
This article examines state repression in the Iranian bazaar during the anti-profiteering campaign from 1975–1977. While many have argued that the anti-profiteering campaign helped spark the revolutionary mobilization of the bazaar itself, this article posits that scholars should also consider the notion that the campaign helped to foster popular support for the revolutionary movement as a whole. Given the bazaar’s ties to middle and lower classes of Iranian society, as well as their status as the country’s “economic barometer,” this article presents the theory that the anti-profiteering campaign played a role in generating popular discontent against the former regime in the period just prior to the 1979 Revolution.

Introduction

From 1975 to 1977, the Iranian government unleashed an aggressive price control campaign on the nation’s traditional commercial classes—collectively known as “the bazaar”1—in an attempt to curb rapidly rising inflation. The campaign would fail on economic levels and additionally it had severe political consequences for the regime of Shah Mohammad Reza Pahlavi (r. 1941–1979). As the government’s violent assault on the bazaar antagonized many wealthy and socially powerful groups of merchants—alongside drawing the public’s attention

1While some scholars have used the terms traditional middle class or petty bourgeoisie, it would be incorrect to conceptualize the bazaar as a single class (I thank Benjamin Smith for reminding me of this). Parsa offers a good definition of the traditional bazaaris, or individuals who make up the physical Iranian bazaar: “[B]azaaris [is] a term referring to merchants, shopkeepers, and artisans . . . . [They] represented mostly medium and small-sized capital, although a segment possessed large wealth, producing and distributing mostly for the domestic market, except in the carpet sector” (Misagh Parsa, “Entrepreneurs and Democratization: Iran and the Philippines,” Comparative Studies in Society and History, 37 [1995]: 811). For additional statistics on the bazaar see Hootan Shambayati, “The Rentier State, Interest Groups, and the Paradox of Autonomy: State and Business in Turkey and Iran,” Comparative Politics, 26 (1994): 321–22; and Davoud Ghandchi-Tehrani, Bazaaris and Clergy: Socio-economic Origins of Radicalism and Revolution in Iran (Ph.D. diss., City University of New York, 1982).
to the Iranian government’s inability to properly manage economic problems—the event helped spark lengthy uprisings among Iran’s bazaar communities and directly contributed to the overthrow of the Shah’s regime in 1979.

Though Guilain Denoeux would later call it “the most decisive event catalyzing the mobilization of the bazaaris against the regime,” the anti-profiteering campaign has been either ignored or sparsely mentioned in the literature on the Iranian Revolution. Given the potential significance it may hold for answering important questions both about Iranian history and about the study of social revolutions, why has the anti-profiteering campaign received such little attention? In one part, this is due to a general lack of appreciation for the bazaar’s role during the nation’s 1978–1979 uprising, but it is also the result of what I feel to be an underassessment of the impact the anti-profiteering campaign had on the greater Iranian population as a whole. In the following paper, I will seek to shed light on the causes and outcomes of the anti-profiteering campaign as well as underscore the effect this event had on the population’s assessment of the regime and their subsequent support for a revolutionary movement.

The State-Bazaar Relationship

R.E. Looney states that the anti-profiteering campaign “sowed the seeds of distrust and resentment of the government by the bazaar,” but it is important to recognize that this particular event was hardly the first violent confrontation between the two in Iranian history. From roughly the 1850s onward, the state and the bazaar struggled over control of Iran’s markets and more than a few times did these confrontations involve arrests, bazaar invasions, and mass protests. As a whole, however, the needs of the nation’s economy tended to

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override state-bazaar disputes and the two groups strived to maintain a relationship that one former bazaari described to me as “cooperative”—at least among the highest levels of the bazaar where major decisions were made.

Though the 1960s would usher in an era where the Shah openly voiced his intentions to eliminate the group and replace it with cooperatives, banks, supermarkets, and department stores, during Iran’s pre-modern days, the state was generally prevented from subjecting bazaar communities to unquestioned rule. Certainly, the state sought to control the bazaar’s economic activities in the form of regulating import/export privileges, restricting credit, and fixing prices, but prior to the 1960s there was a certain degree of futility surrounding state efforts to seriously dominate the bazaar.

In the first respect, this was due to the fact that the community had experienced relative autonomy from state intervention for millennia, and thus it was highly difficult for the government to pressure the bazaar to rigidly conform to state regulations. Additionally, it was politically dangerous for the government to bully the bazaar because the community was able to mobilize anti-regime activities and eventually force through a relaxation in state policy, as occurred during the Tobacco Revolt (1890–92). Furthermore, the denseness of trade networks between bazaar entrepreneurs throughout the entire country linked members of one community to another on economic levels—hence, an attack on one powerful bazaari might provoke a reaction of hundreds or even thousands. And finally, antagonizing the bazaar was simply unsound policy—the overall health of the economy lay significantly in keeping this sector of the population satisfied and productive.

Whereas a more prudent leader might have thus heeded history’s lessons and exercised a little restraint with the group, the Shah disregarded this “working relationship” with the bazaar and used draconian methods to implement sweeping price controls on the group’s goods during the anti-profiteering campaign of 1975–77. But unlike unpopular economic policies that might be tolerated during the early days of a revolutionary government—as were the stringent price controls on farmers enacted in the newly independent United States of America—such measures were met with widespread opposition.

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In an oft-cited quote from his memoir, the Shah wrote, “I could not stop building supermarkets. I wanted a modern country. Moving against the bazaars was typical of the political and social risks I had to take in my drive for modernization” (Mohammed Reza Pahlavi, *Answer to History* [New York, 1980]: 156). The government’s destruction of a large section of the bazaar in Mashhad in 1975 (see Shambayati, “The Rentier State, Interest Groups, and the Paradox of Autonomy: State and Business in Turkey and Iran,” 307; and also Ashraf, “Bazaar-mosque Alliance: The Social Basis of Revolts and Revolutions,” 557) and his subsequent plans for an eight-lane highway running straight through the Tehran bazaar were also some of the ways the leader set out to eliminate the bazaar.

the 1770s— the Shah’s assault on the bazaar merely showcased his government’s inability to effectively address economic issues. As a consequence, the population took notice. But unlike his American counterparts, the monarch suffered greatly as a result.

**The Birth of Rastakhiz**

Although the anti-profiteering campaign represented the state’s decisive (and ultimately final) break with the bazaar, the significance of the event resonated throughout the entire population as again Iranians became witnesses to the Shah’s policy failures and militaristic style of rule. By the early 1970s, the popularity the monarch enjoyed during the 1960s had begun to wane as widespread corruption, massive government waste, excessive defense spending, and the leader’s paranoia-driven repressive nature became more evident to the people. Sensing this weakening of the public’s support, in 1975 the Shah believed that he needed to make some changes. While politically the state had operated in a two-party system consisting of Mardom (The People’s Party) and Iran Novin (The New Iran Party), in March 1975 the Shah liquidated the two and established Rastakhiz (The Resurgence Party) as a means of creating a “legitimate” political party in order to disguise his increasingly fascistic style of rule. At the same time, Rastakhiz was also expected to consolidate the nation’s political power within the Shah’s circle as well as counteract emerging opposition from the Iranian population.

Rastakhiz sought to appeal to a broader spectrum of the people by incorporating both capitalistic and socialistic elements into its dogma, but in reality, any nuances of ideology it claimed to uphold were of little significance given that membership in the Party was expressed as compulsory for all Iranians. Those who refused to join were labeled “traitors” by the Shah, and he offered such individuals two options: a prison sentence or a free passport to leave Iran immediately. Though Rastakhiz ideologues lauded the Shah’s establishment of the single party and proclaimed the creation of an “organic relationship with the masses,” the Shah’s admonition to dissenters instilled within many people a deep sense of fear for the repressive nature of the regime and underscored the

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9"...revolutionary governments can lead their populations through the most dire economic straits if they are able to create a popular sense of identification with the government—of possession and control of the institutions of power” (Edward Countryman, “Consolidating Power in Revolutionary America: The Case of New York, 1775–1783,” *Journal of Interdisciplinary History* 6 [1976]: 667–8); and see Samuel P. Huntington, *Political Order in Changing Societies* (New Haven, 1968): 308–11.

10I thank an anonymous reviewer for raising this point.


dearth of democratic features in the Pahlavi state. By directly associating himself with a political party expressing complete intolerance of any opposition whatsoever, Marvin Zonis holds that Rastakhiz “convinced many Iranians that he [the Shah] had indeed turned his back on constitutional rule and now saw himself as a dictator.”

The inauguration of Rastakhiz would have nothing less than serious consequences for the bazaar. Firstly, the monarch immediately established official Rastakhiz branches in the bazaar and forced merchants to donate to the Party. This made it certain that even those recalcitrant bazaaris who had been prone to anti-regime activities in the past would exhibit their loyalty to Rastakhiz. By coercing the entire bazaar community to relinquish authority to the Party, the Shah ideally sought to upset the bazaar’s power base, direct greater control over bazaar decision-makers, and co-opt them into the regime’s fold. Secondly, the regime used Rastakhiz to liquidate the bazaar’s independent guilds and replace them with a system more conducive to the regime’s interests. The guilds—that previously worked as a protection device against state intervention, helped to coalesce fragmented sectors of the community, and generated political power for many affluent bazaaris—were now reformed into a new guild system operating out of a Chamber of Commerce and were often headed by a non-bazaari. Indeed, though state domination over bazaar guilds had been increasingly exercised since Shah Reza Pahlavi (r. 1925–41), the new government-sponsored guilds were supervised by SAVAK, Shah Mohammed Reza’s secret service that was renowned for its frequent acts of murder and torture of political dissidents. And finally, the Shah established a Chamber of Guilds Court—the “watchdog” for Rastakhiz in the bazaar—that would arbitrate state charges brought against entrepreneurs and shopkeepers, levy fines, and enforce sentences of jail terms and exile that were handed down to merchants found guilty of profiteering in the forthcoming campaign.

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13 Marvin Zonis, Majestic Failure (Chicago, 1991), 75.
14 John Foran, Fragile Resistance: Social Transformation in Iran from 1500 to the Revolution (Boulder, 1993), 335.
17 Dariush Zahedi, The Iranian Revolution Then and Now: Indicators of Regime Instability (Boulder, 2000), 87. During the early 1950s, the Israeli Knesset used the National Judiciary rather than the Chamber of Commerce to fix prices and hand down punishments to merchants accused of profiteering. The 3 June 1952 New York Times wrote that the judiciary, unlike the Chamber of Commerce, would “apply the anti-profiteering legislation vigorously and impartially.” The Shah’s Chamber of Guilds court system, on the other hand, was probably interpreted as an extension of Rastakhiz and thus the Shah himself—had he used the Majlis or the national courts he would have been able to distance himself from the campaign and prevented increasing opposition to his leadership.
The Economic Trigger—Iran’s Inflation and the Shah’s Invasion

While Rastakhiz became a fixity on the Iranian political scene in 1975, at the very same time, the nation was experiencing its own economic transformation through rapidly increasing inflation: retail prices had risen from an index of seventy-five in 1972 to 100 in 1974 and higher to 120 by 1976. Although the literature provides varying explanations of the specific causes of Iran’s problematic inflation levels during this time period, the primary triggers were the failure of agricultural production to meet population demands and “the overheating of the economy once the oil billions were poured into ambitious development projects.” And indeed, this final cause became critical. In 1974, as Iran’s petroleum revenues quadrupled after the oil embargo, the state responded by tripling investments in development and increasing the nation’s money supply by over sixty percent. By 1975, however, petrodollars stopped flowing as copiously. But without adjusting government expenditures or stemming the expansion in liquidity, rapid inflation resulted.

Massive urbanization also produced shortages in cities and became a primary cause of the rise in prices for food and housing in Iran’s urban areas. As the cost-of-living index shot up from 100 to 126 between 1970–1974, to 160 in 1975, and higher to 190 by 1976, rents in residential neighborhoods of Tehran rose 300 percent from 1971–1976. The rise was even greater for Tehran’s urban centers. Despite the fact that wages were increasing over the mid-late 1970s, the rapidly increasing inflation, mounting scarcity of basic goods, and surge in housing prices was overpowering. Although the situation could not be described as a crisis by this point, the economic dangers that were emerging to challenge the population compounded their already growing aversion to the Shah’s rule.

The monarch’s first public response to the inflation came in August 1975 when he denounced the “extortionate pricing” by the bazaar and spoke out against “the exploitation of man by man” in a nationally televised interview. He vowed to bring down the inflation rate to “hopefully zero” by 1976 and immediately rolled back the prices of thousands of goods and services by fiat to their 1974 (pre-oil boom) levels. Additionally, the regime began importing massive amounts of wheat, sugar, and meat to undercut bazaar

suppliers. Declaring war on the bazaar, the Shah introduced a “Price Stabilization and Campaign against Profiteering” and utilized the newly-minted Rastakhiz Party to carry out a “merciless crusade against profiteers, hoarders, and unscrupulous capitalists.”

Rastakhiz recruited about 10,000 students into “inspectorate teams,” and over the next two years, a total of more than 20,000 Rastakhiz Party members infiltrated the bazaar to inspect retail prices and, if necessary, ransack those shops that were found to be overcharging. The crackdown was comprehensive from the outset, resulting in the arrest of 7,750 bazaaris during the first two weeks of operation. Zonis recalls the events of August 1975:

Shopkeepers, industrialists, wholesalers—from shoe polish producers to Mercedes Benz dealers—found their businesses invaded. Their selling prices were checked against government-established “appropriate” selling prices. When the prices were out of line, the “guilty” businessman was arrested and his shop padlocked.

And as Misagh Parsa vividly describes:

The manner in which the regime carried out its campaign was especially humiliating.... A large banner was hung from the doorway of the shop proclaiming that the store would remain closed for a period of time because the owner had been fined for profiteering. Their names and localities of those shopkeepers who were arrested or fined were published daily in the national newspaper. Given that an entrepreneur or shopkeeper’s income was directly dependent on the kind of reputation he had in the bazaar and the community, the profiteering charges marred an individual’s reputation and in turn threatened his means of survival. In toto, the campaign reached hundreds of thousands of bazaaris over its duration from 1975 to 1977: approximately 250,000 fines were levied; 23,000 bazaaris were banned from their home towns; 8,000 shopkeepers were given

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26 Robert Graham, *Iran: The Illusion of Power* (New York, 1980), 94. Although the Tehran bazaar was hit the hardest given the enormity of its grand bazaar and status as main distributional hub for the national economy, the campaign reached all cities in Iran. For example, in Tabriz (the fourth largest city in Iran) forty-four shopkeepers were sent to jail and 981 were fined during the first forty-five days of the campaign (Zonis, *Majestic Failure*, 77).
prison sentences ranging from two months to three years; and another 180,000 bazaaris were charged with price violations. And not surprisingly, violence was often present in Rastakhiz’s assaults: there were reports of bazaar shops being looted and destroyed in a manner compared to the actions of the Red Guards during the Cultural Revolution in China.

Regardless of the temporary victory the Shah might have felt that he achieved over the bazaar, inflation continued to rise. As the Japanese government learned during its strikingly similar anti-profiteering campaign from 1938 to 1939, “Control measures... had little noticeable effect on prices.” Or as Jahangir Amuzegar pointedly notes, the Shah should have learned from his Qajar predecessors (r. 1779–1925) that “the old method of flogging butchers and throwing bakers into the oven would not lower meat and bread prices.”

The regime’s main intention in waging the anti-profiteering campaign and imparting harsh punishments was to portray the bazaar as having committed “criminal acts” against the Iranian people, but the brutality of the campaign—coupled with the additional economic failures of the state coming to light—led to an expected further decline in popular support for the Shah. Indeed, Iran’s inflation problems were certainly caused by multiple factors, but the state’s response did not symbolize a commitment to quelling the rising price index—only the presence of a ruler using militaristic methods to solve an economic problem. But as Ian Roxborough rightly points out, especially in late developing states, there is an issue of whether or not leaders truly possess the administrative capacity to implement anti-inflationary measures properly. As efforts to lower inflation would likely necessitate a redistributive struggle in Iran that would witness the elites losing some of their share of the spoils from oil production, Roxborough holds that there is little chance that leaders in such countries would be willing to take the resultant political risks.

Facing such a situation, the Shah opted instead to tackle runaway inflation by clamping down on the sector of the population that had some control over the

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29 Abrahamian, *Iran Between Two Revolutions*, 498.

30 Graham, *Iran: The Illusion of Power*, 96. Although it appears that bazaaris were helpless in retaliating against Rastakhiz or the government, Shambayati claims that some bazaaris paid individuals to patrol the bazaar and provide security against attacking members of Rastakhiz or SAVAK operatives during the revolutionary movement. This line of defense was likely used during the anti-profiteering campaign as well (Shambayati, *The Rentier State, Interest Groups, and the Paradox of Autonomy*, 326).

31 As a whole, the price campaign was a failure. Official indices went down for six months but black-market prices for essential commodities rose sharply. The shortages were not relieved, and if anything became more pronounced (Graham, *Iran: The Illusion of Power*, 96). Zonis claims that the campaign only had “trivial consequences on consumer prices” (Majestic Failure, 78).


prices—the bazaar. And at first glance, blaming the bazaar does not seem like such an irrational decision. To be sure, anyone who has visited an Iranian bazaar has the immediate impression that the pricing system there is totally arbitrary—though of course this is not the case. While bartering weighs heavily in all transactions in the bazaar, the relative prices of goods obey a market structure and fluctuate due to supply and demand as they do elsewhere. Thus, either unaware or simply ignoring this aspect of the bazaar economy, the Shah decided to launch an anti-profiteering campaign that looked more like a widespread purge of bazaaris than a means of stabilizing prices.

The Economic Fallout

As might have been predicted, the anti-profiteering campaign failed to cool inflation and the subsequent economic fallout was significant. Many entrepreneurs lowered their prices in order to avoid fines or regain their reputation, frequently selling items below cost in the process. While it is certain that many smaller shopkeepers with fewer reserves of capital were thus driven completely out of business, some wealthier entrepreneurs either stopped production altogether (in protest or to avoid producing at a loss), exported what capital they still possessed out of the country, or moved abroad.35 Additionally, many importers were faced with a difficult decision of whether or not to continue operating if profit margins would be rigidly controlled by the state, and this had a particularly negative effect in the ports where goods entered the country:

Because goods had been “under-invoiced,” the government fixed the price and profit margin on the piece declared. This meant that importers were being made to sell at below cost price. Although a clever ruse by the government to encourage the importers to be more honest, it backfired. Rather than declare the real price or accept the fixed price, many importers preferred to just leave their goods unclaimed.36

As much as forty percent of goods that had entered at Khorramshahr (the country’s largest port at the time) were left unclaimed in 1975. Some local manufacturers responded similarly by halting production, given the likelihood that continuing to produce would only result in losing money.37

Alongside many importers and manufacturers, the anti-profiteering campaign also produced casualties from the new industrial sector. Though the anti-profiteering campaign was intended to attack the bazaar as a whole, the Shah struck out at a number of well known, wealthy entrepreneurs in an attempt to both publicize the campaign and express the regime’s resolve to eliminate

36 Graham, Iran: The Illusion of Power, 96–7.
37 Graham, Iran: The Illusion of Power, 97.
profiteering on all financial fronts. Although these affluent individuals could easily weather the storm, fearing that they had effectively “placed their wealth and futures in the hands of one man,” many subsequently transferred their capital to countries less financially volatile. This also contributed to the drastic decline in foreign investment over the remaining years of the Shah’s rule, and the capital flight effectively halted the nation’s economic expansion that had been occurring since the mid-1960s.

Hence, the impact of the anti-profiteering campaign was not limited to the bazaar itself. Due to the sweeping nature of the imposition of price controls and the trade arteries that led out from the bazaar, the campaign spread outside the physical bazaar area and affected other segments of the Iranian economy. Although the literature remains silent on this question, it is plausible that by declaring war on the bazaar, the Shah believed he could engage in an isolated assault on a specific sector of the economy and therefore reasoned that he could use greater force. Had the regime fully understood the impact an anti-profiteering campaign would subsequently have on importers and manufacturers throughout the country, such punitive methods would probably not have been implemented so stringently. But even in retrospect, it is unclear what the anti-profiteering campaign intended to accomplish from an economic perspective. As Graham well explains, “[i]mposing draconian price controls in a severely overheated economy was inevitably disruptive and ultimately counter-productive.”

Greater Iranian Society and the Anti-Profiteering Campaign

Understanding how the greater Iranian society responded to the campaign is essential in assessing the event’s influence on declining public support for the Shah and increasing support for anti-regime activities. To what extent did the public implicate the bazaar in causing the nation’s mounting inflation and economic ills? To what extent did they agree with the Shah’s method of dealing with the bazaar? Some insight into these questions can be found in the short story “Alley of Faith” by Azam Nemati. Chronicling the experiences of a young female university student named Maryam, Nemati’s story takes place in Tehran during 1976 and describes the activities of Rastakhiz inspectors enforcing the anti-profiteering campaign. The author offers us a glimpse into the pre-revolutionary atmosphere of Iran as she describes Maryam’s trip to the bazaar with her friends, who have been hired as price inspectors for the regime.

Although Nemati describes Maryam as being very “Western” in her dress and outlook, she voices anti-Shah sentiments after observing some of the acts committed by Rastakhiz in the bazaar during the anti-profiteering campaign. When her group of friends approaches one of the old bazaar merchants, the elderly

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38 Abrahamian, *Iran Between Two Revolutions*, 498.
man “nearly has a heart attack because he was going to be fined for not having prices on part of his merchandise.” Although Maryam “felt really sorry for him,” her friend-inspectors “were tough and accused the old man of faking his heart troubles.” An outspoken young woman, Maryam voices her disapproval and convinces the inspectors to not issue a fine, befriending the old bazaari in the process. However, she leaves, feeling resentment towards the government for their actions against these bazaaris: “her anger inside had flared up at the thought of the... inspectors issuing fines to poor ordinary merchants that may be illiterate and not capable of writing.” All the while, the government was ignoring the owners of “fancy boutiques” all over Tehran who were able to “pay them bribes.”

The above is only one account of an individual’s response to the anti-profiteering campaign, but it is doubtful that Nemati’s Maryam was an anomaly in Tehran during the time. Though many individuals would have supported the campaign against the bazaar, the above text highlights the inability of the state to successfully depict all bazaaris as rapacious price-gougers who needed to be punished. Regardless of their putative crimes against the people, bazaar communities were distinct from the wealthy, Westernized boutique owners in northern Tehran—to be sure, they remained firmly within the Iranian social structure and were linked closer to the average individual than the elites or, for that matter, anyone who had close connections to the regime.

As with Maryam, the sheer barbarity of the anti-profiteering campaign and the state’s clear mismanagement of an economic problem angered many within the Iranian population, and especially for those who had deep ties to the bazaar, the campaign was seen as an unwarranted assault on a primary sector of the larger Iranian community.

But while the bulk of Iran’s middle and lower classes would have naturally had difficulty in justifying the state’s assault on the bazaar, the merchants were also able to invoke the efforts of the Islamic clergy—the bazaar’s on-and-off partners in historical political struggles against the state—to aid in their campaign against the regime’s intervention. Fortunately, the bazaar-clergy relationship has been analyzed in significant detail in the scholarly literature on the Revolution, and it is important to consider this indirect means with which the bazaar would have been able to gain popular support for their struggles during the anti-profiteering campaign. Indeed, as much of the relationship between the bazaar and clergy is defined in financial terms, it is important to acknowledge that

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42 Nemati, “Alley of Faith.”
bazaaris have in effect purchased cleric support throughout the centuries. Whereas a particular cleric’s favor can be critical to possess when a business dispute arises (since clerics have often acted as arbiters), cleric support is also key in terms of garnering widespread support for bazaar struggles against an increasingly interventionist state. Especially during the 1970s, the bazaar’s financial support of clerics was able to spread support for the bazaar due to the clerics’ influence on the local population, and also through their role as charity providers. In this latter sense, bazaar largesse was able to link the group to the recipients of some of these funds: the lower classes and especially the urban poor and unemployed. Consequently, bazaar donations were able to buy both the backing of the clergy as well as the lower classes—essential during the period of the anti-profiteering campaign when the bazaar’s image was most under attack.

At the same time, it must be understood that criticisms of the bazaar and attacks upon its image were not wholly unjustifiable. Indeed, it would be incorrect to interpret the anti-profiteering campaign as an assault on otherwise honest and virtuous entrepreneurs since it is likely that many bazaaris were taking advantage of the short supply of consumer goods to increase prices above acceptable or ethical standards. Though there is a lack of information on the precise nature of profiteering during this time, as one former bazaari expressed to me: “Especially when the political atmosphere became unstable, many bazaaris would take advantage of the situation by hoarding their goods.” Not surprisingly, public knowledge of these acts would (and certainly did) spark negative attitudes towards the bazaar. But it should also be noted that hoarding is almost accepted as typical behavior among bazaaris. To be sure, it was even witnessed after the 1979 Revolution where Mansoor Moaddel described hoarding and overcharging as simply “the rules of business.”

With all of this being said, however, most Iranians would still have refrained from directly blaming the bazaar for the situation that arose during the events from 1975 to 1977. The fact that the anti-profiteering campaign was correlated with the consolidation of a single-party state, the increasing repression of political dissidents, and (most importantly) the early stages of Iran’s economic recession would have led many to look closer to the economic policies of the regime for insights into why price levels were soaring. Considering the links the group had to the middle and lower classes that relied exclusively on the bazaar for their goods, it would be unlikely that the population would have placed the blame for the country’s inflation squarely on the shoulders of the bazaar. Additionally, scholars have continually emphasized the state’s economic policies

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44 Ghandchi-Tehrani, *Bazaaris and Clergy: Socio-economic Origins of Radicalism and Revolution in Iran*, 131. Also see Farideh Farhi, *States and Urban-based Revolutions: Iran and Nicaragua* (Urbana and Chicago, 1990), 70. The bazaar also often provided food for Islamic welfare organizations (Ghandchi-Tehrani, *Bazaaris and Clergy: Socio-economic Origins of Radicalism and Revolution in Iran*, 156.


46 Moaddel, “The Shi’i Ulama and the State in Iran,” 331.
as the principal causes of inflation during this time—and have yielded from stating that the bazaar was in any way responsible. For one, Robert Graham makes the point that even if windfall profits were being accrued by greedy entrepreneurs, “profiteering was a symptom, not a cause.”

The fact remained that inflation—virtually nonexistent during the 1960s—accelerated in the early 1970s due to overzealous government spending and improper fiscal management, among other factors. But instead of pursuing methods to cool inflation and taking responsibility, the Shah exacerbated a tenuous situation by invading the bazaar and infuriating the community with which he should have been striving most to cooperate.

Critical Consequences: The Campaign and the Revolution

Though the Shah’s actions served as a means of avoiding the real causes of the country’s inflation, the monarch committed a grave error by trying to suppress the bazaar, that very sector of society that was able to directly exhibit the regime’s economic policy failures to the masses on a daily level. The bazaar—by establishing the relative price of goods—is empowered in a way the government is not because it can candidly express the nation’s economic fortitude or its frailty. Excessive military spending or investment in unproductive industries goes relatively unnoticed by the public, but the prices of food and necessary goods are direct communication lines to the masses. Hence, the bazaar in Iran represents the individual’s main interaction with the national economy—a link between economic policy and the people. When the price of essential goods increases beyond a reasonable level, it is typically the state that is at fault and not the bazaaris who define themselves (albeit somewhat dubiously) as innocent merchants subjugated to the whims of the market. Moreover, given the growing schism between the bazaar and the new industrialists, the population would have been wary of purely blaming the bazaar for higher prices. Closer to the people than the elites or foreign entrepreneurs, the bazaar could have easily portrayed themselves as scapegoats for a regime incapable of formulating sound economic policy.

The severity of the anti-profiteering campaign obviously pushed members of the bazaar community closer together on a social and economic level, but it is questionable to what degree we can say they were united on a political one. It is important not to exaggerate the ideological unity among bazaaris either during the revolutionary push or at any time in Iran’s history; however, Dariush Zahedi does make the point that the Shah’s interventionist policies “helped to unify and cohere the bazaar’s diverse groups and elements.”

Because the anti-profiteering campaign acted as a widespread assault on the bazaar, it assisted in uniting the group against the government and certainly

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47 Graham, Iran: The Illusion of Power, 96.
48 Zahedi, The Iranian Revolution Then and Now: Indicators of Regime Instability, 85.
helped to bridge differences between ideologically and economically distanced members of the bazaar. Thus it can be accurately stated that by the end of 1977, the majority of bazaaris from the highest and lowest echelons now shared (at the minimum) a common belief that may not have been as universally felt before: deep hatred for the Shah. This was highly significant—mutual detestation for the Shah helped to solidify a collective revolutionary identity and buttressed the push for mass mobilization during the 1977–79 final offensive against the state. But as M.H. Pesaran reminds us, neither the bazaar’s nor the population’s hatred for the Shah is enough to fully explain the causes of the Iranian Revolution. 49 Carrie Rosefsky Wickham further contends in her recent examination of contemporary Islamic movements in Egypt that grievances with the state cannot alone explain movement mobilization.

In Iran as well, though the anti-profiteering campaign helped to raise the population’s scepter of malcontent against the Shah, it was certainly not enough to sustain a revolutionary movement, and it would be highly incorrect to ever suggest that it was. What the anti-profiteering campaign did for the bazaar as a group—and in their manifestation as an opposition movement—is straightforward, but for the Iranian population at large, it naturally had a less catalytic impact. At the very least, it can be stated that the campaign patently expressed to the public that this state-bazaar contest was going on—and more so, that something was seriously wrong with the national economy and potentially the Iranian state as a whole. And to be sure, it has been within the bazaar that many political struggles in Iranian history have played out, as Roy Mottahedeh notes: “When political life comes to a boil, the bazaar is not just the public assessor of values—it becomes a direct arena for political expression.” 51 At the very most, the anti-profiteering campaign helped push people to take sides: to either view the bazaar’s plight as an expression of the people’s will against a repressive state, or to understand the state as the vehicle through which modernization would rid the country of its backward elements. As history has shown, however, those in the former camp ultimately prevailed over those in the latter. The Iranian public overwhelmingly supported the bazaar and an anti-Shah movement, and it can be argued that the anti-profiteering campaign played a role in this process.

49. “Beyond this immediate aim [of overthrowing the Shah] there was, and still is, no agreement as to the root causes of the February revolution and its ultimate objectives” (M.H. Pesaran, “The System of Dependent Capitalism in Pre-and Post-revolutionary Iran,” International Journal of Middle East Studies 14 [1982]: 501).