, notably the Guardian Council, Iran's constitutional court. The Guardian Council is

responsible for checking whether laws approved by parliament follow the constitution and Islamic law. Right-wing factions in the Guardian Council blocked many major pieces of legislation in the latter part of the 1980s, notably the post-revolutionary labor code, which was first approved by parliament in 1985.

The peaceful WH-Rafsanjani putsch occurred against the backdrop of significant political and institutional transformations in 1988-9 (Baktiari 1996). These transformations put Rafsanjani in a lucky spot. Notably, Imam Khomeini appointed the right-leaning and junior cleric Ali Khamenei, an IRP founder and concurrent president, as his successor, demoting the more senior and left-leaning Ayatollah Montazeri. Khomeini also pushed through a constitutional revision that abolished the position of the prime minister, leaving Rafsanjani, elected president in 1989, in control of the government. Moreover, Khomeini created a new body, the Expediency Council, to mediate and resolve the factional impasse that had developed between parliament and the Guardian Council (Ghiabi 2019:139–63). Khomeini appointed Rafsanjani as head of the Expediency Council. As joint president and head of the Expediency Council after 1989, Rafsanjani was in a strong position to push through legislation, including the labor code (Baktiari 1996; Kamali 2004).

Yet, Rafsanjani's ultimate ability to approve workers' legislation and rights should not just be sought in his persona, but also in the broader support that the Workers' House lend to his government, the WH role in articulating a vision of market-based workers' rights and social welfare, and the pressure that the WH put on the regime from within.

First, the WH provided critical support in containing labor unrest amid Rafsanjani's political consolidation. As noted above, war demobilization is often associated with spikes in labor protests, as workers take to the street to protect their job, demand benefits, or claim previously unpaid wages or unfulfilled promises (Silver 2015; Tarrow 2015). The end of a war is also often associated with a reduction in state repression and control, enabling more contentious forms of collective action. Finally, and this is especially important in the Iranian case, Rafsanjani's coming to power in 1989 led to the replacement of thousands of senior political and bureaucratic elites across the government, public sector, and large industry. These elites were associated with the "statist" factions that Rafsanjani decided to oppose. Such elite cleavages typically facilitate widespread labor unrest, as outgoing employers and authorities might support bottom-up contention to put pressure on challenger elites (Tarrow 2011).

Yet, in post-war Iran, no such spike in labor unrest occurred (Figure 3.6). Some protest activity took place in major steel and iron smelting enterprises in Isfahan, which was likely triggered by the replacement of Behzad Navabi, the popular leftwing minister of heavy industry (Alyari 1991). But, given the scale of the governmental overhaul, levels of labor contention induced by such elite-level purges and replacements remained subdued.

Secondly, the Workers' House supported comprehensive market reforms alongside social policies. In the early 1980s, the Workers' House was one of the only popular organizations

calling for privatization. In the early 1990s it got what it had long called for. In 1991, the government approved a Privatization Plan that mandated that up to a third of all company shares would be divested to workers. The labor minister was also made part of the Privatization Committee, the governmental body responsible for guiding and implementing the privatization plan.

Following years of political articulation by the WH, privatization had broad support among ordinary workers in large industry. WH policy proposals were grounded. Many workers got jobs after 1979. Their experience was one of industrial decline, underinvestment, and dilapidation. An older cohort remembered and could tell them how, in the 1970s, their factory shone bright with the latest foreign-imported equipment and technology. According to an opposition journal, Rafsanjani's reconstruction plans instilled a "hope among workers" because "they saw a possibility that private capitalists, and especially the previous owners, would come back and would reclaim the responsibility of factories. The older workers [...] thought that conditions would be like the past when the wheel of the factories were spinning and there were no delays in wage payments. Naturally many workers have forgotten the numerous problems of that time because of the exhausting pressures of the Islamic period" (Karami 1994:9).

Finally, the Workers' House scaled up pressure for socio-economic reforms from within the government. A first opportunity to take to the street was provided in late 1987, when Khomeini provided a favorable fatwa to a question asked by the labor minister about the

reach of the Islamic state.⁷⁶ In December 1987, even before the end of the war, WH leader Alireza Mahjoob used his position as governor of Mazandar to organize a major workers' demonstration in Qaemshahr. Demands for labor code approval took center stage in this rare wartime protests (Work and Worker 1987).⁷⁷ In 1988, and for the first time in years, the Workers' House was allowed to hold nationwide May Day rallies, which were held in over eleven cities (Work and Worker 1988d). In 1989 and 1990, these rallies grew larger. In all of them, the main demand was labor code approval. The tenth anniversary of the revolution in early 1989, a huge event, also became a platform for labor organizations to demand labor code approval (Work and Worker 1989).

Meanwhile, and as labor contention remained subdued, the number of works councils expanded rapidly in the late 1980s and early 1990s. Between 1988 and 1991, the number of Islamic works councils increased from 914 to 1,579, or by 73 percent in just three years. In both percentage and absolute terms, this three-year increase is a record for the entire 1988-2022 period.⁷⁸

⁷⁶ Labor minister Sarhadizadeh had written this letter to address the continuing impasse of the labor code. In it, he asked the Imam to clarify the role of the state in Islam, specifically whether the government could demand that the private sector operate according to rules established by the state if those private entities used government services (such as electricity or water). This was also relevant for employment law, since it would mean that authorities could ask all private employers using state services to implement government rules.

⁷⁷ In early 1988, the Workers' House and student organizations organized another rally at the University of Tehran in which workers and students proclaimed their support for the "fatwas of the Imam of the Islamic community (*imam-e ommat*)," notably his recent ruling on Sarhadizadeh question related to the authority of the state (Work and Worker 1988b).

⁷⁸ Meaning that, between 1988 and 2022, no other three-year period saw a similar increase.

There was much frustration among workers with the radical factions that had dominated politics during the 1980s. One shop steward lamented that “in the eleven years since the revolution, we have not seen even one of those capitalist leeches (*zalu sefatan*) get executed. We hope that after the parliamentary approval of the labor code, we witness action from the judiciary to implement the law and fight economic terrorism” (Work and Worker 1990).

The Marxist journal *Workers’ Road* called the Persian year 1989-90 a “contradictory year in the labor movement” because it was “a year in which, despite the change in the balance of powers in favor of the Islamic regime, the state (*hokumat*) experienced important setbacks (*aqabneshini-ha*) against the labor movement; a year in which, despite relative industrial peace, workers remain one of the most important concerns of the leaders of the regime.” The author of the piece continued:

“The removal of the *hezbollah* [i.e. the statist factions] from power led to growing critique from within the regime. This is reflected in the year 1990-1 in the activities of the Workers’ House and its newspaper which became increasingly critical and publicized a few scandals of state managers while also supporting workers’ demands. *Work and Worker* also launched the campaign to increase wages in line with inflation. As a result, ordinary workers increasingly framed their own demands along this line. Put more precisely, the Workers’ House has taken some distance from the regime as to consider some labor demands. A portion of workers are satisfied with this growing support of their demands given the current circumstances” (Alyari 1991).

Conclusion

This chapter showed how labor incorporation in post-revolutionary Iran gradually gave way to a national labor movement, dominated by the Workers' House, that influenced trajectories of social and economic reform in the Islamic Republic. I showed how the 1979 revolution, like other cases of social revolution, led to workers incorporation into the state. Moreover, I showed how labor-intensive war mobilization empowered and centralized organized labor in Iran, which gave the Workers' House the means to influence post-war policymaking. I showed that many of the reforms pushed through by the Rafsanjani coalition responded to WH demands. At the time, these reforms were not necessarily unpopular with ordinary workers, either. The Workers' House could effectively frame pro-market reforms as a desirable way forward, supporting post-war reconstruction and Islamic revolutionary ideals. But, so WH leaders argued, market reforms and privatization had to be contingent on employment protection and workers' welfare.

The next chapter turns to the period of 1990s and 2000s. The chapter shows how, in this period, a combination of rigid and highly codified employment law, the initial strength of organized labor, and political competition, supported corporatism. These factors blunted and blocked top-down attempts at comprehensive market reforms, significantly slowing down the process of neoliberalization. In other words, despite occurring without a central

political party, post-revolutionary processes of labor incorporation were not easily undone, and, in some ways, even continued amid intensifying market reforms.

Chapter 4: Corporatism Continued, 1991-2009

Chapter introduction and summary

There is a large scholarly literature on neoliberalism and labor in the global South. Scholars agree that processes of “neoliberalization” typically undermined pre-existing corporatist institutions and social contracts (Heydemann 2020; Hinnebusch 2020; Waterbury 1997).⁷⁹ Neoliberalization reduces the status, influence, and privilege of formal sector workers who had previously claimed exclusive access to the state, including workers in large industry, teachers, civil servants, and other public sector employees. Moreover, neoliberalism is associated with de-unionization and the hollowing out of labor organizations (Lazar 2017). In many parts of the global South, neoliberalization is also connected to austerity, shifts in government priorities, and growing corruption within the state bureaucracy, contributing to informality and weaker regulation of the formal labor market.

Among middle income economies, there was significant variation in experiences of neoliberalization between the 1980s and 2000s. Some “successful reformers”, like Brazil, Turkey, or Malaysia, entered what we could call a “virtuous cycle” of democratization, capacity-building, economic growth, and industrial upgrading. Such virtuous cycles

⁷⁹ Neoliberalization is a multifaceted process occurring at the level of politics, economics, and society. Historically, it occurred in context of globalization and global US hegemony in the late 20th century and early 21st century. In terms of policies, some of its core dimensions include deregulation, privatization, and withdrawal of the state from many areas of social provision. But neoliberalization goes beyond policy, and also contains, for instance, important ideological dimensions.

typically involved comprehensive market reforms, growing government revenue, lower informality, and new forms of labor organizing and social movement unionism. Other countries, including many autocratic regimes in the MENA, stagnated. They remained “bypassed” by global capital (Karatasli et al. 2015), even if regional and local accumulation around infrastructure, construction, finance, and services was substantial (Hanieh 2018). Their trajectory suggests a more “vicious cycle”, marked by austerity, growing informality and state capacity shedding, labor repression and disorganization, and failure to implement comprehensive reforms (Ayubi 1992).

This chapter describes the Iranian experience with neoliberalization. Iran, I suggest, walked a middle path between these vicious and virtuous cycles. Specifically, I focus on the development of state-labor relations in Iran in the neoliberal period of the 1990s and 2000s. The main argument I make is that corporatist institutions proved persistent in the neoliberal period. Neoliberalization certainly led to precarity, as it did elsewhere (Kheirollahi 2017; Mahjoob 2004; Maljoo 2013, 2017a). Labor groups covered by corporatist arrangements also were increasingly excluded from direct policymaking and governance (Kamali 2004; Maljoo 2006a). Yet, labor politics in Iran in the neoliberal period was also marked by continued state support for formal labor organizations and corporatist bargaining. Processes of de-unionization remained constraint. Licensing of enterprise-level labor organizations, for instance, hit an all-time-high in 2010. Growing informality amid a shrinking public sector – a typical outcome in the Middle East – was also constraint as the state labor bureaucracy

became more capacious and effective at monitoring and regulating a rapidly expanding private sector (Salehi-Isfahani 2009a, 2009b).

In short, the chapter argues that neoliberalization did not undermine or replace post-revolutionary labor institutions. Rather, I show that these labor institutions became more powerful and more entrenched, giving rise to a national labor market. These findings contribute to a large Persian and English-language literature on neoliberalism in Iran. This literature typically proposes that neoliberalism fundamentally restructured labor markets and state-labor relations in Iran, including through growing precarity (Hashemi 2015; Khosravi 2017), the growth of contractors and temp work (Kheirollahi 2017; Maljoo 2012, 2017b), the rise of neoliberal thought (Abazari and Parnian 2016; Abazari and Roozkhosh 2017; Abazari and Zakeri 2019), a growing informal sector (Hashemi 2020; Najafi and Esfahanian 2021), state discourse (Morgana 2019), declining intergenerational mobility as a result of public sector shrinking (Hosseini 2020), and women's work and labor force participation (Alizadeh and Harper 2003; Moghadam 2009).

The persistence of corporatism in Iran has a range of causes and drivers. This chapter reviews two important explanations related to labor politics and employment relations. First, I argue that the revolution and the war led to relatively high degrees of labor strength at the start of the neoliberal period. Post-revolutionary labor law was rigid, generous to workers, and highly codified. Not only was this legislation difficult to reform, but it also shaped state responses and the government's ability to pursue broader market reforms. On the other

hand, the revolution and the war had inaugurated a period in which Iran's civil society and associational life flourished. Labor groups were dynamic, inclusive, and participated actively in formal associations such as works councils and state-licensed labor organizations. "Strong" occupational groups and identities meant that labor organizations, although they certainly were not democratic or formally representative, were nonetheless under pressure to defend and pursue group interests. Moreover, because labor organizations were incorporated into parts of the post-revolutionary state, labor groups could directly monitor, shape, and regulate employment law.

Secondly, I propose that political competition supported corporatism in the 1990s and 2000s. Political competition in Iran did not lead to "hegemony" or "dominance" by a single party or groups. Strong single party rule, whether hegemonic or dominant, might have led to comprehensive market reforms, as it did in, say, Turkey (Tugal 2016). In Iran, political parties remained both weak, fragmented, and plentiful (Chehabi 2001; Keshavarzian 2005). Parties entered broad coalitions with many partners and groups, including labor groups such as teachers, engineers, industrial labor or doctors (Saei 2018). These coalition partners often had stronger organizations than the coalition leaders, which limited the latter's influence and power. In this context, incumbent governments and political leaders attempted to appeal to labor groups and control their organizations. Political support for labor and labor organizing, in turn, reproduced state support for corporatism. Up until the late 2000s, ruling parties had only limited success in integrating labor organizations vertically into their apparatus, meaning that organized labor, apart from retaining state support, also retained a

relatively high degree of autonomy. In short, political competition in Iran “put the brakes on” neoliberalization and its harsher, anti-labor elements. It also enabled new forms of state support for labor and labor organizing.

The structure of the chapter is as follows. The first section discusses three important dimensions of post-revolutionary Iranian labor politics related to (i) employment law, (ii) organized labor and associational power, and (iii) political competition. In the second section, I then discuss outcomes related to (i) market reforms (ii) state capacity and informality and (iii) state support for labor organizations. The chapter concludes with a summary of the findings and briefly evaluates how corporatist survival contributed to the lack of labor participation in the 2009 Green movement.

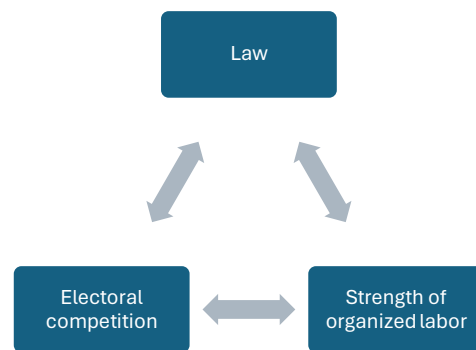
Explanations:

This section reviews three main explanations for the development of state-labor relations and politics in Iran in the neoliberal period: (i) rigid labor law, (ii) the substantial initial strength of organized labor, and (iii) significant degrees of political competition, organized around national and local elections.

These explanations are not exhaustive, but they are interrelated. The graph below summarizes the positive feedback effects between these three variables in Iran in the neoliberal period. Employment law supported labor strength and constraint neoliberal

reforms. Moreover, organized labor supported political competition and processes of democratization, while electoral competition, by requiring parties to mobilize groups of voters, also supported labor organization.

Figure 4.1: Positive feedback between employment law, labor organizing, and electoral competition



Notes: The relationships portrayed in the graph are generic. In Iran in the neoliberal period, employment law supported labor strength and constraint neoliberal reforms. Moreover, organized labor supported political competition and processes of democratization, while electoral competition, by requiring parties to mobilize groups of voters, also supported labor organization.

A. Labor law: rigid, generous, and post-revolutionary

Post-revolutionary states typically have rigid, generous and highly codified labor codes that are difficult to reform (Cook 2008).⁸⁰ This also counts for Iran. Chapter 2 showed that Pahlavi-era legislation was already favorable to labor, as it sought to induce workers' participation and collaboration. I also showed how top-down political campaigns in the 1960s and 1970s made Iranian employment law even more generous and expansive. Still, pre-1979

⁸⁰ Employment regulations tend to be persistent (Carnes 2014).

employment law remained relatively flexible. The government had significant executive power to change legislation.

Unsurprisingly, post-revolutionary employment law is not less favorable to workers than its Pahlavi predecessor. Post-1979 law is also significantly more rigid, meaning that employers and workers have limited flexibility in negotiating their relationship outside of state regulation. Thirdly, post-revolutionary law places significant responsibility on the state, notably the labor ministry, to expand its capacities. These additional costs and obligations were one of the main reasons why the Guardian Council refused to approve the parliamentary labor code in the late 1980s (Araghi 1992).

Finally, post-1979 employment legislation is highly codified. The 1990 labor code is precise and comprehensive, leaving a small role to ministerial bylaws and decrees. In the words of one scholar, “With respect to the Labor Law the text of the law is clear and specific. Thus, it cannot be justified or interpreted in any different purposes” (Rafsanjani 1995:402–3). In contrast to the more open-ended Pahlavi legislation, labor law in the Islamic Republic is closed-ended. Significant codification also makes Iranian employment law difficult to reform. The labor code constraint individual ministries and the government. As a result, legal change requires labor code reform, rather than adopting new regulations. But such constitutional reform demand significant political energy and will, not least as it requires a parliamentary majority and would cause significant popular opposition.

To get a sense of post-revolutionary employment law in Iran, it is useful to compare the 1990 labor code with its 1965 predecessor. In terms of length, the 1965 Pahlavi code, running to a total of 69 articles, pales in comparison with the 1990 code's 203 articles. In terms of content, few pre-existing articles are abandoned. Rather, the 1990 code keeps most of the Pahlavi code, but adds another 140. Post-revolutionary law expanded, in more rigid and statist format, regulations previously enshrined in Pahlavi law.

Table 4.1 compares the 1965 and 1990 codes on several core components. On all of these, the 1990 code is more extensive and detailed. The similarity between the two codes is highest in the field of dispute resolution, where most pre-revolutionary regulations are kept. This carry-over suggests that state bureaucrats believed that Pahlavi laws governing dispute resolution were relatively effective. In the field of labor associations, the 1990 code says more about rights and procedures. It includes regulations about cooperatives that the 1965 code lacks. Moreover, it provides labor organizations with more oversight over and influence in welfare organizations, inspection regimes, and dispute resolution, while keeping the state-monitored and corporatist nature of these organizations intact. As in the pre-revolutionary era, formal worker associations are required to be non-political. Works councils, existing at the enterprise level, remain the cornerstone of organized labor. No direct mention is made of the Workers' House or any other national union. Islamic works councils and other local organizations can associate at the county-, province-, and national-level. The High Coordination Center for Islamic Works Councils is the national association for these works councils. It sends three representatives to the Supreme Labor Council to

represent “workers” at large. The employer category at the SLC is “represented” by the High Coordination Center for Employer Guild Associations. These employer associations do not represent big or private capital, but rather small businesses and independent occupations and professions, i.e. often “employers” that do not employ waged labor extensively.

Most regulations concerning the Supreme Labor Council, Iran’s highest tripartite body, are also kept intact, with the difference that the 1990 code demands that its members meet every month. The code establishes a permanent secretariat charged with “preparing studies related to labor relations, working conditions and other necessary information”. Finally, the 1990 code mentions the right of retired workers to organize. After 1979, retirees became a sizeable and politically important group due to widespread employer use of early retirement packages to pursue soft purges and layoffs.

Table 4.1: Comparison of the 1965 and 1990 Labor Codes

Topic	1965 Code	1990 Code
Labor organizations	5 articles (Chapter 6, art.25-29)	17 articles (Chapter 6, art 130-146)
Dispute resolution	9 articles (Chapter 9, art. 38-46)	10 articles (Chapter 9, art. 157-166)
Collective contracts	2 articles (Chapter 8, art. 35-36)	8 articles (Chapter 7, art. 139-146)
Training centers, employment centers, apprentices	None	13 articles (Chapter 5, art. 107-119)
Termination of employment, severance, and damages	2 articles (Chapter 7, Art 32-33)	13 articles (Chapter 2, art. 21-33)
Total	69 articles	203 articles

Source: ILO; (Sabi 1971:7–23)

Notes: not an exhaustive list of all topics. Only several important topics were chosen.

Regulations concerning termination of employment are especially detailed in the 1990 code. Barely mentioned in the Pahlavi code, the change reflects the pressure that politicians in the late 1980s faced to reduce payroll costs in ways that were acceptable to workers and labor organizations.⁸¹ It also reflects the incorporation of elements from earlier labor codes, drafted in 1979-80 in the context of a powerful Left, the movement against child labor, and the jobless movement (see Chapter 3). Unemployment during and after the revolution was a major issue in part because in the period of high-powered development in the 1960s-70s, Iranian workers had come to take low unemployment rates for granted.

The post-1979 concern with unemployment and skill is enshrined in numerous articles on training centers, employment centers, and regulations governing apprentices. For instance, the 1990 labor code obliges the labor ministry to set up employment and training centers “throughout the country” to match jobs to worker profiles and prepare young Iranians for skilled employment. Further regulations were approved in 1992 (Council of Ministers 1993). Similar though more explicit than pre-1979 law, it gave the labor ministry a central role in economic development.

⁸¹ Pahlavi regulations on firing (notably article 33), though quite stringent, became a main target of the revolutionaries in 1978-9.

A spate of further legislation was approved in after 1990, partially called for by the 1990 code. Even on associational rights these laws were relatively favorable to workers.⁸² For instance, a 1993 bill demanded the creation of self-financed Guild Societies “for each profession in each province” (Council of Ministers 1993). Soon after, professions including truckers, construction workers, teachers, and journalists filed for union registration. The 1993 safety regulations on construction work are also extensive, covering nine chapters, each organized by sector, and running at over 300 articles. Most other welfare legislation remained in place, imported from Iran’s pre-revolutionary past. The 1975 Social Insurance Bill is among the most important of these. The 1993 Cooperatives Act also explicitly stated that it “does not repeal or change the Cooperative Societies Law of 1973.”

Quantitative indices of labor regulation, although they facilitate cross-national comparison, are notoriously prone to manipulation and often lack robustness. Taking those limitations into account, they provide some indication as to the relatively costly (from the perspective of the state and employer) and rigid nature of Iranian employment law. For instance, the World Bank’s *Doing Business* reports scored Iranian labor market regulations as the most rigid and costs in the entire MENA.⁸³ The World Bank gave the MENA region, in turn, the lowest average score among world regions. The Economic Freedom of the World Index,

⁸² This statement should be interpreted in relative terms, i.e. compared to previous labor legislation, not by some objective standard of associational rights.

⁸³ Cross-national indices should be interpreted with much caution. I do not further analyze these indices here because of reliability issues. Cross-national quantitative indicators for labor market regulations should be approached with a high degree of caution. The aggregate scores can vary substantially based on small differences in methodology and the metrics included. Importantly, these metrics are typically designed by organizations that support free trade, markets, and a reduction in (certain types of) regulations.

constructed by the libertarian Fraser Institute, scored Iran in the 2000s the second lowest on its labor market institutions index, after Morocco (Gwartney, Hall, and Lawson 2015).

B. Associational strength meets institutional power

In 1990s Iran, following war and revolution, labor groups benefitted from a relatively high degree of bargaining power. This power had both associational and institutional origins. Associationally, labor groups had a strong sense of civil and occupational identity. Popular participation in labor organizations and associations was high. Institutionally, workers had become incorporated into parts of the state, which gave organized labor more direct control over policymaking.

Scholars have described how revolutions and wars often inaugurate periods of intensified associational life and rejuvenate civil societies (Blattman 2009; Huang 2016; Liverani 2008). In Iran, scholars have studied the resurgence of civil society in fields such as movie production (Naficy 2012; Zeydabadi-Nejad 2009), journalism (Shahidi 2010), the women's movement (Kashani-Sabet 2011; Osanloo 2009; Paidar 1995), the student movement (Mashayekhi 2001; Rivetti and Cavatorta 2014), and even among the clergy. As in other post-revolutionary and post-war contexts, associational networks in 1990s Iran were dense and overlapping. They crisscrossed religious, military, political, bureaucratic, and societal purposes. For instance, labor activists often did not just belong to a works council or the Workers' House, they also participated in clerical and Islamic groups, neighborhood committees, sports clubs, reading groups, charity organizations, and other civic

associations. Even labor organizations took on multifaceted roles beyond protecting labor rights and supporting company productivity, including arranging *muharram* ceremonies, distributing books to the local community, or gathering money and donations for disaster relief, social development, or the poor. This was to some extent formally institutionalized, as many state-sponsored organizations in the Islamic Republic fulfill “cultural” (*farhangi*) alongside sectoral functions (Islamic Consultative Assembly 1985). Local labor meetings were inclusive and participatory, drawing interest and contributions from workers, managers, and the wider community. As one informant told me, Workers’ House meetings with shop stewards and labor representatives drew widespread participation in this period, in sharp contrast to the rather small and poorly attended meetings that became standard by the late 2000s.

The vibrancy of associational life in Iran in the 1990s set it apart from many autocratic regimes in the MENA, where organized labor typically suffered from years of repression and increasingly stale corporatist politics. But Iran is also different from many newly democratizing countries in Eastern Europe, Central Asia, and Latin America. In those cases, social movement unions often contributed and arose out of pro-democratic political transitions. But so-called legacy unions, i.e. the old mass corporatist unions, often continued to dominate labor politics in those countries even after democratization (Bishara 2020; Caraway 2012). Those legacy unions were typically staler and more bureaucratic than the labor organizing in Iran in the 1990s and early 2000s. Although state-licensed labor organizations in Iran did increasingly suffer, as they typically do, from growing top-down

control and falling bottom-up participation, the revolution and the war both constraint and postponed this process.

Scholars typically define associational worker power as a form of “bargaining” power (Wright 2000). But, if approached with an American lens, the word “bargaining” can mean a voluntary interaction, typically provoked by conflict between groups (say labor and capital). By contrast, in Iran, bargaining power was grounded in significant institutional power derived from the post-revolutionary incorporation of labor into parts of the state. More than only collective organization, labor groups had direct access to policymaking platforms. They sat on the Supreme Labor Council, whose prerogatives and duties were expanded by the 1990 code. They occupied seats in major cooperative organizations (including the Ministry of Cooperatives), banks (including cooperative and labor credit banks, notably the large Workers’ Welfare Bank), and welfare institutions, notably the Social Security Organization, the Ministry of Welfare, and the Ministry of Health. These ministries and organizations were included in national development and policymaking. In the early 1990s, the labor minister, a WH leader, even sat on the Privatization Committee, which was tasked with leading the national privatization effort. Although these formal institutions might find similarity elsewhere, post-revolutionary labor incorporation played an important role in making them more or less autonomous and controlled by labor groups in Iran.

C. Competitive elections with many small labor parties

In the 1990s and 2000s, as political competition organized around national and local elections broadened and deepened, the situation was one of many, *weak* political parties vying to mobilize and appeal to relatively *strong* occupational groups, often “represented” by a small number of organizations.⁸⁴ Many of these labor groups had their own autonomous organizations, including teachers, engineers, doctors, lawyers, or nurses. Industrial workers had the Workers’ House, which presided over local enterprise organizations (Chapter 3).

This *weak party – strong group* dynamic shaped the politics of what scholars have variously described as Iran’s “hybrid” (Gilbert and Mohseni 2011), “semi-”, (Chehabi 2001), “tutelary” (Levitsky and Way 2010), or “factionalized” (Keshavarzian 2005) authoritarian regime. From the mid-1990s, authoritarian politics in Iran became highly competitive, revolving around institutionalized elections. But the candidates participating in those elections were vetted and selected by the twelve-member Guardian Council, membership to which is partially controlled by the Supreme Leader. Competitive authoritarianism in the neoliberal period remained highly factionalized. No strong political parties emerged. Incumbent governments came to power through complex coalitional arrangements involving many groups and parties, presumably led by a single figure and his political organization.

⁸⁴ The quotes around representation serve to indicate that no statement is made about the ability or willingness of those organizations to actually represent those groups. They did, however, *claim* representation.

As partners in Rafsanjani's government (Chapter 3), labor organizations played a role in the transition to more competitive authoritarian politics in the mid-1990s (Habibzadeh 2008). In the case of the Workers' House, growing dissatisfaction with the pace and direction of market reforms led the organization to take up a more vocal stance. During the 1996 parliamentary elections, which were the first highly contested elections since 1980, the WH fielded its own list of candidates. Alireza Mahjoob adamantly stressed that "we allied, we didn't merge", with the main Rafsanjani party. The Workers' House and local labor organizations again mobilized voters in the 1997 presidential elections, which brought to power the pro-democratic "Reformist" coalition, led by president Mohammad Khatami.

In part because politics and elections remained highly contested and competitive until the late 2000s, political leaders tried to appeal to labor groups and their organizations. The Reformist coalition continued to include the Workers' House directly in government until 2001 (when Hossein Kamali was removed as labor minister), and indirectly until 2005. President Mohammad Khatami and his Reformist government also did their best to reach out to engineers, teachers, doctors, nurses, and various other occupational groups and their organizations.⁸⁵ At the same time, the relative weakness of political parties vis-à-vis labor organizations supported attempts to weaken those labor organizations and replace them with organizations more subservient to the incumbent government. This even counted for

⁸⁵ The first group to endorse the presidential candidacy of pro-democratic Mohammad Khatami, for instance, was not the student movement as is often assumed, but the doctors' and pharmacists' union from Khatami's hometown Yazd. The Guild Association of Iranian Engineers followed suit, as did the Workers' House (Work and Worker, 12/12/1375, p2).

the Ahmadinejad administration, which broke its ties with major existing labor organizations and initially tried to appeal to the “people” (*mardom*) beyond occupational terms. Soon into his first term, the Ahmadinejad government reverted to sweettalking labor groups, attempting to both form and politically attract new labor organizations. I will discuss these attempts later.

In short, political competition without strong parties in Iran’s post-war context was not just a product of, but also reproduced the power of organized labor in Iran. If it did not stop neoliberalization, political competition did serve to support labor organizing and constrain the pace and scope of market reforms and labor exclusion.

Outcomes:

1. No comprehensive reform, but many workarounds

Welfare arrangements are highly persistent. Once established they often become locked in (Pierson 1996). This also counts for labor regulations and rights (Carnes 2014). Despite neoliberal reforms, labor regulations inherited from preceding periods often persist and survive, leading to distinct local, national, or regional “labor regimes” within neoliberal capitalism (Baglioni et al. 2022). Scholars find that global integration and dependency, including on institutions such as the IMF and the World Bank, are some of the strongest drivers of labor reform (Babb and Kentikelenis 2021; Cook 2008; Strang and Chang 1993). By

extension, relative isolation, as in the case of Iran, is associated with significantly less pressure on governments to reform employment law.

In early 1990s Iran, there was significant hope, both in- and outside Iran, that the Islamic Republic would rapidly push through market reforms.⁸⁶ Such hopes arose, in part, because the Rafsanjani government in the 1989-91 period quickly sidelined the previously dominant left-leaning factions and launched comprehensive market reforms (Chapter 3). Some Iranian planners and bureaucrats even imagined an Eastern European “shock therapy” scenario.⁸⁷

It soon became clear that comprehensive reforms were more difficult politically than expected.⁸⁸ This was especially so for employment reforms, which faced persistent opposition, often contentious, by labor groups and organizations. A first attempt to reform the 1990 code, by the second Khatami administration (2001-5), failed, as did two subsequent attempts by the Ahmadinejad administration between 2005 and 2013 (Akbari

⁸⁶ IMF recommendations to reform “highly restrictive labour market regulations” (IMF, 2002: 18). The IMF argued that “the existing unemployment benefit system is too generous,” recommending “reducing dismissal costs, eliminating regulations of wages [...], improving the information system for job seekers” (IMF, 2004: 24).

⁸⁷ One senior official excitedly announced at the start of the program that they wanted to finish privatizing 500 companies in less than a year. He argued that, because Eastern Europe did not have private sector while Iran did, there would be a rush of many interested people to buy the offered shares of the companies (Rafsanjani 1995:399).

⁸⁸ Under Rafsanjani (1989-7), some of the repeals in labor benefits were associated, not with pro-business reforms, but with the government’s progressive family planning program. Thus, the major 1993 Law on Population and Family Planning (Islamic Consultative Assembly 1993), which became a cornerstone of Iran’s highly successful fertility reduction program, targets childbearing by *removing* eligibility to labor and social security benefits for families with four children or more. Reductions in benefits were pursued with an eye on reducing family sizes by tempering Iran’s existing natalist policies enshrined in generous labor law.

2020; Maljoo 2006b; Raisdana and Maljoo 2007). In the early 2020s, the 1990 labor code remains largely intact. Ahmadinejad's failure to impose labor reforms in 2005-6 are especially remarkable, since his government did launch a comprehensive privatization program, which even included a constitutional revision supported by Ali Khamenei, the Supreme Leader. Yet, the Supreme Leader declined to give the green light for similarly radical overhaul of the 1990 labor code.

The failure to reform employment law imposed high costs on the state and employers (Nili, Dargahi, and Seyyed Farshad 2014). Market reforms involved company and public sector restructuring, notably lay-offs and slinking the workforce, which the Iranian government, with the help of oil revenues, partially paid for. But it also led to complex debt arrangements between firms, financial institutions, welfare organizations, and ministries, often sparking labor protests (Harris 2013).⁸⁹ Scholars argue that Iranian employment laws contributed to informality (Khandan and Nili 2014; World Bank 2004b). Other studies argue that the 1990 labor code actually contributed to industrial development in Iran (Mahdavi and Mehrbani 2012).

This situation is not uncommon in the global South. And, like many other governments dealing with the political pressures of economic reform, the Islamic Republic opted for less

⁸⁹ Fearful of inciting unrest, authorities and employers supported voluntary dismissal and early retirements to lay-off workers amid bloated public sector and industrial employment levels following the revolution and the war.

drastic and more incremental, small-scale strategies. Three main strategies were pursued. First, the government temporarily and conditionally exempted segments of the workforce from the 1990 code. Second, employers and authorities moved production and investment into new regulatory zones, notably free trade zones and so-called “special economic zones.” These zones presented a geographic exemption from parts of the labor code. Third, employers, including the government, exploited loopholes within national employment laws, notably regarding temporary contracts.

One of the main successes regarding labor reform was the 2000 bill on exempting small enterprises from parts of the 1990 code. Fought intensely but ultimately unsuccessfully by labor organizations and the Workers’ House, this measure was first introduced as part of the Third Development Plan (2000-5). It empowered the labor ministry to *temporarily exempt* enterprises with fewer than 5 employees from “parts” of the labor code.⁹⁰ These “parts” would then be defined by the Supreme Labor Council. In early 2003, the exemption was expanded to cover all enterprises with fewer than 10 employees. According to the labor ministry, a further 400,000 units, in addition to the 600,000 units with fewer than 5 employees, were thus exempted from parts of the labor code. Only about 50,000 units, i.e. units with more than 10 employees, remained (Word and Worker, 11 January 2002, p.4). The exemption is valid for three years and has been renewed each time. The exemption supported the proliferation of human resource contractors in Iran, promoting small-scale operations and firms.

⁹⁰ This is a common regulation that also existed in pre-1979 Iran, as in many other developing countries.

The government and employers also endorsed spatial exemptions, notably free trade zones and special economic zones, to reduce labor costs (Hakimian 2011; Keshavarzian 2010). Regulations surrounding these zones were first introduced by the Rafsanjani administration (Badini and Haj Najafi 2022). At the time, organized labor supported those policies because they promised to lure foreign investment, develop Iran's industrial base, and raise productivity. Only in the mid-2000s, as the restrictions and difficulties of labor organizing in these zones became clear, did the Workers' House launch limited, and much belated attacks on how employment in these zones is regulated (Work and Worker, 27 February 2005, p.1).

For larger employers, these zones present a principal way to reduce labor costs, and much large-scale industrial activity was relocated to them (but often did not need to as the zones were often carved out on where industrial activity already existed).⁹¹ Between the early 1990s and late 2000s, Iran became one of the countries in the MENA region with the highest density of special economic and free trade zones, housing some of the most advanced industries in the country and providing employment opportunities to hundreds of thousands of workers (Hakimian 2011; Keshavarzian 2010).

⁹¹ In Iran, the opportunity costs related to employment expenses are particularly significant for free trade and special economic zones because, compared to other developing countries, oil-rich Iran does not levy high corporate or income taxes. As a result, labor costs (and tariffs and trade costs), rather than corporate or income taxes, are one of the main appeals of these zones to employers.

A third and final strategy consists of legal loopholes that exist within the 1990 code. One of the main loopholes refers to temporary contracts. By the mid-1990s, companies increasingly employed new workers on temporary contracts, and renewed these when they were due to expire, saving on benefits and expenses associated with permanent employment (Mahjoob 2004). They invoked the labor code, which was unclear about the limits of renewal. Initial government policies were largely supportive of temporary contracts, showing little understanding of their long-term consequences. In 1995, the labor ministry issued a decree (*bakhshnameh*) that legalized temporary contracts. This was confirmed by the Court of Administrative Justice in a separate ruling (Mahjoob 2004:87;92). Neither the labor ministry nor the Workers' House were aware of the significance of this decree – the pages of *Work and Worker* remained entirely silent on the topic at the time.

The Workers' House only realized its mistakes later, when temporary contracts had become common and had started to undermine labor activism. There was a steady rise in the use of temporary contracts, according to statements by the Workers' House and occasional government reports.⁹² For instance, by 2006, the share of temporary contracts was estimated at 54 percent of the total workforce (Work and Worker, 23 April 2006, p.3). In early 2009, the labor ministry estimated that 72 percent of the labor force is on temporary contracts (Work and Worker, 19 April 2009, p.1).

⁹² The methods used in calculating these estimates remained unclear to the author. The figures themselves should be interpreted skeptically. No official figures on temporary contracts exist.

Labor activists converged in their opposition to temporary contracts. The Workers' House declared the Persian year 2001-2 (1380) the "year of opposition to temporary contracts." According to the head of the West Azerbaijan KSEK, the decline in active Islamic works councils in that province was mostly due to the rise of temporary contracts (Work and Worker, 14 April 2006, p.3). Even the Supreme Leader supported this analysis. During his 2006 May Day speech in front of thousands of workers, Khamenei emphasized the need for job security and solving the problem of temporary contracts (Work and Worker, 27 April 2006, p.1). But parliament rejected these attempts. Notably, in late 2007, a proposal requiring employers to permanently employ workers who have been on temporary contracts for over ten years (*tarh-e estekhdam-e daem-e kargaran va karkonan-e qarardadi*). The Workers' House, unsurprisingly, blamed the failure of this law to pass on the "principlist parliament" (*majles-e osulgara*) (Work and Worker, 26 December 2007, p.1). But the major costs and interests that became associated with moving workers into permanent employment, tied to a failure to reform these categories themselves, appear as more important reasons why policymakers have accepted temporary contracts as the best of all possible worlds.

In sum, the world of work changed tremendously during 1990s-2000s Iran. But these shifts, provoked by expanding markets, happened underneath a regulatory framework that barely changed. Small exemptions and loopholes were exploited, and with drastic effects. Moreover, in lieu of comprehensive reform, these measures served to entrench the national labor market and the existing regulatory framework. The use of temporary contracts, for example, ties employers to the 1990 code, even if those ties remain conditional on accepting

a watered-down version of it. The same counts for spatial exemptions such as FTZs and categorical exemptions such as on small enterprises. The benefits of these exemptions to employers derives in large part from the opportunity cost structure imposed by national employment law. In other words, rather than raising demands for labor law reform, they create growing consensus around its existence, feasibility, and implementation.

2. A capacious labor apparatus and institutional entrenchment

Typically, the growth of private markets amid adherence to rigid and costly regulations promotes informality as employers and authorities find these laws inefficient, unpractical, and too expensive.⁹³ To reduce informality and “unlock the fully employment potential”, organizations such as the World Bank or the IMF typically recommend labor reforms (World Bank 2004b). Economists find that in Iran, such government interventions contribute to informality (Khandan and Nili 2014).

But in 1990s-2000s Iran, even as the private sector expanded and employment law created incentives to circumvent and violate government regulation, the state became more capable of monitoring and regulating employment relations. In part that had to do with the negotiated transition discussed above, whereby employers accepted existing loopholes and

⁹³ There are demand and supply side arguments. Demand-side argument propose that employers will violate or dodge laws that are too costly or rigid for their purposes. The IMF and the World Bank often support such arguments. Supply-side arguments propose that the government often fails to implement laws that are too rigid and costly, not just for administrative reasons, but also because of the political influence of corporate and business groups.

exemptions. But it also had to do with capacity-building by the state in the labor arena. As post-revolutionary institutions became increasingly entrenched, a national labor market, governed by those institutions, emerged.

From the 1990s, the Islamic Republic invested significant resources in developing its labor apparatus. This investment was much more than in the past. The labor bureaucracy was founded in the 1940s (Chapter 2). While the state provided growing support over the 1950s-70s period, the government preferred to finance companies directly or depend on private legal mobilization by employees. In the 1980s, the post-revolutionary state also had more important priorities than developing a central apparatus for regulating employment relations. The state left many responsibilities up to individual ministries that now employed vast swaths of the public sector. But following the introduction of the 1990 labor code, authorities committed to expanding the labor apparatus concerned with regulating employment relations, including regulating a rapidly expanding private sector. Under Hossein Kamali's long tenure (1989-2001), the labor ministry expanded its capacity significantly. Subsequent labor ministers, including under Ahmadinejad, also realized that existing regulations offered significant opportunities for capacity building.

Table 4.2 summarizes these trends. It uses a simple quantitative measure to capture capacity-building, namely employment by the labor ministry, both absolute and relative to the overall civil service. Table 4.2 shows significant expansion of the civil service in this organization in the late 1970s, but this increase was not as steep as the broader

administrative corps. During the 1980s, if Iran's public sector became "bloated", the labor ministry did not suffer from this affliction: employment was kept constant even as the civil service expanded by over 75 percent. The biggest expansion, in absolute and relative terms, occurs between 1989 and 2007. By 2007, the labor ministry employed 20,000 civil servants, a more than 200 percent increase over less than two decades. The broader civil service, by contrast, only grew by around 50 percent.

Table 4.2: Employment in the Civil Service and the Labor Ministry, 1974-2007

Year	Ministry of Labor and Social Affairs		Total government workers	
	<i>Employment</i>	<i>Growth</i>	<i>Employment</i>	<i>Growth</i>
1974	2,917		304,404	
1979	5,728	96.4%	849,085	178.9%
1989	5,879	2.6%	1,492,822	75.8%
2007	19,767	236.2%	2,294,759	53.7%

Source: Statistical Center of Iran, respective yearbooks

Notes:

1. Original in Persian years.
2. Government workers or *mostakhdemin-e dowlati*. There are methodological changes across these years. The 1974 and 1979 figures relate only to civil service (*qanun-e estekhdam-e keshvari*) workers. The 1989 and 2007 laws relate to government workers that have and do not have civil service contracts. Note that, for the labor ministry, this does not make much difference since almost all its workers are civil servants.
3. The Ministry of Labor and Social Affairs was merged with the ministries of Cooperatives and Social Welfare in 2011, creating a much larger body and thus preventing longitudinal comparison.

A few more data points illustrate capacity-building in Iran's labor arena.⁹⁴ In the late 2000s, local labor courts (*heyat-e tashkhis*) collected between 200,000 and 300,000 complaints each year, mostly filed by employees against their employers. In 2009, there were 482 of

⁹⁴ These are based on data compiled in yearbooks issued by the ministry of labor. The evidence presented here always compares with the earliest year at which such data is included within those yearbooks.

such courts across the country, issuing 220,000 rulings for 270,000 complaints addressed by a total of 300,000 individuals.⁹⁵ In 2005, the labor ministry conducted 210,000 inspections and issued to employers 100,000 citations related to violation of employment law. By 2010, these figures had risen to 250,000 inspections and 200,000 violation citations, or, respectively, a twenty and a hundred percent increase. In short, between the approval of the 1990 labor code and the tightening of sanctions in the early 2010s, Iran's bureaucracy concerned with employment relations expanded significantly. The labor ministry expressed this growing state capacity. Its bureaucrats and officials presided over an integrated and nationwide regulatory and inspection regime.

3. Support for labor organizations

In the 1990s and 2000s, across the globe, labor organizations lost much of their power and membership. In new democracies, "legacy unions" often survived and occasionally even recovered (Bishara 2020; Bondy 2021; Caraway 2012). But in the MENA's autocracies, former mass unions were reduced to empty shells (Beinin 2015; Duboc 2013; Hertog, Luciani, and Valeri 2013).

This was not so in Iran. Certainly, organized labor lost much of the political influence it had in the early-to-mid 1990s, when labor organizations were influential partners in the Rafsanjani and first Khatami administrations. The Workers' House, to give one important

⁹⁵ In other words, a small number of complaints were filed collectively by groups of workers.

example, was a powerful member of Rafsanjani's government in the late 1980s and early 1990s. But from 1991 until the end of Rafsanjani's tenure in 1997, the Workers' House gradually lost power within the coalition, which contributed to its support for more competitive electoral and pro-democratic politics. Still, WH support for Mohammad Khatami's Reformist coalition did little to stop its marginalization. In 2001, Khatami decided to remove the Workers' House from its direct control over the labor ministry, ending its almost two-decade rule over this government body. Khatami replaced Hossein Kamali, the WH leader, with a more neoliberal figure. Growing labor contention in the early 2000s, supported by the WH and other labor organizations, also indicated workers' declining institutional access and influence over policymaking. The Ahmadinejad government, although it showered labor groups and protestors with concessions on the back of high oil revenues, did little to reverse these trends of labor exclusion. Ahmadinejad also moved to repress many major existing labor organizations, including the Workers' House. Although the government never banned the Workers' House outright, it deployed a range of measures to undermine it (Nomani and Behdad 2012).⁹⁶

Yet, processes of labor exclusion and marginalization, mostly supported by incumbent governments in the neoliberal period, did not mean that state support for labor organizing

⁹⁶ This included harassing WH journalists and temporarily shutting down ILNA, the main WH online news agency. The Ahmadinejad government also supported employer dismissal of worker activists connected to the Workers' House. Finally, authorities took numerous measures to undermine WH financial revenues, including by undermining existing WH-controlled cooperatives. For instance, Ahmadinejad's mass Mehr housing scheme undermined EMKAN, the main labor housing cooperative and housing allowance. The government also refused to increase the value of food vouchers (*bon-e kargari*), which are collected by ESKAN, the main labor consumer cooperative.

and activism declined. Even as the first post-revolutionary generation of labor activists and their organizations were marginalized, the regime did not put an end to state-sponsored labor activism *tout court*. Between 1991 and 2009, the state largely continued to support labor organizing and corporatist bargaining. Table 4.3 depicts the number of labor organizations in Iran between 1988 and 2010. Over this period, the total number of these organizations increased by 363 percent. The increase in the 1988-2001 period, when the Workers' House presided over the labor ministry, was steep, followed by a cleansing of weak (and likely inactive) enterprise-level organizations in the early 2000s. But this did not stop unionization. Even as privatization progressed in the 2000s, the number of labor organizations grew. By 2010 there were 5,781 firms, most of which were large industrial units, with some form of local labor organization, up from 2,289 in 2003 and 1,592 in 1988. In other words, at the end of the neoliberal period, the number of organized firms reached an all-time high.

Table 4.3: The number of formal labor organizations, by type (1988-2010)

	IWC	WR	Total enterprise organizations	% IWC	GA
1988	914	678	1,592	57 %	0
1997	2,261	1,230	3,491	65 %	126
2001	2,900	1,160	4,060	71 %	NA
2003	1,257	860	2,289	59 %	172
2010	1,344	3,854	5,781	23%	583

Sources: Ministry of Cooperatives, Labor, and Social Welfare, respective yearbooks.

Notes: data unavailable for several years, which makes set intervals difficult. Instead, years were selected to highlight interesting empirical evidence.

IWC = Islamic works council (*shura-ye eslami-ye kar*), a stronger organizational form, tightly regulated by labor legislation. IWCs are the backbone of organized labor in Iran, and for that reason are supported by the Workers' House.

WR = Worker Representatives (*namayandegan-e kargari*), a weaker and more flexible form of labor representation by which employees pick one (and rarely more) representatives who mediate and communicate between them and management. The Ahmadinejad administration sought to organize WR in larger allied organizations, in part to displace the IWCs and the GAs.

GA = Guild associations (*anjoman-e senfi*). These are typically professional or occupational associations, although some were set up as enterprise unions. I do not classify them as enterprise organizations because the majority are not. Due to their more democratic procedures and less state interference, GAs were supported as an alternative to IWCs by the Khatami government, especially from 2001 to 2005, when the government sought to integrate with the WTO and implement ILO principles.

Iranian employment law accepts three types of labor organization: (i) the Islamic works council (or IWC), (ii) the Guild Association (or GA), and (iii) the Worker Representative (or WR). The IWC are works councils. The IWC is the successor of the Pahlavi “syndicate” (*sandika*) and the revolutionary “council” (*showra*). They are thoroughly regulated by the state, but also provide the strongest organizations. IWC boards mostly consist of elected workers’ representatives, but management can also field its own board member.

A second type is the GA. GAs were initially designed for self-employed occupations and professions. Lacking the stringent collaborative and state monitored characteristics of the IWC, they were repurposed to represent workers within a firm. A final type is the “Worker Representative” (*namayandeh-ye kargari*), or WR. Meant to be a residual category, the WR has less regulation associated with it. One or more individuals can be elected as WR within a firm. Management is allowed to field its own candidates for election.

Regime support for these types of labor organizing intersects closely with factional competition (Shamshadi 2003). Under Rafsanjani (1989-97) and during Khatami’s first government (1997-2001), the Workers’ House supported the expansion of the IWCs, whose

members tend to be more active and participate in WH events. Under Khatami II (2001-5), the government sponsored the GA. Such support derived, in part, from competition with the Workers' House. Partially, it was also driven by competition with the IWC, as the Khatami government attempted to align with ILO mandates and, in this way, clean up its application to the World Trade Organization (Habibzadeh 2008; Mahjoob 2004). The GA, as a less "yellow" and formally more representative workers' organization, could thus replace the more authoritarian corporatist IWC (Khosroshahi 2003). Finally, under Ahmadinejad, expansion in the numbers of IWC and GA was contained, though not blocked. Instead, the government strongly supported the WR. In Ahmadinejad's second term (2009-13), some efforts were made to organize WR into a separate national organization that could compete with the Workers' House and the IWCs.

Table 4.7 presents associations between incumbent factions and the number of labor organizations. The number of IWCs rose over threefold between 1988 and 2001, when the WH labor minister was removed from office. The number of IWCs halved in the next years, as the Khatami government sought to replace them with GA. The pro- GA campaign had only limited success. By 2003, there were still less than 200 of such organizations. Between 2003 and 2010, the number of IWCs remained constant as GAs became more common. However, the real increase was in the number of WR, which increased by 481 percent in the 2003-10 period. The political orientation of workers' activists broadly followed these factional divisions. IWCs were drawn into the orbit of the Workers' House. Many WR activists likely supported the Ahmadinejad government.

Yet, it is also important to note that these organizations retained significant autonomy from factional politics. They all retained a commitment to defending workers' interests, which frequently brought them into conflict with the governments and factions that supported them. Even under Ahmadinejad's heavy-handed and repressive government, state-sponsored labor organizations clashed with the government. These conflicts heated up toward the end of Ahmadinejad's tenure. I interviewed a committed Marxist who was elected onto the board of the National Assembly of WRs, an organization established by Ahmadinejad in the early 2010s to centralize this network. This labor leader was candid in his assessment of these WR, arguing that many of them came from businesses associated and bought up the Revolutionary Guards, the military arm that backed Ahmadinejad.

In short, state support for labor organizations continued even if support for the organizational *form* fluctuated somewhat. Certainly, the WRs were weaker and more precarious than the IWC. But there was never a thorough de-unionization campaign, and even the number of IWCs remained roughly constant over the 2000s.

To sum up, neoliberalization and privatization undermined labor activism and organizing in Iran, as it did elsewhere. But neoliberalization was not associated with de-unionization. This was a partial consequence of Iran's small formal sector, including manufacturing and the public sector, which meant that the Islamic Republic had low unionization rates to begin with. But it also had to do with state support for labor organizing and licensing. This support

intersected closely with inter-factional competition in Iran. It was also produced by attempts by incumbent governments to weaken and marginalize the Workers' House, which throughout the 1990s remained a formidable organization presided over by the first post-revolutionary generation of labor leaders. By the late 2000s, after two decades of neoliberalization, Iran boasted more state-licensed labor representatives than ever before.

Conclusion: Labor and the 2009 Green movement

This chapter showed how, in the 1990s and 2000s neoliberal period, post-revolutionary labor institutions survived and even became more entrenched. I traced this to the legal template of employment rights and regulations imposed by the post-revolutionary state and the relative strength of organized labor within the government, at least in the 1990s. I also noted that the nature of competitive politics in Iran, by raising party reliance on the support of labor groups and organizations, reshaped and reproduced workers' power resources, while limiting the speed and scope with which the government was able to pursue market reforms. Over the course of the neoliberal period, the labor bureaucracy became more capacious, labor market institutions became more entrenched, and a national labor market emerged. The government also continued, in some ways, to provide support for labor activism and organizations.

These findings have important consequences for our understanding of socio-economic change in Iran. Reading the literature on neoliberalism in Iran often gives an overstated

impression of its depth and scope, presenting a picture of all-encompassing change and reform. While neoliberalization reshaped Iranian labor politics in important ways, this chapter laid the emphasis on institutional persistence and entrenchment. Moreover, by highlighting the role of collaborative and bargaining institutions, inherited from pre-revolutionary times but deepened after 1979, the chapter departed from a focus on repression and top-down control that is predominant in the Iran literature. I showed that labor organizations retained their authoritarian characteristics, but state-licensed labor organizers also adopted social movement tactics, staging frequent protests, and sometimes even allying with other groups and occupations. In the case of the Workers' House, its gradual marginalization went hand in hand with significant noise and protest, which often spilled over into the streets.

These developments found their way into the 2009 Green movement, a major protest wave that broke out spontaneously in response to perceived electoral fraud by the incumbent president Mahmoud Ahmadinejad following the 2009 elections (Hashemi and Postel 2011). The Green movement remained limited to the urban "middle class" (Harris 2012). Labor organizations and groups largely failed to join the protests. The Workers' House, despite its proximity to both Mehdi Karroubi and Mir-Hossein Mousavi (the two main Reformist leaders of the movement), remained silent. The teachers' unions, despite their pro-democratic inclinations, displayed diffidence.

Predominant arguments situate the failure of workers to join the Green movement in government repression and material concessions (Maljoo 2006b). The regime had weakened labor organizations, using repression as an important tool. Amid booming oil revenues, political elites had also showered the formal sector and protesting groups with material and procedural concessions. Public sector and industrial workers experienced wage gains, concentrated before the election. Teachers' protests also led to a new civil service employment code by 2007, which responded to many of the movement's demands (Abdollahi 2007).

While the regime's carrot and stick tactics likely played a role in discouraging labor participation in the Green movement, the findings of this chapter point to two further factors. These factors are related with the survival of corporatism that I described. First, Iran's labor movement was *politically fragmented*. While some labor activists still associated with the Workers' House, many did not. WH leaders were increasingly marginalized and local activists often refused to participate in WH meetings. Many of these activists likely supported Ahmadinejad or his government's policies – a product of strong government support for allied labor organizations. As Stella Morgana (2021) argues, workers' failure to join the 2009 protests was partially consequence of government policies to “precarize and divide” labor.

Secondly, many labor leaders, including the Workers' House, remained committed to formal bargaining institutions. Politicization and regime-threatening action was not regarded as part

of the “repertoire of contention”. Workers thus remained constrained to “socio-economic” protests and bargaining. On the one hand, state support for corporatism made these types of bargaining appealing to workers. On the other hand, broader structural transformation in favor of higher skilled and white-collar industrial employment shifted the core of organized labor toward a group of people more committed to labor bargaining within existing institutional arrangements.

Chapter 5: Economic Resilience by Demand, 2009-2021⁹⁷

Chapter introduction and summary

In the 2010s, the Islamic Republic of Iran became subject to one of the most comprehensive sanctioning regimes ever imposed on a modern economy. Enforced by an international coalition led by the US and its Western allies, these sanctions aimed to undermine Iran's nuclear program, manufacturing base, and military capabilities. Yet, by the early 2020s, Iran was no farther from producing nuclear bombs. Industrial output was ahead of its pre-sanction level, and the composition of manufacturing was no less diversified or advanced. Tehran had even become Russia's principal drone supplier, churning out thousands of advanced, low-cost aerial vehicles from its integrated defense industries. After centuries of military dependency on its northern neighbor, Iran was, for the first time, sitting on the other side of the table.

How did Iran under sanctions start producing Russia's drones? How was the country able to prevent predatory collapse, maintain manufacturing complexity, and reorient production? This chapter uses the Iranian case to contribute to our understanding of developmental persistence, industrial resilience, and economic sanctions. I present a model of *economic*

⁹⁷ Much of this chapter comes from a journal manuscript currently under external review at a development studies journal. Please cite that article rather than this dissertation.

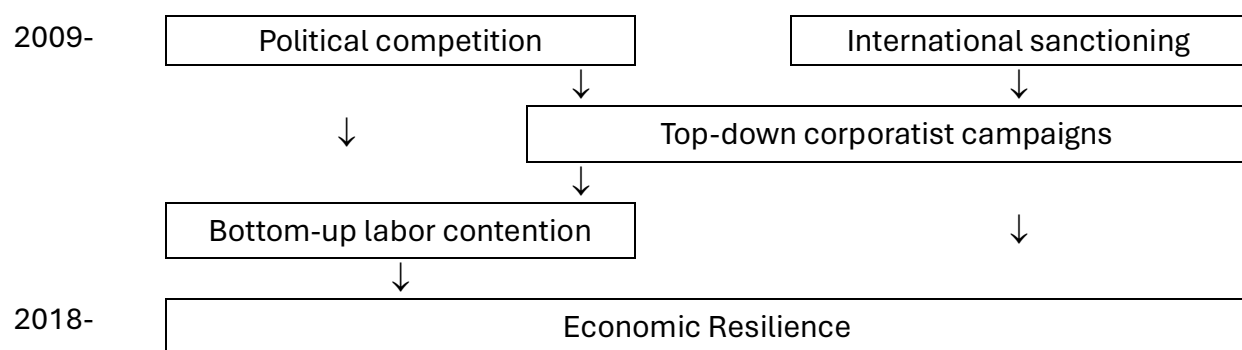
resilience by demand, specifying how bottom-up threats and top-down political campaigns may combine to fortify a sanctioned economy.

The chapter's main finding is that Iran's resilience was not just the consequence of pre-existing state capacity and institutions. Rather, the external threat of sanctions facilitated political shifts and mass labor protests that propelled the state into action. I describe how the Iranian regime leveraged the bottom-up threat of labor contention in the context of sanctions to demand capital discipline and integrate employers in more collaborative setups. Sanctions against Iran thus became associated with broad industrial transformation, as authorities were able to protect, negotiate, and channel production into new, more profitable routes.

Contributing to literatures on development, labor, and authoritarianism, the findings also have important consequences for our understanding of economic statecraft and sanctions. I find that resilience might not only be produced by apolitical markets, smart policymaking, or ineffective sanction regimes. Contentious politics and labor protest also serve to build resilience. Despite the specificities of the Iranian case, these findings likely generalize to other middle-income countries and authoritarian regimes as well. I conclude that, by stimulating bottom-up pressures for counter-hegemonic development, sanctions might not only fail to produce intended results; they can be counterproductive and hurt the sanctioning state's geo-strategic leverage.

The chapter is structured as follows. I present evidence on industrial production in Iran under sanctions. I then describe top-down elite campaigns and bottom-up protests in the sanction period. To strengthen the causal analysis, I present an in-depth case study of a large industrial enterprise where workers effectively demanded resilience. I conclude with a short discussion of the 2022 Amini movement and provide thoughts on generalizability and directions for future research. The chapter’s main argument is summarized in the table below.

Figure 5.1: Summary of Chapter’s Main Causal Argument



Puzzles of industrial survival and growth under sanctions

Part of the reason why Iran became subject to sanctions in the early 2010s is that its industrial base was already relatively well-developed. With US support and on the back of growing oil revenues, the pre-revolutionary Pahlavi monarchy pursued rapid industrial expansion and deepening in the 1960s and 70s (Bharier 1971; Issawi 1981). By the time of the 1979 revolution, the oil-dependent regime had engineered substantial investment in heavy industry (Green 2016; Salehi Esfahani and Pesaran 2009). After the 1979 revolution, and especially following the 1980-88 war with Iraq, the Islamic Republic continued this

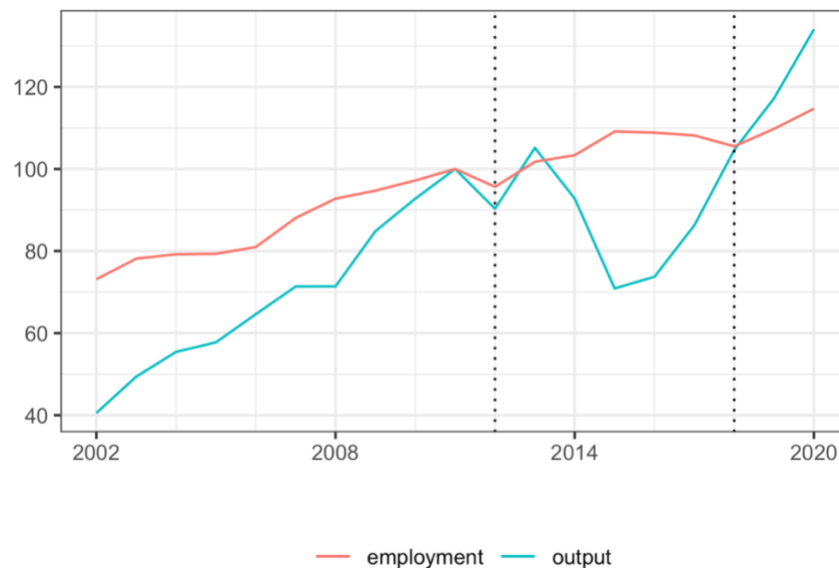
program of industrial expansion and deepening (Alizadeh 2001; Amuzegar 1994). By 2010, after two decades of tenuous globalization and developmental planning, Iran boasted one of the most advanced and diversified economies in the Middle East (Gheissari 2009; Movahed 2020).

Yet, scholars agree that Iranian developmentalism was a rather fragile affair. Industrial deepening after the 1979 revolution depended largely on pockets of capacity and efficiency concentrated in parts of the state bureaucracy (Mehri 2015). In the 1990s and early 2000s, a vibrant civil society supported development, but subsequent authoritarian consolidation endangered this progress (Karshenas and Hakimian 2005). More generally, Iran's political economy is ridden with features predicted to hamper development, including state fragmentation, factionalized politics, powerful non-technocratic and Islamic institutions, resource dependency, and other features common to countries across the global south (Amuzegar 1994; Maloney 2015).

Seeking to undermine its military capabilities, sanctions against Iran supported industrial downgrading. Iran had been subject to a degree of sanctioning since the 1979 revolution, but a first round of particularly comprehensive sanctions was imposed in 2011-13. These sanctions were briefly and partially removed between 2015 and 2017. They were reimposed and further tightened in 2018-19, and have remained in place since (Parsi 2017). Studies provide robust evidence that sanctions negatively impacted Iran's industry and economy across a range of indicators (Bajoghli et al. 2024; Demir and Tabrizy 2022; Laudati and

Pesaran 2021). Sanctions also appear to have exacerbated corruption (Parsa 2016). Yet, there is less evidence that sanctions succeeded in their intended goal of undermining Iran's manufacturing capabilities (Batmanghelidj 2021; Majidpour 2013). Iranian large-scale industry ended the 2010s substantially higher than it had started it. Employment, output, value added, and labor productivity (output per worker) were, respectively, 15%, 34%, 64% and 17% percent higher in 2020-21 (1399) than in 2011-12 (1390), before the imposition of sanctions (Figure 5.2).

Figure 5.2: Real output and employment in large industry, 2002-20 (index, base = 2011)



Source: Statistical Centre of Iran, Survey of Industrial Enterprises with Ten and More Employees, 2002-2020

Notes:

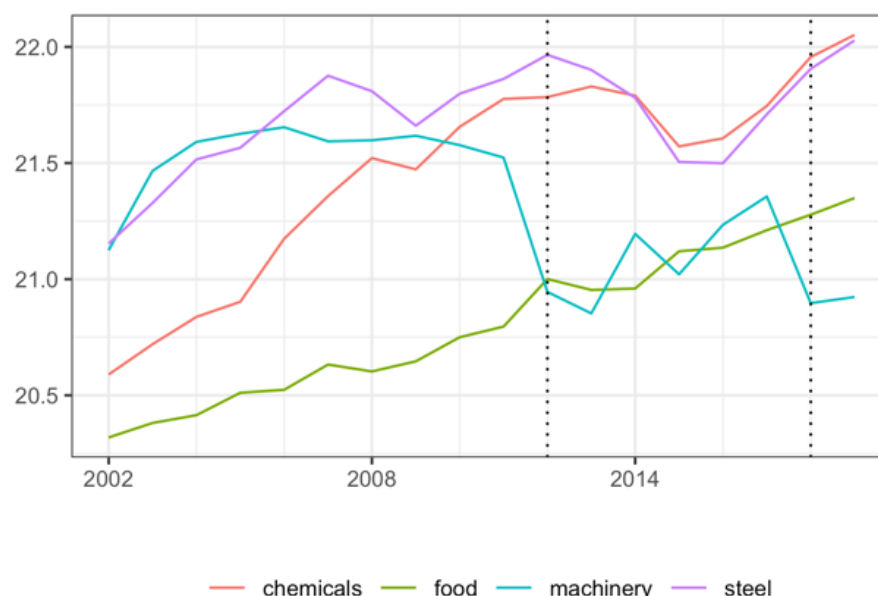
1. Original in Persian years.
2. Dotted vertical lines indicate years (2012, 2018) in which sanctions were significantly tightened or imposed.
3. Data only refers to large industry, which is defined as comprising all industrial enterprises with ten or more employees.

Iran maintains small footprints in industrial activities such as textiles and electronics. The core of its manufacturing capacity lies in four major sectors: (i) chemicals (including pharmaceuticals, plastics, and petrochemicals) (ii) foods (including drinks, processing, and tobacco), (iii) steel and mining (including basic metals and non-ferrous minerals), and (iv) heavy machinery (including car and motor vehicle production).⁹⁸ Between 2011-20, these four sectors accounted for an average of 78 percent of total employment. Because of these sectors' overwhelming importance, I restrict the analysis to them.

In the sanction period, manufacturing witnessed a broad compositional transformation (Figure 5.3). Parts of this transformation were already underway in preceding period (2002-2010) but continued and even accelerated in the sanction period. This transformation involved a shift away from machinery and car production toward chemicals and foodstuffs. The steel and minerals sector grew in the late 2000s and in the early 2010s, when sanctions were freshly imposed, but posted slower growth from the mid-2010s. Finally, machinery and cars, already stagnating, sunk in the wake of sanctions. Foodstuffs overtook machinery as the third largest sector. Another study similarly finds that sanctions' negative impact on industrial employment was largely confined to industries reliant on imports from abroad (Moghaddasi Kelishomi and Nistico 2022).

Figure 5.3: Output of major industrial sectors, 2002-19 (log scale, in billions of 2019 rial)

⁹⁸ These are major sectors I constructed for the sake of presentation and simplicity. Findings remain broadly similar when industries are disaggregated to their original ISIC codes. The four sectors I analyze combine the following major, two-digit ISIC codes. Foodstuffs: 10, 11, 12. Chemicals: 19, 20, 21, 22. Steel and minerals: 23, 24, 25. Machinery and auto-production: 28, 29, 30.



Source: Statistical Centre of Iran, Survey of Industrial Enterprises with Ten and More Employees, 2002-2019

Notes:

1. Original in Persian years.
2. Dotted vertical lines indicate years (2012, 2018) in which sanctions were significantly tightened or imposed.
3. Data only refers to large industry, which is defined as comprising all industrial enterprises with ten or more employees.
4. Note that data was only available until 2019.
5. Chemicals do not include coke (i.e. petrochemical) production (code 19). The four sectors combine the following major, two-digit ISIC codes. Foodstuffs: 10, 11, 12. Chemicals: 19, 20, 21, 22. Steel and minerals: 23, 24, 25. Machinery and auto-production: 28, 29, 30.

These compositional shifts and trends are partially related to sanctions. The food and drinks industries benefitted from import-substitution as foreign products became more expensive. Steel and mining also benefitted from rising export-competitiveness and domestic demand. Sanctions restricted oil and petrochemical exports, which pushed manufacturers in the more refined plastics and chemicals sectors to absorb surpluses from these downstream industries. Finally, Iran's car and heavy machinery industry – a largely state-owned sector that is dependent on foreign partnerships, technology, and imports of non-primary goods – dwindled.

Ideologically, few senior planners diverged from neoliberal orthodoxy. Under President Hassan Rouhani (2013-21), the government remained committed to market reforms and austerity (Valadbaygi 2020). Privatization was also pursued vigorously under sanctions, with few signs of a movement toward growing state management or ownership (Harris 2013). Thus, despite being subject to comprehensive economic warfare, the Iranian government did *not* pursue a war economy approach to industrial policy. The state did not mass mobilize resources to force investment and manufacture higher output, as it had for instance done three decades earlier during the 1980s Iran-Iraq war (Behdad 1988). In terms of investments, the trend is mostly stagnant. Foreign capital stayed away, while many domestic capitalists not already invested in industry decided to take their money elsewhere. The story for invested capitalist is different. In the wake of sanctions, most investment did not come from new sources, but rather from the repurposing of existing capital stock. As I show below, the repurposing of capital demanded extensive collaboration and negotiation. Employers could not simply sell out and leave the industrial sector.

A final note concerns the ability of the Iranian state to protect its advanced industry under sanctions. Confronting hurdles in accessing foreign capital and technology, Iran did not experience industrial deepening or upgrading in this period. But as indicated by recent studies on the government's pro-active countercyclical policies (Ebadi and Toffano 2022), the regime was able to protect more advanced manufacturers. Despite growth of less technologically complex sectors such as foodstuffs, the share of workers employed in

medium-to-high technology industries remained roughly constant across the sanction period. In 2011, employment in these industries stood at 35.5 percent of total manufacturing. In 2018, the latest year for which data is available, employment in medium-to-high technology industries equaled 33 percent. Sanctions, in other words, failed to substantially undermine Iran's industrial base. In terms of both output and employment in medium-to-high tech activities, late 2010s Iran remained a leader in the Middle East and North Africa region, ranked at the top alongside Israel.

Institutions and employment

Iranian industry persisted and even expanded under sanctions because capital could not escape. Employers could not simply declare bankruptcy, lay-off their staff, move abroad, and convert their assets to Dubai real estate or American tech shares. Rather, they were forced into arduous negotiations with authorities and employees to find ways to continue industrial production and make their operations more profitable. Before discussing how employer behavior was constraint, this section briefly discusses labor market institutions and the employment structure of Iranian industry, both of which played important supportive roles.

Like many late developing, middle-income, and authoritarian states, Iran maintains a range of rigid and generous labor market institutions (Haggard and Kaufman 2008; World Bank 2004a, 2016). As elsewhere, these employment regulations are persistent and have existed

for decades. In Iran, they were introduced in the middle of the 20th century to minimize the threat of labor unrest and support development. Iranian employment law resembles what Matthew Carnes (2014) calls the “professional model” in which minimal collective rights co-exist with extensive individual rights. Alongside rigid firing regulations, Iran maintains extensive social security regulations, which ties employers to the banking and welfare system.

One particularly important feature of Iranian employment law in the context of sanctions is the difficulty that employers faced in laying off workers. Apart from significant notice periods, Iranian firing regulations involve high severance packages and early retirement mandates. These regulations make it very costly for employers to slim their workforce. Since the approval of the 1990 Labor Code, employers and authorities have collaborated to selectively reform and dis-enforce aspect of these rigid regulations (Kheirollahi 2017; Mahjoob 2004). Yet, the 1990 Code has withstood the test of time. Despite recurrent attempts, no Iranian government, whether more reformist- or conservative-leaning, has been able to substantially alter the 1990 Code (Maljoo 2007). Legislative persistence is in part a consequence of the way in which oil rents reduced political and fiscal pressures for a renegotiation of the post-revolutionary social contract in the 1990s and 2000s [also see (Cook 2008)]. In the wake of the revolution and the 1980s war against Iraq, private employers buying up state enterprises inherited bloated and expensive payrolls (Harris 2013). State subsidies, derived partially from growing oil sales, allowed private and public employers to slim down their workforces through severance pay and early retirement, i.e. by following the

legal and non-contentious route (Maljoo 2012). In this way, oil rents and relative international stability facilitated higher labor and investment productivity.

In the sanction period, reduced oil revenues and a growing government budget deficit prevented a continuation of such firm-level strategies. In response to the shock of sanctions on company profits, (mostly private) employers were presented with two immediate options to reduce labor costs: (i) pursuing mass lay-offs and (ii) suppressing wages. Option two – wage repression – was pursued with vigor. Average compensation in large industry dropped by 20 percent between 2011-14 and by close to 30 percent in 2017-20. By contrast, evidence suggests that employers *did not* pursue mass lay-offs. In 2012-13 (1391), manufacturing employment only fell 4 percent (Graph 1 above). In 2017-18 (1396) and 2018-19 (1397), employment only fell 1 and 2 percent respectively. Interestingly, 2017-18 was not strictly a sanction year – sanctions were only fully reimposed in 2018 – suggesting other forces at work. In all other years, manufacturing employment grew. To compare these figures to a case of particularly flexible firing regulations, US manufacturing industry during the 2007-9 recession lost almost 17 percent of its workforce, even if the effect of this recession on total GDP was much less significant than in Iran, where in 2012-13 alone, almost 20 percent of economic output was wiped away (Barker 2011).

Structurally, employment protection in large-scale industry was facilitated by two features of Iranian manufacturing that are common across the global south. First, large industry had a relatively small employment footprint, employing only around 1.7 million or 8 percent of

the total employed workforce. The small size of manufacturing employment imposes a small fiscal footprint, which facilitates state intervention. Secondly, Iranian manufacturing is segmented, featuring many “tiny” firms alongside a small number of major enterprises that produce a disproportionate share of output and value. In 2019, the average size of an Iranian industrial unit with more than ten employees was 62 workers, a figure that is low even relative to other middle-income countries (Rodrik 2015). In the sanction period, there were only around 400 firms with more than 500 employees – a highly pyramidal structure that facilitated state intervention.

Top-down campaigns and the resistance economy

Workers were able to put pressure on authorities in part because sanctions drove the regime toward corporatism and labor. Warfare is commonly associated with higher state dependence on domestic workforces, especially employees in the commanding heights of a country’s political economy (Silver 2015). At an abstract structural level, severe reductions in oil revenues due to sanctions raised the importance of national industry to capital accumulation and state revenue. But higher state dependence on labor was more than just structural. State elites imminently interpreted sanctions as a form of warfare that required nationalistic collaboration between the state, capital, and labor. In late 2012, shortly after the imposition of sanctions, then-president Mahmoud Ahmadinejad declared that “The enemy has mobilized all its forces to enforce its decision. A hidden war is underway, on a very far-reaching global scale... [W]e should realize that this is a kind of war through which

the enemy assumes it can defeat the Iranian nation” (Zarate and Carlos 2013:ix). Around the same time, Ali Khamenei launched campaigns privileging workers, production, and corporatism. These campaigns were broadly oriented around the notion of the “resistance economy”, a concept the Supreme Leader elaborated in 2012. Khamenei explained that “one of its parts is reliance on the people; [policymakers] must invent ways to empower the private sector. Be it through banks, laws, or regulation, work must be done to activate the private sector, the people’s sector” (Khamenei.ir 2015).

Corporatist ideology also increasingly found its way into the Leader’s annual year-naming slogans. For much of the 1990s and 2000s, these year-naming ceremonies, which encapsulate an annual national goal or ambition, were mostly politico-spiritual in content. The Persian year 2006-7, for instance, was named “The great prophet, may God bless him and give him peace”, while 2002-3 was named “Hosseini-style honor and glory”. But from the late 2000s and early 2010s onward, they became entirely oriented toward the economy. The Persian year 2011-12, for instance, was the year of “economic jihad,” 2012-13 the year for “national production and support for Iranian labor and capital,” and 2013-14 the year for “political and economic epic.” Every year-naming slogan between 2016 and 2023 included the words “production”, “Iranian products”, or “resistance economy.” This pro-labor and corporatist rhetoric was passed down along state organizations and Leader-appointed clerics across the country. For instance, Ayatollah Qorbanali Dari Najafabadi, the Friday prayer leader of the industrial town of Arak, stated that: “Workers bear no guilt and instead authorities and state institutions must be attentive. The police forces should also have the

necessary consideration in this respect. We are not faced with a security problem here but with an issue of social class. Factories need to be restored and this is also completely possible. If the Resistance Economy is properly implemented, we can protect our big industries" (ISNA 2017).

In the sanction period, the regime's turn to labor was supported by internal competition among political elites. Scholars have described Iranian politics as a type of "hybrid", "competitive", or "factionalized" authoritarian regime, pitting more "conservative" against more "reformist" factions (Brumberg and Farhi 2016). What appeared as authoritarian consolidation following the crackdown on the 2009 Green movement was slowed as sanction-induced socio-economic volatility helped to widened conflict *among* conservative factions. During the 2013 presidential elections, Hassan Rouhani managed to enlist the support of numerous reformist-leaning labor organizations, including the Workers' House, the largest industrial labor organization. These organizations had become increasingly marginalized in the 1990s and 2000s, first, as allied presidents such as Rafsanjani and Khatami pursued market reforms, and second, when the conservative Ahmadinejad government (2005-13) decided to exclude them altogether (Maljoo 2006a; Morgana 2019). Rouhani saw these labor organizations as appealing partners because they still maintained a degree of mobilizational capacity, which Rouhani sought to jettison against competing conservative candidates. Rouhani's first Minister of Cooperatives, Labor, and Social Welfare, Ali Rabiei (2013-18), maintained close ties to the Workers' House.

Between 2013-21, the coalition led by Hassan Rouhani navigated industry through the up-and-downs of the international sanctions' regime. In this period, labor representatives and workers' organizations enjoyed closer access to policymaking. They were able to bring pressure on authorities to implement policy and formal regulations, helping to secure the bureaucracy's "embedded autonomy" and prevent regulatory capture by capitalist interests. Policymakers retained a closer link to labor organizations and representatives even after 2021, suggesting workers' political (re)inclusion was conditional on more than just reformist endorsement alone. Rather, economic sanctions, and the socio-economic instability it brought along, reshaped the political arena in ways that pushed state elites, including conservative-leaning factions, in the direction of labor.

Bottom-up threats and labor protests

At the same time, collective action by parts of Iran's political elite, however senior, was insufficient to propel the state into action. After two decades of market reform and neoliberalization, Iran's state bureaucracy had become more clientelist and accustomed to cowing to employer demands. As labor scholars have pointed out, in developing and authoritarian states, institutions cannot be assumed to act as a form of worker bargaining power (Schmalz, Ludwig, and Webster 2018). Thus, labor protests presented opportunities to leverage bottom-up threats in the service of these campaigns.

As political elites responded to sanctions by pivoting toward labor and corporatism, certain labor groups decided to exploit these political shifts from below. Between 2013 and 2017, industrial workers staged thousands of protests, mobilizing the rights and privileges provided to them by national employment law. Political and security elites interpreted these protests as a significant internal, bottom-up threat, which empowered them to further demand that state authorities realize top-down campaigns around the “resistance economy.” In other words, the threat of labor unrest empowered state elites to demand employer discipline and integrate labor and capital in a new developmental set-up. Resistance from below contributed to the making of a resistance economy from the top.

The first half of the 2010s saw a mass, and likely unprecedented, wave of labor unrest in Iran. According to the IEPD, which stretches from early 2012 to early 2021, levels of labor protest shot up between 2013 and 2015 by over 100 percent (see Figure 5.5 below). In this period, around half of all labor protests were staged by industrial workers. But rising labor protests were not just covered by the domestic press, they also animated the minds of political and security elites. Following Rouhani’s 2013 election, police commanders and senior intelligence personnel increasingly sounded the alarm about rising industrial conflict. In late 2016, a senior intelligence official publicly stated that labor and economic protests had increased by almost 70 percent over the previous three years (Tasnim 2016). Security organizations claimed to have registered 1,700 economic protests in the final ten months of 2017 (Tasnim 2018). That security elites paid attention to these protests is important. Both President Rouhani and labor minister Rabiei emerged from the core of Iran’s security

apparatus – Rouhani as former Secretary of the Supreme National Security Council, Rabiei as former commander in the Revolutionary Guards and a founder of the Ministry of Intelligence. Meanwhile, competing political elites did not hesitate to blame widespread labor unrest on the incumbent administration and its poor economic record.

But if security and political elites saw industrial conflict as an important concern for the regime, they mostly refused to interpret these protests as a threat deserving of repression. Instead, and following the regime's turn to labor, these elites often invoked their sympathy with protesting workers to demand employer discipline. In response to widespread labor unrest in his jurisdiction, one regional police commander stated: "there are forces that are looking to transform issues from being purely worker-related and instead force workers onto the streets to protest. We believe that workers protests are occupational protests and that they should be resolved within their occupation. The police is a force that operates in the service of citizens and workers, and the two [i.e. police and workers] should not face each other in opposition. As a police officer, I have never seen nor do I see myself opposing the working class" (Tasnim 2019b). Another regional commander more directly attacked employers, stating that: "the recklessness of factory employers and managers in Kerman, whether in the private or government sector, has caused such incidents [i.e. protests] in society, and these labor tensions have caused protest to spread to other classes in Kerman [...], and, intentionally or not, has caused other things such as theft [...] or domestic violence. [...] it is not acceptable that all the responsibility for labor strikes is thrown on the shoulders of the police." The police commander added that it is also not acceptable that "these affairs

cause the imposition of costs for the Law Enforcement Command, which has to send forces out, pay the costs of fuel, and other costs” (Golparvar, Askari, and Azadi 2016:46). One police report even publicly declared that “the police demand that other state institutions perform their duties” (Khosravani 2018:108). In short, political and security elites, including even local police, became involved in labor protests through the prism of the broader political shifts brought on by sanctions. These state actors demanded that other parts of the state bureaucracy perform their duties properly and stick to broader regime mandates.

Discipline, Collaboration, and Development

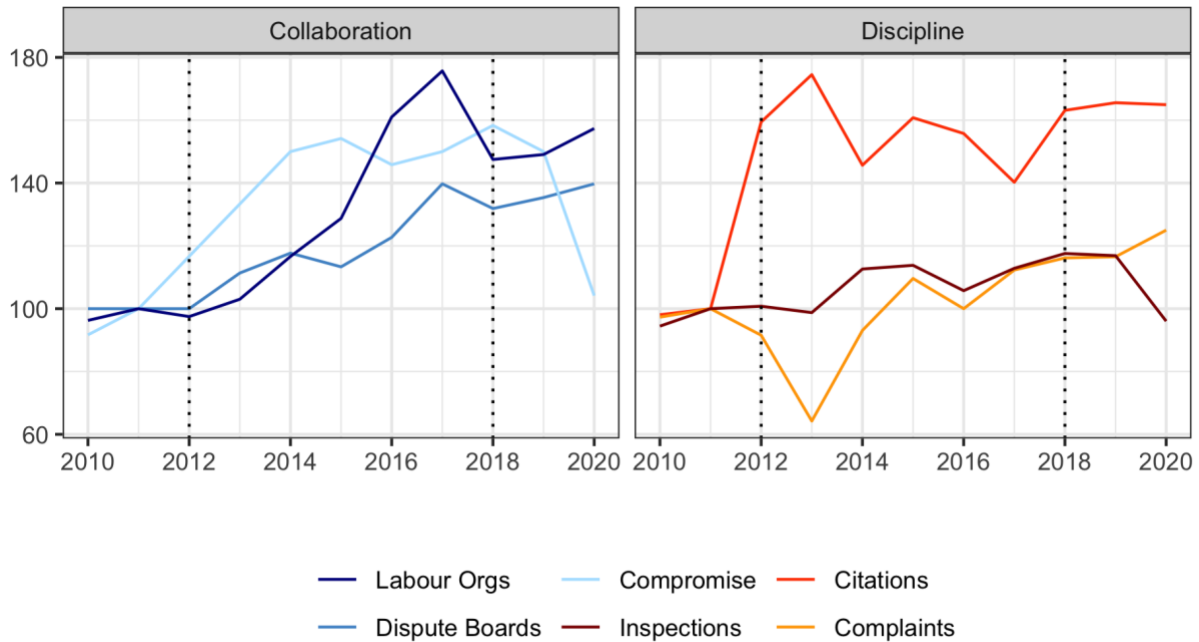
In response to sanctions, elite campaigns, and labor protests, Iranian authorities decided to integrate capital and labor into more collaborative setups, discipline employers, and organize industrial production. Bottom-up threats, which gained momentum as elites turned to labor, empowered authorities to propel the state into action. As a corollary, labor market institutions played an important role. Authorities mobilized two sets of labor market institutions: (i) disciplinary institutions, notably the inspection agencies and the courts, and (ii) collaborative institutions, notably enterprise-level labor organizations.

Outright disciplining of employers constituted a first major channel through which authorities steered industrial production in the sanction period. Two measures are especially useful: changes in labor inspection and legal violations. By the late 2000s and early 2010s, Iran had built up a sizeable labor inspection apparatus. Its 800 to 900 inspectors

did not hit ILO benchmarks of 1 inspector per 15,000 active workers for upper middle-income countries (ILO 2006), but the inspection regime effectively covered the country's small number of major enterprises. In 2010, just before sanctions, the ministry conducted 255,000 inspections, around half of which targeted the industrial sector. This figure rose by 21 percent to 307,000 in 2015, and with a further 2-3 percentage points when sanctions were reimposed in 2018-19. As in many other countries, the 2020-1 COVID pandemic temporarily reduced inspections. Figure 5.4 summarizes these data.

A similar willingness of authorities to deploy state capacity to discipline capital is reflected in the court and legal system. One of the best available measures is the number of citations issued by authorities to employers for violating labor regulations – data of which is provided by the labor ministry. In 2010, authorities issued 196,000 of these citations. When sanctions were imposed in 2012-13, violation citations spiked by 78 percent to 350,000. This figure fell over the next years, only to rise again in 2018-19. The state also expanded the system of labor courts. The number of Dispute Boards – tripartite committees that handle labor complaints and disputes– increased by 41 percent between 2010-21. There was a concomitant rise in employment complaints over this period, most of which are filed by employees. This suggests that workers were not discouraged from filing grievances against employers even in times of substantial precarity and financial hardship.

Figure 5.4: Mobilizing labor market institutions, 2010-20 (Index with 2011 = 100)



Source: Ministry of Cooperatives, Labor, and Social Welfare, relevant yearbooks

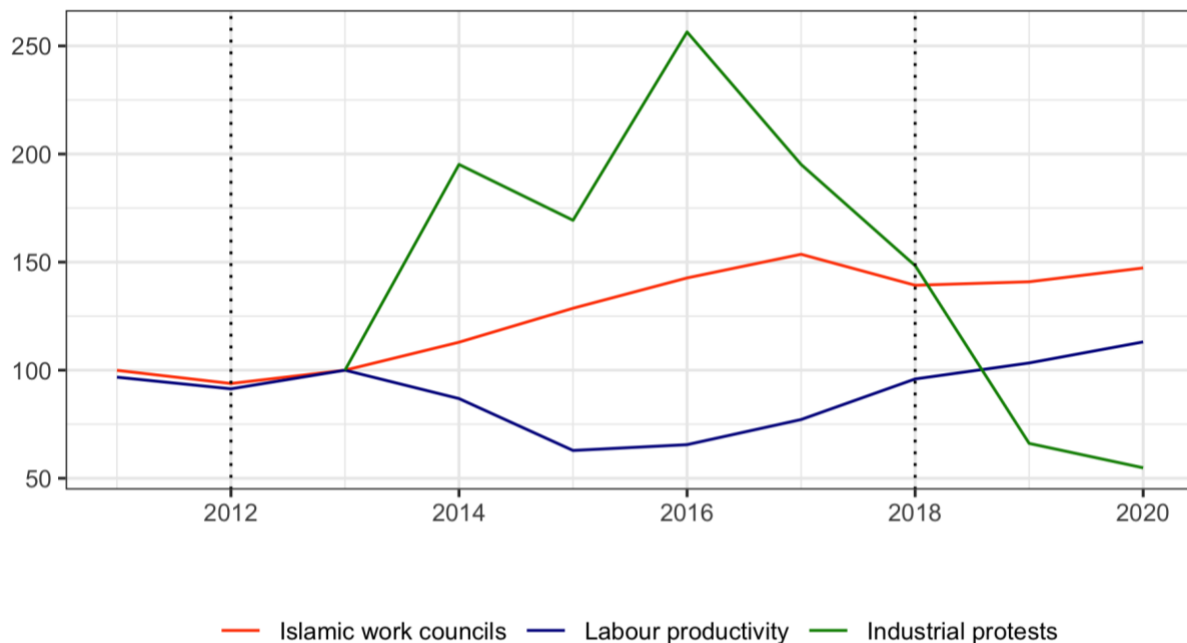
Notes:

1. Original in Persian years.
 2. Dotted vertical lines indicate years (2012, 2018) in which sanctions were significantly tightened or imposed.
 2. Significant parts of these data are not available for years prior to 2010.
 3. I broadly divided these six indicators into two categories of state action: (i) collaboration and (ii) discipline. **Collaboration** refers to state action that promotes collaboration and bargaining between labor and capital. **Discipline** refers to more disciplinary forms of state action vis-à-vis capital, typically using the law.
- a. **Collaboration indicators**, in a blue color palette, include (i) **Labor orgs**: the total number of registered labor organization, (ii) **dispute boards**: the number of local labor courts (*heyat-e tashkhis*), (ii) **compromise settlements** (share): this indicator refers to the share of all labor court settlements that were realized through direct compromise agreements between employer and employee,
- b. **Discipline indicators**, in a red color palette, include (i) **inspections**: the number of planned inspections (*bazresi-ye advari*) conducted by the labor ministry, (ii) **citations**: the number of citations issued by the government to employers in violation of employment law, (iii) **complaints**: the total number of complaints (*dadkhast*) filed at labor courts. These complaints can, legally, come from employers or employees, but usually are filed by the latter. They are also typically resolved in favor of workers, given generous employment law. The dip in 2013 is largely related to the presidential elections of that year, when the new administration paid out delayed wages.

One of the most striking developments in Iran under sanctions is the state-brokered integration of capital and labor *despite* continuing commitments to market reforms and neoliberalism. As is common in authoritarian regimes, labor organizations in Iran are not

primarily intended to be representative of worker interests. Rather, they are designed to improve collaboration between employers, managers, and employees, and act as a transmission belt for the government’s social and economic policies. In the sanction period, the government vigorously supported labor-capital integration through the licensing of collaborative labor organizations. Between 2011-22, the total number of labor organizations, most of which exist at the enterprise-level, increased by 71 percent. In 2022, there were over 11,000 registered labor organizations in Iran – an all-time high. Due to closed shop regulations, this increase means that the total number of “unionized” enterprises increased by this amount. The labor ministry’s collaborationist approach also found its way into the court system. Under Ali Rabiei, a growing share of labor complaints were handled through direct compromise between employer and employee.

Figure 5.5: Labor protests, Productivity, and State Capacity, 2011-20 (index, base = 2013)



Source: Protest data comes from the Iran Economic Protest Database. Associational data comes from the Ministry of Cooperatives, Labor, and Social Welfare. Productivity data comes from the Statistical Centre of Iran, Surveys of Industrial Enterprises with Ten and More Employees.

Notes:

1. Original in Persian years.
 2. Protest data only available from 2013. All available evidence suggests that levels of industrial conflict in the five preceding years were mostly constant.
 3. **Islamic works councils (IWCs)**: the strongest formal type of enterprise-level labor organization in Iran. In 2013 there were around 1,300 IWCs. This figure rose to over 1,900 by 2020. This organization combines collaborative and disciplinary functions. **Labor productivity** is measured in inflation-adjusted output per worker. Productivity dipped in 2015-16 but recovered in subsequent years despite the reimposition of sanctions. In 2020 it was above its 2013 peak. **Industrial protests**: collective actions staged by labor groups in the industrial sector. The IEPD records a total of 62 such protests in 2013, rising to a peak of 159 in 2016, and dropping to 34 in 2020.
 4. Evidence suggests that all the depicted trends (rising number of works councils, rising labor productivity, declining industrial unrest) continued into the early 2020s.
-

The consequences of these state actions can be seen in Figure 5.5. The graph depicts three indicators, all rebased to the Persian year 2011-12: (i) labor protests in the industrial sector, (ii) labor productivity in large industry (measured in inflation-adjusted output per worker), and the number of Islamic works councils (IWCs). Unlike other labor organizations, IWCs are almost exclusively established in large industry. They also fulfil both disciplinary and collaborative purposes, and thus provide a good summary of the indicators discussed above. After the first round of sanctions was imposed, labor productivity in large industry collapsed. Shortages, delays, bankruptcies, company difficulties in accessing credit, and widespread labor unrest are important contributing factors. However, when sanctions were reimposed in 2018-19, no such collapse in productivity occurred. Rather, labor productivity shot up (also see Graph 5.2). In 2020, labor productivity in large industry was 55 percent higher than in 2017, and 89 percent higher than in 2015. Higher productivity was facilitated by a government-steered and state-managed transition of companies toward more profitable activities that retained existing workforces, put idle manpower back to work, and

managed employment relations. Government efforts to respond to labor protests by expand and applying labor market institutions such as the IWC thus proved effective in constructing resilience. In line with growing disciplining and collaboration, industrial unrest fell.⁹⁹

Case study: Haft Tappeh Sugar Cane

So far, the argument has remained limited to the level of associations. I provided macro-level evidence for several concomitant and arguably related processes: a turn toward labor on the part of Iran's political elites; mass industrial conflict, especially following the first round of sanctions; growing state attempts to discipline employers and integrate capital and labor; and finally, rising productivity and falling unrest. My argument presented a reactive sequence (Mahoney 2000). Sanctions, partially by pushing elites toward labor, facilitated mass industrial unrest, which in turn propelled authorities into action, who then deployed state capacity in the service of resilience.

This section offers an in-depth case study to bring these hypothesized correlations together into a stronger causal argument. By moving the analysis from the macro- to the micro-level, it will provide evidence on the ways in which top-down campaigns and labor protests interacted to promote resilience. The case focuses on the transformation of one major industrial company, Haft Tappeh Sugar Cane, across the 2010s and early 2020s. Haft Tappeh

⁹⁹ In relative terms, industrial conflict was overtaken by protests in the public sector and among pensioners, occurring in response to austerity, and which remained exceptionally high in the late 2010s and early 2020s. A robustness check using a different dataset, ACLED (Raleigh et al. 2010), reveals similar trends.

workers staged widespread protests, invoking productivity and national goals to demand state intervention and denounce the predatory behavior of the new owners. Worker protests successfully forced state elites to intervene. But rather than smoothing out the company's collapse, such as by financially helping the employer lay off workers and providing employees with generous severance pay, authorities organized collectively to forge a growth-oriented exit out of the company's squalid conditions.

Located in the south-western Khuzestan province, Haft Tappeh is a major enterprise in Iran's non-competitive sugar cane industry. Providing housing and welfare, and situated at some distance from the nearest city of Shush, Haft Tappeh resembles in some ways a company town. Employing several thousand workers employed as agricultural laborers, industrial workers, engineers, and technicians, Haft Tappeh was set up in the 1970s as part of a duopoly with neighboring Karun Cane. But while Karun expanded production as the market opened to new competitors from the 1990s, production at Haft Tappeh stagnated as it accumulated debts. In the mid-2000s, workers protested in response to lay-off plans, which were eventually postponed. Due to limited private sector interest, the company was not privatized until 2015, when it was sold for a substantial discount in a non-competitive auction (Iran Privatization Organization 2021; Seyf 2021). As the new owners moved to restructure the enterprise and shrink the labor force, workers, building on their previous struggles, responded with mass protests and radical organizing.

From the start, workers framed their struggles around the notion that the new owners engaged in corrupt practices geared toward self-enrichment and detrimental to the national good. The list of allegations accumulated quickly, including violating labor law, not paying workers' salaries, secretly scheming to sell the company's physical capital, illegally moving money abroad, receiving state credit but not using it for productive ends, and failing to transfer sufficient money for workers' pensions and social insurance to the Social Security Organization.¹⁰⁰ As scholars have noted, labor mobilization around a "moral economy" is fairly common (Posusney 1993). The Haft Tappeh workers blamed the privatization process, but privatization was not an ideological yardstick – at least not initially. Rather, employees mainly demanded employment protection and wage payments, while emphasizing the importance of the company to regional prosperity and growth. In the words of one worker: "the soil here is gold. Do you know what gold is? Diamond has the highest value, gold is a close second." (Mohammadvali n.d.)

Through their sustained protests, Haft Tappeh workers were able to incite state elites into action. Considering broader elite campaigns, both reformist and conservative factions were keen to represent the workers. The local MP, a conservative-leaning figure, was among the first to declare his support. Soon after the company was sold, he alleged in parliament that the asset was transferred illegally and below value, demanding a formal investigation into the Iran Privatization Organization's actions (Derakhshan 2016). In 2017-18, in the wake of a call by the Supreme Leader to cleanse the state bureaucracy of corruption, a local Friday

¹⁰⁰ Interview with journalist, October 15, 2019

prayer leader and seminary students descended on the enterprise, joining the workers in their protests (Hawzeh News 2018). The cleric went on to re-invigorate a quasi-moribund organization affiliated to the Supreme Leader's Office, called the Organization for Denying Good and Forbidding Evil, and turned it into a vehicle for the promotion of "claim-making" against corrupt officials (Setad ABM 2020). The Supreme Leader, in turn, responded by praising these religious students and their efforts to support the workers (Fars News 2019). Caught up in factional conflict, the Rouhani coalition also sought workers' support. The Workers' House visited the enterprise multiple times, speaking to local activists and promising to bring their case forward. The labor ministry proved susceptible, too, and was able to force the employer into making numerous concessions, including a new employment classification scheme and the licensing of a formal works council.¹⁰¹

The threat of workers' unrest was critical in mobilizing the attention of the developmental state. Haft Tappeh workers staged a tremendous number of protests in the late 2000s.¹⁰² Some of these were assertive, including road blockages on the highway linking the provincial capital to Tehran, or mass rallies involving thousands of workers and their families in the regional town of Shush. Conservative- and reformist-leaning elites and officials routinely reminded their colleagues in parliament that the Haft Tappeh protests was feeding into the hands of the enemy and risking the country's stability. For instance, in a veiled reference to Haft Tappeh, a top representative of the Revolutionary Guards stated in early 2019 that:

¹⁰¹ Ibid.

¹⁰² No other company in the IEPD registered a higher volume of protest actions.

“workers and individuals who protest because of costs of living or lack of wage and salary payments are not anti-revolution, but when their slogans take on political notes the footprints of the enemy can be seen in them” (Tasnim 2019a). Locally, the governor acted as the security node, organizing meetings with security and welfare bodies to coordinate action and discipline the employer. While many Haft Tappeh activists were arrested for periods of time, security forces never launched a full-scale crackdown on the workers’ protests or their union (Mohammadvali 2021).

The Haft Tappeh struggles were turbocharged by Rouhani’s re-election in 2017, and especially the reimposition of sanctions the following year, which sharpened factional divisions in the country. The case is unique in so far as, following the conservative take-over of parliament in 2020 and the executive in 2021, the government decided to repeal the original sales contract and transfer the asset back into state ownership. Critical in this determination was the owners alleged “incompetency” (*faqed-e ahliyat*) to expand the enterprise and make operations more profitable without firing workers and violating their rights (Fars News 2020).¹⁰³ Supported by workers, this determination was also made against broader sectoral performance. Thus, like the broader food sector, sugar and sugar cane were growth industries in the sanctions’ period. In 2020, Iran produced 37 percent more tons of sugar cane than it did in 2011. Formal ownership was soon transferred to a regional

¹⁰³ The Persian word for competence that Haft Tappeh workers used (*ahliyat*) corresponds with the idea of “being local to somewhere”, or “being from somewhere.” Aside from capturing the managers’ lack of skill and ability, the concept also addressed their lack of local roots and ethnic affinity, which workers used to rally regional and Arab support against what they perceived was the managers’ close relationship with Tehran, the Persian majority, and the political center.

government organization, the Sugarcane and By-products Development Company, which oversaw a strong increase in output and profitability by 2022 (ISNA 2022). Workers wanted this transfer because the Development Company was part of a government development program (*tarh-e towse'eh*) that had been successful elsewhere in the province. One worker, interviewed on national television by the Tehran University Student Justice-Seekers (*daneshjuyan-e edalatkah*), a pro-regime and pro-labor student group, said that the Development Organization showed excellent managerial capacity. The company immediately started to pay wages out on time and agreed to a new employment classification scheme, which ended labor protests and resulted in several production records being broken, including cultivation. The Haft Tappeh activist claimed that: “I’m saying this with courage, all the workers are fully satisfied with the style of management and with the government’s actions (*amalkard*), which are trying to collaborate with and support the development program.”

Conclusion: The Amini uprising and beyond

This chapter examined industrial resilience in Iran in the 2010s and early 2020s, when it became subject to a particularly comprehensive and severe sanctioning regime. Rather than given by pre-existing state capacity and the supply of institutions, I showed how economic resilience can also be manufactured politically within condensed periods of shock and crisis. The findings suggest that Iran’s industrial resilience was not just an outcome of market-driven sanction-busting or effective policymaking designed to cushion the

economic impact of sanctions. Rather, I find that state developmental intervention in industrial relations was key in constraining predatory behavior, protecting industry, and negotiating a new growth-oriented, collaborative formula between capital and labor. I traced such developmental persistence back to a model of “resilience by demand,” and specifically the ways in which top-down campaigns against external threats combined with bottom-up threats of labor protest. These findings contribute to a growing scholarship on the socio-political consequences of economic sanctions (Jones 2015). So far, this literature has mainly explored how sanctions undermine development, such as by expanding illicit or informal markets (Andreas 2005; Early and Peksen 2019; Perry and Peksen 2023). By contrast, I show how sanctions may serve to forge and rejuvenate developmental states.

How generalizable are findings from Iran under sanctions in the 2010s to other states facing geo-economic pressure or sanctions? While Iran is unique along the independent and dependent variables, the disciplinary and collaborative labor market institutions that workers mobilized in Iran are common to many late developing states in the global south and global north. Middle-income countries likely feature Iran’s combination of relatively advanced industrial composition, labor institutions, and a substantial though uneven degree of state capacity. Elite-led campaigns for national production and labor protests as mechanisms tying demand for bureaucratic capacity to bureaucratic action are also likely to operate in some way in many states. This is even suggested by the United States’ recent pivot toward labor and widespread worker contention there. As such, the applicability of my

model likely stretches beyond sanctions to speak to broader processes of economic development amid securitized globalization in the 21st century.

To draw attention to the developmental state literature, I defined resilience in this article as developmental persistence in inhospitable geo-economic contexts. But this is only one approach. Future research should aim to engage more actively with the concept of economic resilience. This article also suffers from several limitations that future research might seek to address. First, I provided only limited causal evidence of the origins of worker pressure. Evidence pointed to economic sanctions and the socio-economic instabilities that sanctions brought about. But, due to its reliance on a single case, the article failed to adequately falsify the (*apriori* unlikely) counterhypothesis that state action preceded worker pressure. Secondly, I only described latent mechanisms relevant to the Iranian case, noting how these processes were interconnected. Future work should both test these mechanisms in other contexts, and build comparative designs, both qualitative and quantitative, to test their applicability at a global scale.

Finally, the model of resilience by demand that I described also provides insights into the failure of workers to join the 2022 Amini movement. The uprising was one of the largest and most existential threats to the Islamic Republic since its founding four decades earlier. But, despite mass mobilization by the opposition for general strikes, labor protests remained subdued. The chapter situates labor's failure to join the movement in the ways in which sanctions helped to institutionalize employment relations and breed a new generation of

activists committed to development and “socio-economic” bargaining. The chapter showed how sanctions became associated with intensified labor bargaining through the rejuvenation and expansion of pre-existing institutional arrangements. Bargaining had positive effects, and economic resilience protected workers’ welfare amid international pressure and downward pressure on living standards. In short, Iran’s model of economic resilience also helps to explain its *authoritarian* resilience.

Conclusion: Securitized Globalization and the Future of Labor Movements

This dissertation used the case of Iran to make a broader argument about the relationship between states, labor movements, and worker power. Iran is a special and “extreme” case in many ways. Sitting on significant oil reserves and wedged in between Russia, China, and the West, Iran lies on the fault lines of global power relations and geopolitics. Over the past hundred years, the country has sought to chart its own independent and sovereign course against repeated imperial attempts at control and intervention.

But extreme cases can sometimes serve to illustrate a more universal process. And it is here that Iran becomes especially useful for our general sociological knowledge and understanding. As US hegemony has declined while other powers such as China are on the rise, interstate rivalries and global tensions have intensified. The belief that the violent 20th century was forever behind us have dissipated as a new 21st century increasingly exposes its bellicose edges. It seems that, in the future, countries will be more and more subject to the types of pressures that Iran has long experienced. With that, Iran might serve as an example of how international threats may reconfigure relationships between governments and citizens.

The dissertation challenged the view that economic warfare and other forms of international coercion are necessarily labor weakening. That conclusion is derived from a vast literature on neoliberalism and globalization. It proposes that international threats further undermine the position of workers and labor movements, who are already weakened by market-oriented policymaking, global competition, and commodification. This literature posits a negative relationship between worker power and labor rights, on the one hand, and neoliberal globalization, on the other, often suggesting that declining worker power negatively impacts democracy and democratic prospects.

This does not mean that the dissertation endorsed an alternative, optimistic view whereby international conflicts signal a return to more closed economies and support for domestic industrial production that historically formed the basis for worker power in the West and, to a lesser extent, parts of the developing world. Far from it. Even if governments increasingly commit to industrial policy, it is unlikely that workers will benefit much. In the US, for instance, onshoring and “Made in America” plans are predicted to only create a small number of jobs, relative to total employment. The legacies of globalization are also unlikely to be overturned: governments, businesses, and citizens derive too many benefits from low-cost production based on global supply chains. If anything, the 21st century will see new forms of *securitized* globalization, not a reinstatement of the economic nationalisms that were predominant in the early-to-mid 20th century. Iran under sanctions is a good example of that. The Iranian economy, despite unprecedented attempts at international isolation, did *not* become less globalized. Iran’s government also did *not* revert to its 1980s war economy

policy mindset. Political elites remained committed to neoliberal orthodoxy, vigorously pursuing privatization and public sector reform where they could.

In between these optimistic and pessimistic views, the dissertation suggested another set of possibilities. Rather than one-sidedly weakening or strengthening labor, I find that international threats and conflict tend to provide non-zero-sum opportunities for *both* labor movements *and* autocratic leaders. In Iran in the 1940s, 1980s, and 2010s, workers *did* often use moments of international pressure and interference to mobilize and make demands. In each period, labor protests and movements gained significant procedural concessions. Workers' demands for expanded rights and welfare were often met, leading to durable arrangements that altered the relationship between labor and capital to the benefit of the former. The dissertation described how Iran's welfare state was forged amid severe international threats and conflicts.

Yet, this does not mean that international conflict and threats only provide solutions to collective action problems or should in some way be seen as utility-maximizing. Although international conflict forged Iran's welfare state, they certainly did not maximize workers' welfare. Apart from their obvious negative economic impacts, the dissertation finds that international threats also support authoritarianism. I situated the origin of welfare institutions in elite attempts to subdue, moderate, channel, and coopt labor movements. Thus, not only is international pressure and coercion conducive to authoritarian responses, but the state institutions and organizations emerging out of international threats also tend

to support non-democratic politics. In the Iranian case, I showed how, in this sense, workers' welfare and authoritarian resilience are tightly interlinked. On the one hand, labor movements benefit from the power resources derived from conflictual interactions between bottom-up movements and top-down responses. But, on the other hand, new state institutions and capacities also tend to constrain labor movements into corporatist templates and bargaining procedures that weaken their ability to push for more democratic outcomes.

Appendix A

Iran Labor Resistance Dataset (ILRD)

Codebook and coding procedures

Introduction and overview

The ILRD contains information on acts of resistance in the 1980s Iran-Iraq war period. Resistance is defined broadly, including both acts of protest and defiance, collective or more individualistic. A protest action such as “hitting spoons on the table loudly” is not a type of collective action that social movement scholars typically study. From the reports, it is also often unclear how many people participated in such actions. Still, in the repressive atmosphere of the 1980s, these actions present valuable information on bottom-up pressure and contention.

The ILRD contains 1032 resistance events, 748 (72.5%) of which were staged by workers. The ILRD runs from March-April 1984 (*201ordad201in*) until July-August (*201ordad*) 1989. The dataset was built on reports published by Workers’ Road (*rah-e kargar*), a bimonthly journal published by the eponymous political group. Workers’ Road was a Marxist opposition group, based from the early 1980s mostly in Germany but with some continuing support inside Iran. It is likely that Workers’ Road had some informants in certain factories and sourced other reports on workers’ protests in this period. Their publication was bimonthly. I was able to obtain most issues published in the 1980s.

Inclusion criteria

For an event to be coded, a broad inclusion scheme is used. Every contentious action (“resistance”), collective or more individualistic, will be recorded in the database.

Coding Procedure

1. Read through all the articles of the labor section of the journal
2. If an article contains multiple events, code them in order of encountering them in the text. Determine if the main actor(s), target(s), and issue(s) are different for these events and, if so, code these as distinct events.
3. If multiple articles cover a single news story or event, group articles together as a single event. Use the information from these articles to fill out missing data.

Coding Variables

This section describes the particular variables in the database.

ID: Row id of the variable

PUB_PAGE: The page in the journal with the report.

PUB_DATE: The publication month of the journal.

PUB_ISSUE: The issue of the journal.

PROTEST_DATE: The reported date of the protest event.

PROTEST_DATE_ESTIM: If no exact event date can be found, put estimate here. Stay close to the original text. For example, if report says “about a week ago”, code as one week ago.

ORIGINAL_SOURCE: If event comes from an alternative source that is cited in the report, code here.

PROTESTDAY: The day on which the event took place (Monday, Tuesday, etc)

WORKERS_DUMMY: Dummy variable whether event was staged by labor group or not.

NAME_INSTITUTION: Name of the company, factory, organization, or institution at which event took place.

PROVINCE: The province in which event took place.

TOWN: The town in which event took place. If not entirely clear, use the nearest city.

SECTOR: The sector in which company is active. Code verbatim. This will later be converted to codes using standard classification schemes.

EMPLOY_NO: The total number of employees.

PROTESTOR_ESTIM_MIN: Estimate of the minimum number of protestors. Fill in if text states something like “at least” X people attended. Leave blank when only one figure cited. In both this and next variable, words such as “several hundreds” should be coded as “200”. Similarly, “tens” will be coded as “20”.

PROTESTOR_ESTIM_MAX: Estimate of the maximum number of protestors. Fill in if only one figure cited.

COLLECTIVEACTION_DUMMY: Dummy for whether event was a collective or a more individualistic event.

PROTEST_TYPE: Type of protest. Common types include: hunger strike, strike, demonstration, petition.

PROTEST_SITE: Protest site. Use 1 if within company gates or at the institution. Otherwise specify in words.

ROLE_ANJOMANESLAMI: Role of the Islamic association in the events, if any. Code 1 for support, 2 for oppose, 3 for mediating.

ROLE_SHURAESLAMI: Role of the works council in the events, if any. Code 1 for support, 2 for oppose, 3 for mediating.

HEZBOLLAHI SUPPORT: Role of the “Hezbollah” in the events, if any. Code 1 for support, 2 for oppose, 3 for mediating.

VIOLENCE: Did any acts of violence occur? 1 for yes, 2 for no. Leave blank if no violence recorded.

ARREST_DUMMY: Dummy for whether anyone was arrested. Leave blank if no information.

DEMAND_1 to DEMAND_5: Demand (1 to 5) listed in the article.

PROTESTSUCCESS

Was the protest successful? Code 1 if at least part of demands were met; 2 if demands were not met. Leave blank if there is no information on resistance outcomes.

Iran Workers' War Mobilization Dataset (IWWMD)

Codebook and coding procedures

Introduction and overview

This dataset looks at the Iranian war mobilization during the 1980-88 war. We know little about war mobilization in Iran, except that it was significant. We know little about who and how many people volunteered to fight in the war, or what inspired those decisions. This dataset uses a unique source to look at enterprise-level mobilization. In particular, the IWWMD looks at donations, monetary or in kind, by companies to the warfront. It uses reports published by the Work and Worker (*kar va kargar*) newspaper, which owned by the Workers' House. The newspaper had a designated page or report on such donations. The data range from November 1984 to June 1987. Total N=1700.

Coding Variables

This section describes the particular variables in the database.

PUB_DATE: Report publication date.

CAMPAIGN: Name of the campaign. Leave blank if no campaign

GOAL: Goal of the donations. Usually this will be "war".

ACTOR_MAIN: What was the main organizing actor of the campaign?

INSTITUTION_NAME: Name of the donating company, factory, or organization?

CITY: In what city is that institution located?

INSTITUTION_TYPE: What type of institution made the donation? Usually this will be a "factory", but "office" or "guild" also occur. Type verbatim if other.

SECTOR: The economic sector in which firm is active.

FINANCIAL_TOTAL: Total value of financial donations, in rials.

MATERIAL_TOTAL: Total value of in-kind donations, in rials.

MATERIAL_DUMMY: Where any in-kind donations made? 1 = yes, 2 = no.

Iran Economic Protest Database (IEPD)

Codebook and coding procedures

Introduction and overview

The IEPD (Iran Economic Protest Database) is an event catalogue of all instances of socio-economic contention and collective action reported in Persian by two major national news agencies in Iran. These news agencies are Tasnim News Agency (<https://www.tasnimnews.com>) and the Iran Labor News Agency or ILNA (<https://www.ilna.news>). I selected these two news agencies for two reasons. First, during the 2010s they belonged to two different factional groupings in Iranian politics. ILNA was affiliated with what are variously described as the “reformist”, “moderate”, or “softliner” factions in elite politics. Tasnim was affiliated with “hardliner”, “conservative” and “principlist” factions. Because news production by state media in Iran is often political, choosing outlets associated with different factions can help reduce reporting bias associated with only relying on any single one political grouping. Secondly, I chose Tasnim

to counterbalance ILNA's focus on labor and workers. This helps strengthen claims about which groups are protesting in Iran.

Constructing the dataset

This dataset was constructed using web scraping methods. The following procedure was followed:

1. I scraped the URLs of all the news reports published on these websites. The websites had reports going back to 2012. This produced a list of several million URLs, including the website section in which they were published (e.g. "sports", "international politics")
2. These URLs were then used to scrape all the reports published in the "provincial" (*ostan-ha*) sections of those websites, which contained local news. For ILNA, I also scraped the "labor" (*kargari*) section. For Tasnim, I scraped the "politics" (*siyasi*) section. These sections were selected after evaluating the total number of reports and the frequency with which labor-related items featured in each section. The section comprise the vast majority, likely over 99 percent, of all labor-related items published on those websites, certainly related to protest actions.
3. I used a long range of keywords to filter the title and leading sentence (i.e. the introductory summary sentence of each report) to filter out reports with any keywords related to protest activity. These keywords were designed to retain flexibility and were

based on a thorough reading and familiarization of the way in which protest reports were written.

4. The remaining set of protest reports was then manually skim-read. All unrelated events were deleted.
5. The final dataset was used for coding purposes.

Inclusion criteria

The IEPD codes all reports protest events reported by these news agencies. No event is too small.

Overall definitions

- “socio-economic” collective action is defined broadly but excluded explicitly pro-regime rallies, rallies related to international or domestic politics, or religious events.
- An “event” is also defined broadly and can include petitions, letters, campaigns, demonstrations, sit-ins, rallies, gatherings, etc. Importantly, an event is bound in space and time. For instance, a protest by cement workers in Tehran that marched from the labor ministry to the privatization organization is coded as a single protest event. A multi-day, continuous sit-in by agricultural workers in Tabriz is also classified as a single event. If these workers stopped protesting and returned a week later, this would be classified as two protest events. If workers staged a demonstration and wrote a letter at the same time, this was coded as a single event, but using two

tactics. If teachers protested in 30 separate locations in 30 cities, this was coded as 30 separate events.

- Collective actions can be “physical” meaning that they involved an actual demonstration or protest, or they could be “non-physical” meaning that protestors refused to work by staying at home or if protestors only wrote a letter or petition.

Coding Variables

This section describes the particular variables in the database.

ID: Event ID

PUB_DATE: Publication date

EVENT_DATE: Event date or estimate. Typically same day or day before publication date. Estimates uses approximation scheme: “several” days ago = 2 days ago, “about” a week ago = 7 days ago, and so forth.

DURATION: Total duration of the protest. Use all available news items to construct this variable.

ENDING_UNKNOWN: If ongoing protest is reported, and the ending of the protest is unknown, 1=yes, 2=no.

PROTEST_TYPE: The type of protest. Use the language used in the report verbatim. For example, petition (*toumar*), demonstration (*tajamo*) and so forth.

PROV: Province

TOWN: Name of town or city.

SITE_1: The main site at which protest took place. If multiple sites reported, take the first in the list

SITE_2: The site to which protestors marched if this was a rally.

LABOR_DUMMY: Dummy signifying whether protest was staged by labor groups or not (1 = yes, 2 = no).

SECTOR: The economic sector in which the protestors are located.

INSTITUTION: Name of the organization, company, or institution with which protestors are affiliated.

EST_MIN: Minimum estimate of protest size. Use approximation scheme.

EST_MAX: Maximum estimate of protest size.

FIRM_SIZE: Total number of employees or individuals in the company or organization, if reported.

REPRESENTED_TOT: Total number of individuals or workers that the protestors claim to represent.

VIOLENCE: Dummy for whether any state violence occurred at the protest.

ARREST: Number of arrests made. Follow approximation scheme.

ACTOR_SPEC: Specification of the labor actor (e.g. 'kargar' or 'moalem').

PENSION: Dummy: are the protestors retired?

CONTRACT: The contract type of the labor protestors (e.g. 'haq-ol-tadris', 'rasmi', 'movaqat', etc)

CONTRACTOR_NAME: Name of the contractor employing the workers.

UNEMPLOYED: Dummy: are the protestors unemployed?

SABEQEH_MIN: Minimum number of years of work experience the protestors have.

SABEQEH_MAX: Maximum number of years of work experience the protestors have.

SOLIDARITY_LABOR: Dummy: is protest taking place in solidarity with another labor protest?

SOLIDARITY_OTHER: Dummy: is protest taking place in solidarity with a non-labor protest?

DEMAND_1 to DEMAND_5: Protestors demands. Will be cleaned after coding. Five columns are freed to code up to 5 demands expressed by protestors.

DEAL: Dummy: was there a deal?

CONCESSIONS: The concessions and promises that employer or authorities made in response to the protest.

PUNISHMENTS: Were protestors punished for their actions?

Appendix B

Interview Procedure

A substantial portion of the data utilized in this dissertation was collected during 12 months of field research conducted in Iran on intermittent trips taken from November 2016-August 2019. During these field visits, I carried out semi-structured interviews based on a uniform set of question in Persian. Each interview, except in a few exceptional cases, lasted roughly one hour. In some cases, initial interviews were supplemented with secondary interviews or email-correspondence for follow-up questions.

Depending on the preference of the interviewee, some of the interviews were recorded and later transcribed. For interviewees who declined being recorded I took extensive notes on the conversation. In quoting the interviews in this study whether recorded or transcribed, I presented, to the best of my ability, the originality of the sentences as they were conveyed by the interviewees through the English translations of their statements.

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Nameh-ye Mardom, 1979-81 (Tudeh Party)

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