

Middle East Research and Information Project

Labor and Class in Iran

An Interview with Mohammad Maljoo

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Mohammad Maljoo is a Tehran-based economist researching labor issues and the transformation of capital-labor relations in post-revolutionary Iran. Widely published in several languages, Maljoo is also the Persian translator of numerous books on political economy by thinkers such as Karl Polanyi, E. P. Thompson and Albert Hirschman. The bulk of this interview took place in Tehran in August 2016; it was completed by e-mail in May 2017.

Following the July 2015 signature of the Joint Comprehensive Plan of Action (JCPOA), or “nuclear deal,” in Vienna and the progressive elimination of sanctions, huge changes in Iran’s economy are expected. It is anticipated that foreign direct investment will flow into the country as Iran rejoins the global economy, but solely on neoliberal terms, with negative consequences for Iranian workers. Is that the case?

I think it is impossible to answer this question without first addressing the issue of the collective power of workers in Iran. Any future configuration of capital-labor relations will depend on the relative strength of workers’ power. Since the end of the Iran-Iraq war in 1988, successive governments have weighed in on employer-worker relations. In particular, five government policies have crucially contributed to a glaring outcome: the decrease of individual and collective bargaining power of workers.

After the end of war and within the framework of the so-called post-war reconstruction era, for the first time the state sanctioned temporary labor contracts, which allowed employers greater discretion in hiring and firing employees and renewing their contracts. In 1989, one year after the end of the war, it was estimated that around 6 percent of the labor force in Iran was on a temporary contract. Today, over 90 percent of workers have temporary contracts. This massive casualization has happened in both the private and public sectors.

The second policy that led to a decrease in workers’ power is the rise, since the mid-1990s, of state-supported temporary hiring agencies, or firms that recruit casual workers for other companies. They act as middlemen in employer-worker relations, intervening between employers (both private and public) and workers so as to cut direct legal ties between the two parties. According to one estimation, some 3 million workers are recruited through these agencies. These workers have sustained substantial losses in terms of bargaining power and access to social insurance, health care, maternity rights and so on.

The third policy relates to the state labor law, ratified in 1990 and first amended by the parliament in 1999. The law’s amendments excluded workshops with five or fewer workers from labor law coverage. The amendment was based on a legal provision stating that the High Labor Council could exclude small workshops from labor law regulations, but only temporarily. The parliament’s amendment was itself temporary, lasting from 1999 until 2002. In that year, the reformist government, under President Mohammad Khatami, decided to extend it to 2005. By government decree, Labor Minister Safdar Hosseini exempted workshops with ten or fewer workers from labor law regulations for a period of three years. In 2005, the decree was renewed again. In 2007, the Court of Administrative Justice intervened to abolish the temporary basis of the decree, making permanent the exemption of small workshops from labor law regulation. How does this actually affect workers in Iran? The present law holds that workshops with ten or fewer workers are exempt from 36 articles that make up the bulk of the state labor law. Crucially, those 36 articles give rights to workers and consolidate their bargaining power in relation to employers. This means that, while formally the law excludes workers from only 36 articles out of the total, without bargaining power most workers end up unable to benefit from the remaining articles. In addition, larger companies attempt to circumnavigate the enforcement of the labor code. There is no official data on this, but my observations, as well as those of colleagues, suggest that some companies with more than ten workers act as though they are also exempt from the labor code. They can operate this way thanks to a large labor broker system of contactors and subcontractors. A company outsources a construction project to different subcontractors, each employing fewer than ten workers, and which are only formally separate from the main company. In this way, big companies can also be exempted from the labor code. In total, we might estimate that more than 50 percent of Iranian workers are not covered by the labor code.

The fourth policy leading to a weakening of workers’ bargaining power is the mass dismissal of public-sector employees. In contemporary Iran, the public sector has provided employment for a large part of society. After the end of the war, public-sector employees, mostly from lower-income strata, were forced into the private job market. This is partly due to a long-term effort to displace jobs from the public to the private sector. For example, according to the Household Budget Survey, in the urban areas of Iran the percentage of family members employed in the public sector went from 33.6 in 1992 to 17.7 in 2014, while the percentage of those working in the private sector increased from 25.4 in 1992 to 41.6 in 2014. This means that the bargaining leverage of workers has significantly decreased as they have lost permanent jobs in the public sector, if we match this trend up with the deteriorating legal conditions I discussed. The weakening of individual bargaining power happens even before getting a job, when a worker enters the labor market.

Lastly, the fifth policy is chapter six of the labor code, which regulates workers’ representation and associational activity. Authorities recognize only three types of worker organizations—Islamic labor councils, guild societies and individual representatives. This last type is not a collective organization but an individual who acts as the representative of a group of workers. Islamic labor councils, since 1990 supervised by the Workers’ House, a government organization, are allowed in any workplace with 35 or more permanent workers. Guild societies can be established in workplaces where there is no Islamic labor council and where ten or more people are permanently employed. In all other cases, that is, in those workshops with no Islamic labor council or guild society, individuals can act as workers’ representatives.

These three legal forms of workers’ organizations have several deficiencies. First of all, they are not concerned with expanding representation to unemployed workers. Second, they generally fail to represent workers employed in small workshops. Third, their activities do not include the largest public sector companies. In fact, until 1998, the law forbade any type of labor council or guild society in large public firms. In 1998, that limitation was removed, but since then it is implemented administratively rather than legally, and hence matters did not change for employees in large public firms. Fourth, all organizations or individuals who represent workers have to seek the labor minister’s approval, which substantially weakens the ability of workers’ representations to act independently. Moreover, workers’ representative agents have to seek not only ministerial approval, but also employers’ approval, namely the approval of those they are supposed to confront. Iran’s official trade unions, therefore, end up representing employers’ and state interests rather than the interests of workers.

Overall, then, from the perspective of capital-labor relations, workers’ individual and collective bargaining power in workplaces and the

labor market has substantially weakened. With this in mind, if foreign direct investment (FDI) flows into the country, Iranian workers will hardly benefit in terms of rights and bargaining power.

Now, you asked about the prospect of Iran joining the global market. However, I think this is not a given. Opposition to the JCPOA is an everyday occurrence both in Iran and in the US, and no authority on either side is making further commitments to it. In any case, I am skeptical that Iran will go down the road of other developing countries that joined the global market. Foreign direct investment, for instance, would hardly benefit the Iranian economy. FDI might arrive to buy assets in the automotive, oil and liquid gas, transport and tourism sectors, but such investments will mostly appropriate resources with little technology transfer. In that sense, Iran will hardly follow the road of other South and East Asian countries in which joint ventures in manufacturing and industrial sectors have been established.

Despite all these obstacles, Iranian workers have demonstrated an ability to protest collectively. Some professional groups are more mobilized than others, and it is well known that teachers, bus drivers and oil workers, as well as workers in the sugar and mining sectors, have been actively protesting against working conditions and lack of salaries. The case of the workers of the Aq Darreh gold mine in northwestern Iran is a recent example that gained attention in international media.

You are right in saying that episodic protests take place, but we have to consider how violently they are repressed. The Labor Ministry, the security forces and local gendarmes repress all attempts at organizing independent syndicates and trade unions. Imprisonment and judicial action await workers who dare to mobilize. They take huge risks in conducting independent struggles.

Labor mobilizations are rooted in both organized and unorganized parts of the work force. Let me start with the organized work force. The most powerful organizational force for Iranian workers is represented by Islamic labor councils, which also provide some base for a collective identity. These councils, however, are historically and politically linked to the years of the administration of President Ali Hashemi-Rafsanajani (1989-1997). Not only they were regulated in 1990, when the Workers' House was consolidated and strengthened, but they also were linked to the political group known as the "constructionists," who supported Rafsanjani's government, and today are not far from the so-called moderate faction led by current President Hassan Rouhani. In 2014, there were around 1,466 Islamic labor councils active in workshops across the country.

After the rise of a political coalition in the early 2000s to support the reformist government led by Khatami (1997-2005), the administration decided to join the World Trade Organization. One of the requirements for doing so was to get approval from the International Labor Organization. The ILO, at that time, wanted Iran to have independent labor organizations, but it was clear that the Islamic labor councils were not independent. That is why Khatami's government promoted guild societies as the new and supposedly independent trade unions. In 2014 there were around 842 guild societies in workshops across the country. At the same time, around the mid-2000s, two important labor organizations emerged, the bus drivers' syndicate and the Haft Tappeh sugar company syndicate. They were independent from both public and private employers, and tried to capture Khatami's attention by arguing that they were the independent syndicates requested by the government. They tried to fit Khatami's agenda. Although Khatami's cabinet expressed initial interest, his government did not legalize these two trade unions and their presence in workplaces, paving the way for their repression.

While the Islamic councils were linked to the constructionists and Rafsanjani's government, and the guilds to Khatami's administrations and the reformist front, it was during the government of Mahmoud Ahmadinejad (2005-2013) that individual representatives of workers' groups arose. Individual representatives were introduced to extend workers' representation to those workplaces where neither Islamic labor councils nor guilds were present. Although this may seem a positive thing, coupled with the rest of the policies explained earlier, the result is that most workplaces have individual representatives only. In 2014, there were around 4,695 individual representatives in workshops across Iran. Arguably, this change was detrimental to workers, considering that Islamic labor councils and guild societies are usually stronger and have more bargaining power than a single representative.

All three kinds of organized labor tend to follow parliamentary politics in mounting their defensive, legal labor actions.

Nevertheless, their mobilization is also controlled through supervision by the security forces. There is a supervisory body from the Intelligence Ministry in every large workplace, whether public or private. These committees report workers' activities monthly to the Labor and Intelligence Ministries. These reports are detailed and usually held in secret. They describe actions carried out by workers, support for mobilization in the workplace, the firm's response, how conflict is managed and the shape of possible negotiations. These reports contain unique data, and they are not accessible.

But workers still mobilize, no?

Yes, workers are not just victims. They resist, too. Most mobilizations have to be understood in the context of how unorganized workers are in most sectors. Some workers' mobilizations have received huge attention from international media, because they were regarded as initiatives of independent organizations, such as the Free Workers' Union, the Association for the Defense of Workers' Rights, the Haft Tappeh sugar syndicate and the bus drivers syndicate. However, these organizations have little power to actually mobilize workers inside workplaces. They sometimes claim they have this power, and I wish it were true, but the reality is otherwise. These organizations have some contacts with workers but they are weak, unfortunately. They are highly present on the Internet and their names circulate widely in leftist circles and the foreign press. But they hardly organize workers or influence centers of power. What often happens is that workers mobilize independently, and afterward these organizations circulate news of the labor actions and somehow get credit for it.

In Iran today, strikes and protests mostly emerge from unorganized workers. This happens because of the repression that even better-established and more visible movements, such as school teachers, have endured. As a result, labor protests in Iran express particular characteristics. First, labor actions are usually very quick in appearing and disappearing, and they last a short time. Second, actions have often taken the form of mushrooming activities, initiated by workers out of economic desperation with little organizational effort. Actions usually lack a political vision, as they are the immediate response of workers who are struggling to survive. Third, mobilizations frequently lead to the dismissal of the initiators, regardless of whether they are successful or not. Additionally, since dismissed workers need a letter of recommendation from their latest employer to find a new job, the initiators of mobilizations are often unable to remain in the labor market after their first firing. The letter of recommendation is compulsory because most of the work force is recruited through temporary contracts, which require a letter of recommendation. It follows that dismissed workers are often expelled from the labor market and exiled to the informal economy. Consequently, the risk of mobilizing and organizing protests is very high, making workers reluctant to take up that role and protest their employers. Fourth, labor protests are not covered by national media and news about them, even among workers, is circulated at best a posteriori rather than a priori. It follows that weak news coverage and the absence of strong, independent trade unions often pave the way for an almost total disconnect between scattered labor protests, which cannot originate a unified wave of labor actions. Fifth, since most labor mobilizations are geographically fragmented and do not result in cross-sectoral protests, they mainly address the immediate contracting firms without attempting to address a higher political level, such as public authorities, who actually could change the law and improve employment conditions. In sum, labor protests are not offensive in nature, aimed at reversing the employer-worker power balance. Rather, they aim at defending existing employment conditions, avoiding further deterioration.

It follows that although labor actions may be frequent, they are very weak politically. At least for the moment.

Let's direct our attention to the political elite. Rouhani's first election as president, in 2013, called into question the traditional division between conservatives and reformists within the elite. Rouhani seems able to reach both of them. How is consensus around his political project constructed and, more specifically, what is the role of rents and rent distribution in consensus-building among the elite?

Rents largely originate from four government policies—privatization, higher salaries and better benefits for high-level executives in the public sector, economic corruption in the public sector, and the commodification of social services such as higher and secondary education and health care.

Rouhani's government is rapidly withdrawing from public social services while inviting the private sector to deliver services at a higher price, thus giving a larger benefit to private entrepreneurs. This is formally against the Iranian constitution, which states that crucial sectors, such as housing, education and health, should be public. Of course, those who will be able to afford private services are the wealthiest strata of society. But who is benefiting from such rents? Who invested in these new markets? The members of Rouhani's ruling coalition.

Since rising to power in 2013, Rouhani's administration has tried to establish a cross-factional support coalition within the ruling class, distributing productive and unproductive rents to encourage members of the elite not to interfere with the government in different policy areas, from foreign politics to the economy. In order to consolidate this dominant coalition, Rouhani had to reach out to his political rivals. Rouhani has shown no intention of cutting the budget of unelected institutions such as the semi-public foundations (bonyads), the Revolutionary Guards or the Office of the Leader. Other rents involve extracting value from the environment, turning forests, land and water reservoirs into profitable outlets. Or distributing construction contracts to companies owned by or linked to members of this elite. His plan for consolidating a ruling bloc from this coalition includes the prevention of violence in the fields of foreign and domestic politics as well as during national elections.

At the same time, Rouhani's administration is putting pressure on the parts of society that are unable to organize and resist effectively—the working class, the urban and rural poor, and other subaltern groups. The legal minimum wage is ridiculously low, and the government is likely going to accept further wage reductions. The government knows that workers do not have the resources for organized resistance. Likewise, it is no coincidence that the environment is commodified and made cheap. We have no organized movement that can influence or halt government plans for the destruction of the environment. This is a zero-sum game: Members of the dominant coalition are the winners, and the masses are the losers.

On May 19, Iranians returned Rouhani to the presidency. He won a race against four other candidates—Ebrahim Raisi, Eshaq Jahangiri, Mostafa Mir-Salim and Mostafa Hashemitaba. How did the candidates address class issues during the campaign?

Although the campaign debates were awash in class issues, none of the candidates addressed class as a topic per se. In Iranian elections, only the conservative and moderate camps are allowed to run with pre-approved presidential candidates.

In the conservative camp, the mayor of Tehran, Mohammad Baqer Qalibaf, attempted unsuccessfully to imitate the language the Occupy movement, deploying the slogan "the 4 percent versus the 96 percent." Here, the 4 percent refers to the richest social strata, which hold a disproportionate share of wealth. Qalibaf implicitly referred here to his rivals in the moderate camp. Then there is the 96 percent, namely the people. I wonder, why 96 percent? Why not 95 percent or 97? A common opinion is that Qalibaf was referring to the current Persian year of 1396, which translates into the year 2017 on the Gregorian calendar. I agree with this interpretation. Although Qalibaf's slogan may have attracted him some sympathy, it also implied an acceptance, a normalization of deep social inequalities. Eventually, he gave up his bid in favor of the other conservative candidate, Ebrahim Raisi, who advanced a vague populist agenda by emphasizing monetary distribution as a means of addressing social inequalities, building on Qalibaf's slogan.

In the moderate camp, Rouhani and Eshaq Jahangiri (who is Rouhani's first vice president, an office he has held since 2013) distanced themselves quite sharply from such discourse, denying that the slogan "the 4 percent versus the 96 percent" had any correspondence to reality. However, paradoxically Jahangiri also said that "we [the moderates] are not the representatives of the 4 percent," implicitly strengthening Qalibaf's accusation that moderates are from the wealthiest group in society. The other instance in which a candidate talked class was when Rouhani, during his televised speech following announcement of the results, declared that "nobody can draw people into fruitless class struggle," thus conveying a negative meaning of what class is about.

I would like to conclude by returning to the concept of social class. How would you define "class" in a society that talks little about class, a notion that seems irrelevant to most Iranians, even political activists?

We can distinguish four levels of the concept of class. First is the structural level. Iran, structurally speaking, is a society divided along class lines. Structurally we have a working class, which is not homogeneous, of course, but includes people whose income depends on selling their own labor power in the labor market.

Second is class as a way of life. Different social classes have different approaches to issues such as health, morbidity, death, marriage, leisure, dress, drinking habits, nutrition, travel and so on. In this sense too, Iran is a class society. Working-class people have distinctive ways of talking and flirting, celebrating holidays, wearing particular clothes and they live in neighborhoods with specific social identities. This distinction is related to social inequalities, and intersects with other dimensions such as gender and ethnicity.

Third is class as class consciousness. Among Iranian workers, there is a degree of awareness of class differences, rights and duties. When it comes to labor consciousness, namely awareness of class conflict and the need to secure dignified living standards, there is a sense that labor consciousness provides a shared identity. However, it is present within occupational groups rather than among all wage earners—a necessary condition for securing decent employment and living standards for workers. Finally, there is hardly any revolutionary class consciousness, namely a self-conscious demand for abolishing class differences, among the working class.

The fourth level therefore deals with the strength of different classes and their capacity for collective action. From this point of view, Iran lacks a working class. There is hardly any labor organization that can articulate class power among workers, who are unable to organize to establish trade unions and secure existing employment conditions. This is the result of a long process, starting with the end of the Iran-Iraq war, that has weakened workers' bargaining power. The working class cannot act as a class because it lacks power, does not relate to others as a class, and does not see itself within a framework of class relations. With this background, it can hardly be claimed that the working class exists in terms of collective action. In this sense, it seems that the working class has been "undone" since the 1990s.

However, this classlessness of the working class is in itself a class phenomenon. The working "class" is not a class because of its defeat by capitalists and state forces. The Iranian state and the bourgeoisie have successfully paralyzed it.

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