

STUDY

# THE HISTORICAL ALLIANCE BETWEEN THE BAZAAR AND THE CLERGY: TRANSFORMATIONS AND OUTCOMES

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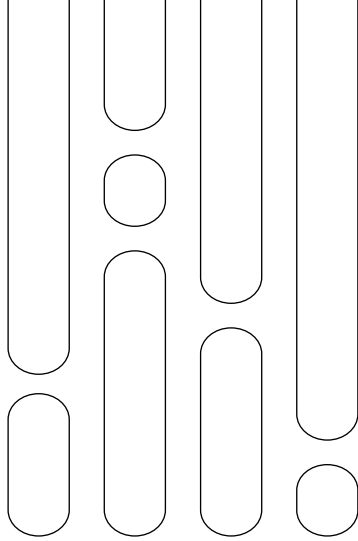


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## Introduction

The alliance between bazaar merchants and clerics, both in contemporary and historical contexts, has exerted significant influence over Iran's governance, economy, and religious doctrine — yielding major transformations. This alliance played a crucial role in pivotal events such as the Tobacco Protest and the Constitutional Movement. Additionally, it facilitated Iran's transition from Sunni to Shiite Islam, establishing the latter as the dominant sect within the country. Furthermore, this alliance supported Iran's economy, notably during Prime Minister Mohammed Mossadegh's nationalization of the oil industry in 1951. This historic alliance between bazaar merchants and clerics bore its most significant fruit in 1979 when the bazaar community played a pivotal role in facilitating the clerics' ascent to power. Through meticulous planning and substantial financial backing, the bazaaris supported the clerical agenda, leading to their eventual rise to power. This enduring alliance, rooted in shared financial and social influence, has followed quasi-consistent trajectories throughout history. One of the most significant transformations emerged following the establishment of the "Islamic Republic," marked by the implementation of the doctrine of absolute guardianship of the jurist, particularly in economic spheres. This doctrine, as articulated by Khomeini and put into practice post-revolution, mandated the control of state resources by the supreme leader (the guardian jurist) and the presence of his representatives in all governmental bodies. This religious theory, known as Wilayat al-Faqih, has fundamentally reshaped Iran's governance structure and institutional framework.

The Persian term bazaar, which denotes a market or covered trading area, has transcended Iranian borders and remains commonly used in numerous countries today. Merchants in this context are referred to as *bazargan*. The establishment of bazaars in Iran traces back thousands of years, with some studies indicating their existence as early as 3000 BC, particularly in cities situated along ancient trade routes.<sup>(1)</sup> Presently, Iran boasts several renowned bazaars recognized on the UNESCO World Heritage List. Among them, the Tabriz Bazaar in the northwest stands out as the world's largest historical covered market. Additionally, the Isfahan and Kashan Bazaars in central Iran, along with the Tehran Grand Bazaar in the capital, are notable. These bazaars, more than mere commercial hubs, are akin to fully developed cities in their own right. Hence, the merchants of these bazaars have held significant social and political sway throughout Iran's history. These markets were not just places of commerce but were surrounded by ameni-

ties aimed at enhancing the customer experience. These included seating areas, eateries, mosques, traveler lodges, and even educational institutions. Moreover, the bazaars were architecturally appealing,<sup>(2)</sup> designed to entice visitors to stay for extended periods, thus contributing significantly to public life.

The bazaar's autonomy was a significant advantage, as it remained beyond the control of successive governments. Furthermore, it historically served as the primary financial supporter of the religious establishment. Merchants paid *zakat* and *khoms* to clerics, enabling them to allocate funds to the legally prescribed channels of spending. Additionally, merchants made endowments and donations to garner favor with the religious establishment. The religious establishment similarly sought to win over merchants. Historical records show that markets would shut down in response to the displeasure of jurists, and merchants would stage sit-ins in mosques to protest against the government. For instance, during the Constitutional Movement in 1906, merchants staged a sit-in at the Shah Abdul Azim Shrine. They also supported the movement to nationalize oil led by Mosaddegh and resisted the coup against him in 1953.<sup>(3)</sup> The bazaaris wielded significant control over internal trade in Iran over many centuries. They held a prominent position within both the state and society, maintaining strong ties with the clerics based on mutual interests. Such was the influence of the clerics over them that merchants could initiate a strike merely upon the issuance of a *fatwa* (religious edict). Before scholars could openly oppose rulers, they required popular support and endorsement. This relationship between the bazaar merchants and clerics has been evident in defining moments throughout Iranian history over the past 150 years. Most notably, it played a significant role during the Constitutional Movement of 1906 and the Revolution of 1979, which facilitated the clerics' ascent to power. Subsequently, their relationship evolved along different paths compared to the period preceding the clerics' rise to power and the implementation of economic principles stemming from the theory of guardianship of the jurist (*Wilayat al-Faqih*).

**The study's objectives and methodology:** The study aims to explore and analyze the extensive history of the relationship between bazaar merchants and clerics, spanning from the Safavid era to the Pahlavi dynasty, the support extended to Khomeini and the clerics, and the subsequent evolution of this relationship in the era following the establishment of the "Islamic Republic." Afterward, an examination is conducted to assess the outcomes of this alliance and its impact on shaping Iran's economic and governance

landscape in the past, influencing the present circumstances, and potentially influencing the future. The paper employs a combination of historical and inductive analytical methods in pursuit of this objective.

The paper is divided into three main parts. The first part delves into the historical patterns characterizing the longstanding alliance between the bazaar and the religious establishment over past centuries. The second part explores the strengthening of this alliance during the early Pahlavi era. The third part scrutinizes the shifts and developments in the relationship between the bazaars and the clerics since the inception of the Iranian republic. Finally, the paper provides a series of conclusions and insights.

### **Patterns of the Alliance Between the Bazaar and the Religious Establishment Over Past Centuries**

The historical relationship between the bazaars and the clerics dates back centuries, founded on a mutual exchange of interests. Religious scholars offered support to merchants in navigating governmental injustices and provided mediation in financial matters, alongside issuing fatwas and preaching to the merchant class. Conversely, merchants played a crucial role in funding the religious establishment through various means such as charity, zakat, khoms, donations, votive offerings, and endowments. These financial contributions were instrumental in local development, supporting scholars, financing mosques, educational circles, and religious activities, thereby bolstering the clerics' societal standing and ensuring their independence from governmental influence.<sup>(4)</sup>

The clergy provided vital services to the bazaaris, including verifying commercial documents in ancient times and offering their homes as safe havens for merchants facing financial difficulties. Mosques played a central role in the bazaar, enriching the religious culture of merchants who gathered for congregational prayers, Qur'an recitations, dhikr (remembrance of God), and mourning ceremonies during Muharram. Additionally, clerics oversaw the upbringing and education of merchants' children, shaping their cultural and religious awareness.

In return, bazaar merchants played significant societal roles and supported the clergy in Iran. They financed public projects such as building bridges and barrages, repairing roads, and funding religious and charitable activities, including mosque renovations, religious gatherings, and pilgrimage trips. Additionally, they provided a multitude of bazaar facilities such as

shops, lands, and public baths. Furthermore, merchants offered donations and gifts to the clergy,<sup>(5)</sup> solidifying their pragmatic bond formed centuries ago.

During the Safavid rule of Iran in the early 16th century, the bazaar emerged as a dynamic force in the economic and political spheres. The Safavids, by adopting Shiism as the state religion and importing Shiite clerics from Lebanon and Iraq, unintentionally contributed to solidifying the alliance between the bazaar and the clergy. They established religious schools to propagate the Twelver Shiite doctrine, involving clerics in political affairs. This move aimed to leverage the bazaar's influence to expedite the dissemination of the state's new religious doctrine. This alliance was further solidified when Shah Abbas (1587-1629) relocated the capital of his state from Qazvin to Isfahan, home to some of Iran's most renowned and ancient markets. He cultivated closer ties with the bazaar and its inhabitants. Shah Abbas erected three pivotal structures in Naqsh-e Jahan Square in Isfahan to bolster the strength of the new state: Ali Qapu Palace, symbolizing power, followed by the Shah Mosque and adjacent bazaar.<sup>(6)</sup> Through these, the shah aimed to exert influence over Iranian society, leveraging their material, religious, and social sway, and facilitating interaction between merchants and the general populace.

In this period, merchants played a crucial role in revitalizing and financially supporting the clergy. Some amassed significant wealth by serving as a refuge for merchants seeking protection from rulers' seizures of their assets. Wealthy merchants often endowed their properties and lands to the clergy to safeguard them against confiscation, a prevailing practice at the time, provided a portion was allocated to quasi-religious institutions overseen by clerics. Additionally, merchants made regular donations and paid khoms; a religious tax. Consequently, a prosperous class of clerics, particularly the mujtahids,<sup>(7)</sup> emerged. Thus, it was in the religious establishment's interest to ensure the continuity of merchants' business.

During the Qajar era (1779-1925), clerical support for the merchants was evident in various instances, including forming a merchants' council, the Tobacco Protest, and the Constitutional Movement. This involved backing the merchants' demands to establish a trade council in 1882 to safeguard their interests before the rulers. When Nasser al-Din Shah declined to create the council, clerics intervened. They also advocated for easing the arbitrariness and competition directed at merchants by those in power, reducing foreign

control over the markets, and protecting merchants' individual ownership rights. In response to Nasser al-Din Shah's concession of the tobacco trade to the owner of a British company named Talbot for 50 years, despite the significant reliance of Iranians on tobacco cultivation and trade for their livelihoods, the merchants sought the support of the religious establishment. This alliance culminated in the Tobacco Protest of 1890 (Nahzat-e Tabnaku). It marked the first notable uprising that showcased the strength and influence of the alliance between bazaar merchants and clerics. In their quest for support, the merchants turned to the clerics, eventually securing a fatwa from Ayatollah Mirza Hassan al-Shirazi that prohibited the consumption of tobacco. This prompted the merchants to stage a sit-in at the Goharshad Mosque and initiate the closure of shops and markets in Isfahan. The strike then spread to Tehran, where some merchants went as far as burning tobacco, leading to clashes near the Sultanate Palace. The unrest remained unabated until the shah was compelled to revoke the concession and halt the operations of the British company.<sup>(8)</sup>

Following the triumph of the tobacco revolution, merchants and clerics recognized the potency of their burgeoning alliance and their significant capacity for influence and mobilization, achieved simply by rousing individuals in the markets and mosques. The protests swiftly traversed from one city to another, permeating across the entire nation. In reciprocation, certain merchants extended financial assistance to those impacted by the strikes and shouldered the expenses of the protests on certain occasions. Consequently, support and mobilization followed through until they ultimately realized their objectives, a strategy they later employed during the Constitutional Movement of 1906 and subsequently during the Islamic Revolution in 1979.

Once again, at the beginning of the 20th century, the alliance between the bazaar and the religious establishment was rekindled, leading to a pivotal event in Iran's history: the Constitutional Revolution spanning from 1905 to 1910. This movement culminated in the acquisition of Iran's inaugural constitution and the establishment of its inaugural parliament. The revolution was sparked amidst bazaar merchants' discontent with the dominance of foreign advisors, particularly the Belgians, who held considerable sway under Mozaffar ad-Din Shah Qajar, the successor of Nasser al-Din Shah Qajar. These merchants pressed for higher customs duties on imported goods, yet their appeals fell on deaf ears as Mozaffar ad-Din Shah refused to accede to their demands. Yet, the bazaar's merchants staged a sit-in, prompting government intervention to quell the unrest, fearing its potential spread to



other urban centers. In response, the governor of Tehran issued punitive measures against several merchants. Enraged by these actions, the merchants shut down the bazaar and declared a general strike. Seeking refuge in the clergy and mosques, they demanded the removal of the government's leadership due to its oppressive tactics. A pivotal demand was the establishment of a Majlis (parliament) independent of the Shah's administration, with branches in cities across Iran, rather than solely in the capital, as desired by Mozaffar ad-Din Shah.

The unrest escalated, accompanied by a surge in violence. Sayyed Abdullah al-Behbahani, a cleric, suggested that merchants seek refuge in the British embassy — at the urging of the British consul— if the government continued to employ force. Consequently, the bazaaris staged a sit-in at the British embassy, persuading religious students and other segments of society to join them. With some merchants willing to cover the financial expenses, tents were set up and stocked with provisions to sustain the protesters for days. The number of participants swelled to twenty thousand, and the sit-in persisted for twenty days. Eventually, the shah yielded to the demands of the merchants, acceding to the establishment of the Majlis as desired by both the clerics and merchants. Thus, the inaugural Majlis (parliament) in Iran's history arose from collaboration between merchants and clerics, with bazaar merchants constituting 57 out of 161 deputies, comprising 35% of the representation. The initial legislative move by these commercial-affiliated representatives was to oppose foreign loans and advocate for the creation of a domestic national bank.<sup>(9)</sup> Additionally, they played a pivotal role in drafting Iran's first constitution.

### **Consolidating the Alliance Between the Bazaaris and the Clergy During the Pahlavi Era**

The alliance between the bazaar and the religious establishment in Iran strengthened over time, particularly during the reign of Shah Reza Pahlavi, the father, and further solidified under his son, Shah Mohammad Reza Pahlavi. This alliance culminated in the pivotal event of the late 1970s, the successful overthrow of the shah's regime and the establishment of the "Islamic Republic of Iran." This historic union, which evolved through a series of influential and protracted alliances, ultimately led to the revolution. This analysis will be presented in two parts:

- The shifts during the reigns of Shah Reza Pahlavi and his son, Mohammad Reza.

- The collaboration with Khomeini and the clerics, along with the precursors to the 1979 revolution.

### **The Alliance's Directions During the Reign of Reza Khan and His Son Mohammad Reza**

After consolidating power within the Qajar state, Shah Reza Pahlavi endeavored to reshape Iran from a monarchy to a republic in 1921, drawing inspiration from Kemal Ataturk's reforms. However, this attempt to adopt a Western model did not garner approval from either the religious establishment or the bazaar merchants. Once more, the bazaar merchants aligned themselves with the clerics, actively opposing this transition. Under the leadership of cleric Hassan al-Mudarris, the merchants organized demonstrations to counter Reza Khan's initiatives. Confrontations erupted in the market between the shah's supporters and the protesters. Thousands of merchants signed a petition denouncing the republic and voiced slogans against it. Violence continued to rage between them and the security forces until Reza Pahlavi was compelled to retract his plans for establishing a republic. Furthermore, the shah endeavored to appease the merchant class and integrate them into official ceremonies, eventually mitigating tensions and garnering their support during the initial years of his reign. This reconciliation was facilitated by the restoration of security across the nation, addressing the pervasive chaos and insecurity that had afflicted the populace, including the merchants, since the late Qajar era and prior to Reza Pahlavi's assumption of power.

However, this reconciliation proved short-lived as tensions reignited between the authorities and the commercial and religious institutions when Shah Reza Pahlavi embarked on a vigorous campaign to embrace globalization and implement Western ideologies domestically. He sought to alter several prevailing societal customs and traditions, including imposing a ban on women wearing the hijab, modifying laws related to marriage and divorce, and expanding educational opportunities for women. The anger of the clerics intensified, resonating with Iranian society, particularly with the backing of merchants, as the shah persisted in enforcing the ban on the hijab in 1936. With a significant portion of Iranian society, predominantly rural, refusing to adhere to the mandate, violent clashes erupted between the Iranians and security forces.

The shah implemented a series of arbitrary measures targeting clerics and merchants, aiming to dismantle the influential leadership roles held

by Shiite authorities and merchants. His goal was to enforce his decisions and assert absolute control over Iranian society. These measures included abolishing the use of religious titles, replacing Sharia laws with civil and criminal laws, excluding “Sayyids” from government positions, mandating special permits for religious attire, and enforcing the removal of the hijab. Additionally, he sought to diminish the influence of Shiite clerics over substantial endowment funds, impede internal trade, and institute laws granting the government monopoly over foreign trade and various industries.<sup>(10)</sup>

The bazaar merchants and clerics grew increasingly resentful towards Shah Reza due to his policies, but their peaceful efforts to reverse his measures proved futile. As a result, they resorted to violence towards the end of his reign, a trend that persisted even after his abdication and departure from Iran under British pressure during World War II. Armed resistance movements like the “Fada’iyan-e Islam” emerged, advocating for change through armed actions and political assassinations. Members of this movement, primarily composed of bazaar merchants,<sup>(11)</sup> succeeded in assassinating several prime ministers. Unrest continued to flare up in Iran even after Reza’s abdication. He left Iran due to Iran’s pressure after the World War II.

When Shah Mohammad Reza Pahlavi ascended to power following his father’s abdication, the religious establishment stood as the second most influential branch of authority in the state, trailing only behind the royal court. This prominence was owed to its significant social standing and extensive reach across Iran’s villages and cities. Following closely behind was the bazaar, commanding around two-thirds (66%) of the internal wholesale trade in the country. At the outset of Shah Muhammad Reza Pahlavi’s reign, the bazaar accounted for approximately 30% of Iran’s total imports and received 15% of the credit or financing allocated to the private sector.<sup>(12)</sup> Therefore, the new shah’s animosity towards the bazaar deepened, particularly as it played a visible role against his rule, often in collaboration with the clergy.

The influence of the bazaar became evident as they rallied behind the National Movement led by Muhammad Mosaddegh, offering their support until he assumed the premiership in 1951. They even bolstered the Iranian economy amidst the British blockade and economic sanctions imposed on the country in response to Mosaddegh’s decision to nationalize the oil company in 1951. In a demonstration of solidarity, bazaar merchants played a crucial role in financing Mossaddegh’s government. They achieved this by

purchasing government bonds and facilitating the sale of non-oil crops through their own channels, thereby ensuring the availability of funds for Mossadegh's embattled government.<sup>(13)</sup> Following Mossadegh's government overthrow in a coup orchestrated by the shah, bazaar merchants exhibited resistance against the shah's actions. This resistance solidified the Shah's perception of both the bazaar merchants and the religious establishment as significant threats to his regime's stability. Consequently, the shah intensified his hostility towards these groups, particularly after the success of the coup and Mossadegh's subsequent imprisonment in 1953.

### **The Bazaar's Alliance With Khomeini and Clerics Before the 1979 Revolution**

After his success in eliminating Mosaddegh, the shah directed his efforts towards weakening the two traditional powers in Iran and breaking their alliance. Recognizing the bazaar's significant influence, particularly its financial support for the clergy and anti-shah factions, he targeted it as a primary obstacle to his authority. In his efforts to diminish their power, the shah resorted to persecution and imprisonment, seeking to curtail their control over the markets. Through systematic measures, he aimed to diminish their commercial influence both domestically and internationally. By the 1970s, bolstered by the surge in oil prices, he largely achieved this objective. Their commercial activities were restricted through stringent controls on trade and manufacturing licenses, as well as the imposition of high import tariffs and stringent regulations on certain goods. Moreover, foreign financial institutions and banks were encouraged to operate in Iran, with some of them eventually becoming nationalized.<sup>(14)</sup> These actions were part of the economic and social reforms initiated by the shah, known as the White Revolution, implemented from 1963 until 1978. The overarching goal was to transform society and its traditional foundations.

The merchants of the bazaar found themselves compelled to comply with the coercive conditions imposed upon them, resulting in a significant loss of their commercial influence. They had to adjust to the shah's policies of openness to the West, engaging in commercial agencies and accepting state-controlled trade, both domestically and internationally. The bazaar did not forget the setbacks they endured and the erosion of their influence. They bided their time, awaiting the opportune moment to align once again with their traditional allies, the clerics. This alliance eventually materialized and sparked violent disturbances within Iran, including the uprisings

of June 5, 1963, and 1964, as well as a series of bazaar strikes since 1977. These events can all be viewed as precursors that ultimately culminated in the 1979 revolution, toppling the shah.

Bazaar merchants demonstrated solidarity with the clergy and shuttered their shops and markets in Tehran for fourteen days following the protests instigated by the clerics, led by Ayatollah Khomeini, on June 5, 1963. These demonstrations were in objection to the White Revolution referendum, which encompassed agricultural, industrial, and labor reforms initiated by the shah but also included societal and religious changes that were rejected by the clerics. Khomeini issued a fatwa rendering the referendum unlawful and calling for its boycott. The referendums encompassed laws such as abolishing the requirement of Islam among candidates to allow non-Muslim representation in parliament, permitting women to participate in voting and running for elections, and allowing swearing on any divine book recognized in Iran besides the Holy Qur'an.<sup>(15)</sup>

Following the authorities' punitive measures against Khomeini through his arrest, demonstrations erupted in Tehran on June 5, resulting in casualties during clashes with security forces. The protests spread to other cities, with bazaar merchants showing solidarity by shuttering their stores and markets. In Tehran, the bazaar remained closed for 14 days, and the strike extended to the Qom Bazaar. Eventually, under pressure, the shah released Khomeini.<sup>(16)</sup> The alliance between the bazaar and Khomeini evolved into a formidable force capable of destabilizing the shah regime through widespread mobilization, strikes, and demonstrations across the nation.

The clerics solidified their alliance with the bazaar merchants against the shah by establishing the Islamic Coalition Party (in Persian: Hezb-e Mo'talefe-ye Eslāmi) in 1963. This party was implicated in carrying out assassinations against regime figures and perpetrating internal acts of violence, particularly after renewed tensions between the government and the clerics flared up again, sparked by the passage of a law in Parliament in 1964 granting special immunity to American advisors operating in Iran. Subsequently, Khomeini escalated his objection and called for the complete overthrow of the Shah regime. In response, the shah decided to exile him first to Turkey and then to Iraq in an attempt to silence his voice. However, the situation deteriorated further, and protests erupted again in the streets, led by the bazaar's merchants. Prime Minister Hassan Ali Mansour was assassinated after a cleric, Ayatollah Milani, issued a fatwa permitting his killing.<sup>(17)</sup> As

a result, a number of bazaar merchants were accused of having an indirect relationship with the assassination of the prime minister.

During the 1960s, the shah's attempts were repeated to extend the state's control over markets and religious institutions to exert unilateral influence on society. These attempts began with efforts to change some of society's religious customs and consumer patterns within the "White Revolution" reform package. This eventually led to the establishment of the "Rastakhiz Party" in 1975, serving as the sole party endorsed by the government. The Rastakhiz Party was utilized to enforce several measures aimed at neutralizing the power of bazaar merchants within Iranian society. These measures included flooding the markets with imported goods and taking advantage of the rise in local prices. Additionally, the government imposed financial fines on thousands of merchants, revoked store licenses, imprisoned hundreds of them, and dissolved most of the chambers of industries in response to their objections to government measures.<sup>(18)</sup> His party dispatched hundreds of students as supervisory committees to the markets, causing traders to feel insulted and eager for revenge. One merchant even described the situation to a foreign correspondent saying, "The Shah's white revolution has turned into a red revolution." Many of them faced imprisonment, arrests, and even exile.

In the initial stages of the 1978 revolution, merchants in Tehran rallied behind the cause, offering crucial support to the demonstrations. Their involvement proved pivotal in sustaining and funding the uprising across the nation, which endured for an extended period of 13 months without significant interruption. Central to their demands were the return of Khomeini from exile and the removal of state regulations on prices and markets.<sup>(19)</sup> The bazaars wielded formidable influence by employing two potent tactics: shutting down markets and providing financial backing. These actions were instrumental in bolstering the clergy, under the leadership of Khomeini, during their escalating standoff with the shah. Tensions peaked in January 1978 following a controversial article published by the shah in the local newspaper *Etelaat*, where he launched derogatory remarks against Khomeini and the clergy. Following the publication of the contentious article, a collective statement was released by a body representing Tehran Bazaar merchants and artisans. They vehemently denounced the article and issued a call for the closure of the bazaar. This action marked the onset of a chain of disruptions and closures across Iranian markets, spanning a duration of thirteen months. Consequently, the nation grappled with economic turmoil,

marked by crises and soaring prices, which exacerbated internal tensions and eroded the shah's hold on power.

The merchants' swift response to Khomeini's appeal emerged as a pivotal catalyst in the triumph of the revolution. Following the announcement of a general strike by the merchants and artisans association on June 2, 1978, key markets across prominent cities including Tehran, Isfahan, Shiraz, Ahvaz, Mashhad and Tabriz shuttered their doors. This widespread closure underscored the resounding effectiveness of the strike. On October 16, 1978, Khomeini issued a pivotal call for the first widespread disruption of markets across Iran. Recognizing the potential risk of disrupting the daily lives of ordinary Iranians and the potential backlash against the clergy, Khomeini nonetheless deemed it necessary to take this bold step. Utilizing the resourcefulness of bazaar merchants, who organized cooperatives within neighborhoods, proved instrumental in securing essential materials. These merchants demonstrated adeptness in establishing diverse financing committees to fulfill the requirements of the striking individuals, families of detainees, and even those adversely impacted by the disturbances, such as unemployed individuals, students, and government employees partaking in the strikes. This inclusive approach encompassed various sectors, including workers from the oil company and *Keyhan* newspaper.<sup>(20)</sup>

The bazaar committees played an indispensable role in enabling the clerics to mobilize the general public and sustain prolonged resistance and demonstrations. Their unwavering support proved crucial in economically, financially, and politically pressuring the shah's regime, ultimately leading to its downfall. These committees persisted in their provision of both financial assistance and essential resources until they achieved their ultimate goal: the overthrow of the Shah's regime. Khomeini's triumphant return from exile in February 1979 marked the ascension of the clerics to power.

### **Shifts in the Relationship Between Bazaar Merchants and Clerics After the Establishment of the Iranian Republic**

In the 40 years following the 1979 revolution, the relationship between bazaar merchants and the clergy underwent significant transformations. This evolution marked a departure from their relationship over the preceding four centuries, particularly after the clergy assumed power in Iran for the first time in its modern history.

The following lines shed light on the transformations through five main trajectories. These trajectories began following the revolution forty years ago and they continue to evolve. These are discussed as follows:

### **Flawed and Unbalanced Economic Interpretation on the Part Of Wilayat al-Faqih**

Following the success of the revolution, a notable imbalance emerged in the relationship between bazaar merchants and the clerics, with the scales tipping decisively in favor of the clergy. This shift occurred as the clergy consolidated both religious and executive authority, gaining control over the nation's vast resources. This included the wealth of the ousted shah, funds from fleeing businessmen, and all economic assets of the state, encompassing oil, gas, minerals, factories, and other production facilities. Prior to the revolution, the balance had leaned towards the merchants of the bazaar, who held sway with their prestige, wealth, and support, while the clergy remained outside of formal power structures, relying on the financial contributions and donations from the bazaar.

According to the theory of Wilayat al-Faqih, introduced by Ruhollah Khomeini, the supreme jurist ruler possesses control over all natural resources, revenue sources, endowments, and funds derived from religious obligations, such as khoms, alms, donations, or zakat. Moreover, Mehdi Khalaji, an Iranian researcher and former student in the religious seminary of Qom, highlights the extensive involvement of clerics in all state institutions through their representatives known as "representatives of the guardian jurist." Khalaji notes that clerical influence extends across various sectors, ranging from factories, electricity and petrochemical production plants, to military institutions, government departments, universities, and sports clubs, reflecting a pervasive presence in diverse facets of societal and governmental affairs.

In accordance with the economic interpretation of the guardianship of the jurist, clerics have amassed significant financial resources. Beyond receiving a portion of the government budget allocated to the hawza, clerics enjoy special privileges, including the ownership of confiscated or unclaimed funds, involvement in importing and exporting goods, acquiring state-owned factories at discounted rates through special exemptions, and possessing urban and commercial enterprises. Additionally, they receive a percentage of taxes from citizens and engage in domestic and international trade and investment. The opacity and secrecy shrouding the revenues and



expenditures of clerics or their associated economic entities serve as pivotal factors in sustaining their existence and ensuring their longevity, particularly in the absence of transparency.<sup>(21)</sup>

Upon the revolution's triumph and the assumption of control over the nation, the clergy initially overlooked the interests of bazaar merchants, thereby posing a threat to their collective well-being. This disregard became evident through various government interventions, including the nationalization of foreign trade and major industries, alongside the abolition of intermediaries through the establishment of cooperative societies. Simultaneously, revolutionary organizations launched vigorous campaigns against profiteering, coinciding with the onset of the Iran-Iraq War in the 1980s. The imposition of economic closure policies, restricting foreign trade and credit, further marginalized the bazaars, silencing dissenting voices in favor of prioritizing the war effort. Consequently, these measures significantly undermined bazaar trade and diminished its influence.

Previously, the bazaar operated on the basis of an internal hierarchy and interwoven relationships among its members, built on trust and reputation with minimal bureaucratic complexities. However, the new regime intervened to disrupt this interconnectedness and hierarchy. This intervention involved integrating certain bazaar elites into political spheres, imposing regulations and bureaucratic procedures on merchants' activities, and dismantling their collective work system. Additionally, the regime granted export licenses selectively while restricting imports, and expanded the establishment of distribution institutions under the "bonyad" system.<sup>(22)</sup>

One glaring manifestation of the abrupt marginalization experienced by bazaar merchants following the revolution's success was their limited representation in the first post-revolution parliament. Despite playing a pivotal role in the revolution's victory, their representation amounted to less than 2% of the parliament's members. In contrast, approximately 50% of the representatives were aligned with the clergy, with another 45% representing intellectuals. This stark contrast is highlighted by historical precedent: in the first Iranian Parliament convened after the Constitutional Revolution in 1911, bazaar merchants secured 35% of the seats, more than a third of the total, compared to 29% held by clerics.<sup>(23)</sup> As observed previously, they were instrumental in the success of that revolution as well, providing financial support to the clergy until their objectives were achieved.

## **The Bazaar and Private Sector Facing Competition From Revolutionary and Religious Institutions**

Despite the declared slogan advocating support for national merchants, Khomeini himself championed the notion that “the bazaar should be sufficiently encouraged to achieve the revolutionary goal of economic independence.”<sup>(24)</sup> However, the realization of this revolutionary aspiration for economic independence effectively served as a mandate to extensively involve revolutionary organizations and institutions, led by Iran’s Revolutionary Guard Corps (IRGC) and economic entities under the authority of the Supreme Leader. This strategic move aimed to fulfill Khomeini’s longstanding dream of economic revolution. Unfortunately, it came at the expense of the private sector and the bazaar, which saw their influence and autonomy curtailed in the process.

As a result, three revolutionary economic institutions emerged after the revolution, directly linked to the Supreme Leader, with extraordinary financial authority. These include the “Execution of Imam Khomeini’s Order (EIKO)” (Setâd-e Ejrây-ye Farmân-e Emâm), Setan Quds Razavi, and The Mostazafan Foundation of Islamic Revolution. Designated as non-governmental public entities, they operate outside the purview of taxation, auditing, or oversight by regulatory bodies and the Islamic Consultative Assembly (Parliament). Initially, these institutions purported to focus on charitable endeavors but subsequently expanded into commercial ventures, amassing investments across various sectors such as industry, agriculture, commerce, finance, and services, with assets reaching into the billions of dollars. Setan Quds Razavi holds ownership over a range of companies including Quds Razavi Mines, Thamni Pharmaceuticals, Shahab Khodro, Razavi Dairy Products Company, Quds Razavi Housing and Construction, Razavi Information and Communication Technology, among others. Similarly, The Mostazafan Foundation boasts ownership of significant institutions such as Sina Bank, Behran Oil Company, Mehrshahr Food Industries, Zamzam Iran, Saba Electronic and Energy, Safaieh Hotel Yazd, a club for Iranians residing in Dubai, and Nour-Taban Film Industry, alongside numerous other companies and financial institutions.<sup>(25)</sup>

The IRGC were granted significant leeway to operate and compete within the Iranian economy, particularly following the constraints imposed on foreign trade during the 1980s amidst the war with Iraq. Subsequently, during the eras of Hashemi Rafsanjani and Mohammad Khatami, despite

the implementation of economic liberalization policies, efforts to remove the IRGC from economic spheres proved unfeasible. Instead, their presence was viewed as potentially pivotal in maintaining a semblance of balance amidst the cautious and suspicious approach toward openness policies among Iranian clergy and decision-makers. With the IRGC enjoying considerable latitude in economic affairs, these developments had profound adverse repercussions on the bazaar, the private sector, and the management and allocation of investments within the Iranian economy. Consequently, these entities faced a dual challenge: navigating economic openness to the outside world while contending with competition from the IRGC.

The emergence of the IRGC's economic prowess traces back to the 1980s, following its establishment by Revolutionary Supreme Leader Khomeini in 1979. Initially formed to safeguard the revolution and the nascent regime from potential threats posed by the official army, it aimed to uphold the revolution's ideals both domestically and abroad. Characterized as a "doctrinal army," it comprised two primary wings: the Quds Force and Basij, boasting several thousand fighters and volunteers.<sup>(26)</sup> While primarily tasked with security roles and protecting the regime, the IRGC capitalized on certain provisions of the Iranian Constitution, notably Article 150: "The Islamic Pasdaran Revolutionary Corps, established in the early days of the victory of the Revolution, will remain in effect in order to continue in its role of protecting the Revolution and its achievements." This constitutional mandate enabled the IRGC to extend its influence across various domains, including the state's economic, industrial, cultural, social, and political spheres. Yet Article 147 stipulates that "In time of peace, the government, in complete respect for the criteria of Islamic justice, must utilize the army's personnel and technical equipment for relief operations, educational and productive endeavors, and the Reconstruction Campaign (jehād-e sāzandegi), to the degree that the army's combat-readiness is not impaired." The IRGC officially entered political arenas during the fifth legislative elections (1996-2000) by establishing a list of Hezbollah supporters, allowing its members to secure seats in Parliament. Subsequently, during the period of 2004-2008, they acquired 100 seats in the Islamic Consultative Assembly. Moreover, under the presidency of Ahmadinejad, the IRGC further solidified its political influence by assuming ministerial positions. Notably, five ministers in Ahmadinejad's government were appointed from the ranks of the IRGC. They emerged as significant economic players in later stages, with Ahmadinejad's tenure marking a crucial period during which the IRGC expanded its eco-

conomic influence within Iran<sup>(27)</sup>. This period saw the Guard securing government tenders with substantial sums of money, particularly following the Supreme Leader's directive to privatize numerous state-owned companies in 2006. The IRGC successfully acquired numerous state-owned companies, including major enterprises operating in vital sectors, for tens of billions of dollars. Of note is the IRGC's acquisition of the country's main telecommunications company<sup>(28)</sup> and other companies operating in industrial fields.

### **The Bazaaris Opting to Work Under the Regime's Canopy, With the Rest Resisting Modernization Attempts**

As the first leader of the revolution consolidated his power, he pursued strategies to neutralize the bazaar. Fearing that economic turmoil resulting from the revolution and subsequent war with Iraq might provoke opposition from the bazaars, he simultaneously sought to reward a select group of bazaar merchants who had supported the revolution. Notably, members of the Society of Islamic Coalition Association were among those favored. Khomeini endeavored to bolster the loyalty of prominent bazaar merchants and mitigate political dissent within the bazaar, leading to merchants aligned with the government being labeled as "Davlati,<sup>(29)</sup>" indicating their complete loyalty.

After the overthrow of the previous regime, some merchants from the bazaar transitioned into politics to safeguard their commercial interests. This was especially true for those who had supported and funded the protests, subsequently taking up roles as ministers and parliamentary representatives. Notable examples include the Asgaroladi brothers, Habibollah and Asadollah, who emerged as key figures in Iranian politics. Mithaq Parsa, an Iranian-born sociology professor based in the United States, sheds light on this phenomenon. He emphasizes how Asadullah, one of his former students, rose from humble working-class beginnings to amass immense wealth in the aftermath of the revolution. Asadullah's brother, Habibullah, served as Minister of Trade during this period, leveraging his position to secure lucrative commercial licenses. Through strategic connections with the state, Asadullah capitalized on his newfound opportunities, accumulating a fortune estimated at over \$9 billion, becoming the second-richest man in Iran.<sup>(30)</sup> It is worth noting that he and his brother hail from a modest background, belonging to the working class.

Additionally, certain merchants from the bazaar took leadership roles in prominent newspapers, exemplified by iron merchant Hossein Mahdian,

who became the head of the Keyhan newspaper. These individuals constituted the initial cohort of merchants within the Davlati (state-aligned) bazaar, adeptly intertwining business with politics. Their influence expanded notably with the conclusion of the Iran-Iraq War and the onset of an era characterized by economic liberalization under the presidency of Hashemi Rafsanjani (1989-1997). Supporters of the Khomeini regime, including these influential merchants, were granted high-ranking governmental positions and bestowed with exclusive import licenses as tokens of appreciation for their loyalty.

As policies promoting economic openness to the global market gained traction, the influence of the second group of bazaar merchants — those traditional, unaligned with the state — began to wane. This decline was fueled by the rise of revolutionary and religious institutions competing with the private sector, alongside the liberalization of trade policies. Consequently, their business volume experienced a gradual downturn as imports surged through official ports like Bandar Abbas and the free trade zones on Kish and Qeshm islands. Additionally, the influx of goods via smuggling routes from neighboring countries, such as the UAE, further intensified competition. These imported products, boasting both quality and affordability, directly challenged locally-produced Iranian goods, leading to a progressive reduction in the prominence of bazaaris.

Nevertheless, the bazaaris found themselves compelled to align with and endorse the hardline faction, eventually throwing their support behind them. This allegiance shifted towards hardline policies, which leaned more conservatively regarding external openness, contrasting sharply with the reformist movement advocating for increased engagement with the global community and foreign investments. To safeguard their trade interests from external competition, they actively backed or financially supported hardline candidates during parliamentary and presidential elections.<sup>(31)</sup>

During the era of Hashemi Rafsanjani following the conclusion of the war with Iraq, efforts towards modernization encountered resistance from the bazaar. This resistance was evident in their opposition to the introduction of mall chains into Tehran and other major cities. They harbored animosity towards Tehran's mayor, Gholamhossein Karbaschi, throughout his tenure from 1989 to 1998. Their discontent culminated in his prosecution by the judiciary, which was predominantly composed of clerics. Karbaschi's arrest was purportedly motivated by the establishment of the Hamshahri newspa-

per, which was perceived as challenging the authority of the supreme leader. Despite Karbaschi's notable accomplishments in the capital, including modernization initiatives, he was detained for two years.<sup>(32)</sup>

To some extent, they opposed President Mohammad Khatami's liberal inclinations (1997-2004), particularly his initiatives aimed at opening local markets to foreign investments—a departure from Iran's post-revolutionary stance of suspicion toward foreign involvement. Their resistance, often aligned with hardline factions, was evident in events such as the Guardian Council's rejection of a bill on foreign investments on June 17, 2001. This bill, which had been previously endorsed by Parliament in 2000, sought to permit foreign entities to operate directly within Iran.<sup>(33)</sup>

However, shifts in the global economy and the gradual integration of aspects of globalization within Iran have significantly altered the status and influence of the bazaaris in society. This transformation is exemplified by the introduction of major retail chains and the concept of “malls,” marking a significant departure from traditional bazaar culture in Iran. Interestingly, while bazaar merchants had previously resisted such developments during the Shah's era, fearing competition, the tide turned against them as these modern retail formats gained popularity among Iranians. This shift adversely affected the bazaar's trade dynamics and undermined their traditional roles as importers, sellers, and distributors within the country. The emergence of a new, educated Iranian middle class further fueled the trend, as they increasingly preferred the convenience and variety offered by Western-style malls over the cramped confines of the traditional bazaars. This transition was also driven by a desire for international goods and brands, often seen as status symbols, even if they were counterfeit products.<sup>(34)</sup> Moreover, globalization positioned Dubai as a key hub for international trade, eclipsing Tehran's prominence in this regard. This shift provided the Iranian regime with an opportunity to establish adjacent free trade zones, diverting business away from the bazaar and granting special trade licenses to its allies, thereby consolidating their economic power at the expense of traditional bazaar merchants.

### **The Bazaar Business Diminished Amid Toughening Western Sanctions on Iran**

The imposition of Western sanctions on Iran starting in 2006, with a subsequent intensification of economic pressure since 2010, coinciding with the end of Ahmadinejad's presidency, marked a significant turning point

in diminishing the role of the bazaar in Iran. These sanctions not only stifled the Iranian economy but also provided impetus for increased religious and presidential backing of the IRGC in exerting control over the Iranian economy, both domestically and internationally, under the banner of “resistance economy.” This approach emphasized self-sufficiency and resilience against external sanctions, empowering the IRGC to procure necessary resources and oversee economic activities. Although the IRGC had wielded economic influence since the 1980s, their role expanded significantly during Ahmadinejad’s two terms as president. By 2005<sup>(35)</sup>, the IRGC alone had secured over 750 government contracts. However, the subsequent imposition of sanctions, including trade blockades and restrictions on foreign investments in Iran, further consolidated the IRGC’s dominance over the markets, augmenting their control over various sectors of the economy.

During this period, the relationship between the bazaar and the IRGC underwent a significant transformation, shifting from competition to one of subordination, with merchants increasingly yielding to the authority of the IRGC. As the IRGC emerged as the dominant force driving economic sectors in Iran, particularly in foreign trade, they gained control over critical elements such as sources of foreign currency, banks, financial companies, and smuggling networks — both domestically and internationally. This enabled the IRGC to circumvent Western sanctions imposed on trade, shipping, and financial transactions involving Iran. Their control extended to numerous ports and border crossings throughout the country, granting them leverage to exempt their companies from taxes and evade customs duties. Therefore, they entered into unfair competition with traditional merchants, leveraging their advantageous position to distribute cheaper goods and undercut their competitors. As a result, traditional merchants found themselves unable to compete effectively and sustain their trade activities without resorting to cultivating special relationships with the IRGC. This dynamic further solidified the IRGC’s hegemony over the country’s foreign trade, perpetuating a system where traditional merchants struggled to survive amidst unequal competition.

Former President Ahmadinejad’s characterization of the IRGC as “smuggling brothers” during a conference in 2011 highlighted their involvement in illicit activities, prompting internal controversy and a public acknowledgment from state officials regarding their role in domestic smuggling operations amid the sanctions period.

Under Ahmadinejad's administration, the economic influence of the IRGC expanded significantly, as they delved into banking and finance activities through institutions like Qawamin and Ansar banks, along with the Basij-affiliated Mahr Economic Bank. This diversification into banking was instrumental in facilitating trade and related transactions.

The prevalence of smuggling activities has led to substantial revenue losses for the state. According to estimates from the Iranian Task Force to Combat Smuggling, the annual volume of smuggled goods exceeded \$20 billion, constituting approximately 5 percent of GDP in 2014.

The Ministry of Trade identified key smuggled goods, including gold, clothing, household appliances, mobile phones, computers, cosmetics, and cigarettes. These items represent some of Iran's most significant imports from abroad except the grain imports.<sup>(36)</sup>

### **Curbing the Bazaar's Role While Staging Protests on Some Occasions**

Bazaar merchants find themselves in a position where they must reluctantly accept their diminished reality while opportunistically resorting to their historical tactic of demonstration and protest to voice objections. Stripped of both political and financial influence, they have become targets of government measures that aim to curtail their businesses and profits. Not only have they lost the clout and ancient stature once enjoyed by clerics, but they've also experienced a decline in financial and social influence due to the overshadowing of their trade and wealth by revolutionary institutions. This trend was particularly pronounced during the presidency of Ahmadinejad (2005-2013), who was aligned with the hardline movement.

According to Kevan Harris, a sociology professor at the University of California, in his book "A Social Revolution: Politics and the Welfare State in Iran," bazaar merchants historically tended to voice objections as pressure mounted on them, particularly during Ahmadinejad's tenure. While they had been relatively reticent in publicly protesting against the Iranian regime compared to other groups such as students, workers, or women since the inception of the Iranian republic, they took to the streets in October 2008 and again in July 2010 to oppose Ahmadinejad's government's efforts to increase taxes on bazaar stores. These attempts stemmed from a decline in government revenues due to international sanctions imposed on the Iranian economy since 2006. Merchants in major Iranian cities closed markets in protest, with Tehran and Isfahan witnessing intermittent strikes and



store closures. The movement gained momentum in the summer of 2010, spreading to include the Tabriz Bazaar in East Azerbaijan Province, and intermittent strikes persisted until the summer of 2012. Ultimately, their collective action compelled the government to backtrack on its plans to impose additional taxes.<sup>(37)(38)</sup>

Despite the government conceding to the demands of the merchants during their protests, it remained cautious about allowing them to expand their roles beyond issues directly related to their businesses. When the Green Movement protests erupted in 2009 to contest electoral interference, Iranian authorities took preemptive measures to prevent the bazaar from participating in the widespread demonstrations. They thwarted attempts to close shops and bazaars and detained several bazaar merchants, including Mohsen Dokmeshi, who was assisting the families of political prisoners. The arrests sent a clear message to other merchants contemplating involvement in the protests. This tactic of preemptive action against the bazaar's potential participation in popular protests mirrored strategies employed by authorities during historical popular revolutions<sup>(39)</sup>. Recognizing the potential threat posed by bazaar involvement, authorities swiftly intervened using security forces to suppress the protests.

This marked the first instance where the bazaar was sidelined from participating in a significant popular uprising in Iran. When they later mobilized in 2010, supporters of the Green Movement closely monitored their actions amidst Mir Hossein Mousavi's calls for their involvement. However, the bazaar merchants refrained from joining the movement, with their demands primarily focused on tax-related issues despite harboring broader dissatisfaction with the government. During this period, the regime effectively neutralized the bazaar's role in community mobilization, particularly as long as their businesses remained unaffected.

In the subsequent years, bazaar protests escalated in frequency and organization, prompting security forces to employ violence to suppress them and prevent their expansion. A significant event occurred in 2012 when merchants of the Grand Bazaar in Tehran orchestrated a general strike to safeguard their interests. They shuttered all their stores in the capital in response to the adverse impact of a sharp decline in the value of the currency and the surge in foreign exchange prices following the tightening of European and UN sanctions that same year. This economic turmoil resulted in trade stagnation and operational challenges for the merchants. Their

frustration culminated in protest marches through vital streets of Tehran, which soon transformed into mass demonstrations as tens of thousands of ordinary citizens joined in, expressing anger over the deteriorating economic conditions in the country. Participants also denounced the alleged squandering of public funds to pursue foreign ambitions in neighboring nations. In response, force was deployed against the demonstrators, compelling bazaar merchants to end their strike and reopen their shops. These actions were reportedly carried out by individuals believed to be associated with the Basij forces of the IRGC.<sup>(40)</sup> The government once again employed state security forces to curb the power of the bazaar and punish merchants for protesting in what was deemed a violation of the authority's laws. The government further intervened in bazaar activities and other economic sectors by selectively supporting its reliable figures, such as Babak Zanjani. He suddenly emerged in the economic arena as an oil sales middleman who facilitated the export of Iran's sanctioned oil during the Ahmadinejad government. After his mission was complete, he was convicted in a massive corruption case, and later, the Ahmadinejad government was held responsible for the corruption case.

In 2018, amidst a wave of strikes and sectarian protests in Iran during Hassan Rouhani's second term, bazaar merchants joined the fray, driven by grievances over deteriorating living conditions across various segments of Iranian society. This included workers, drivers, teachers, retirees, and more. The bazaar merchants, staging a strike, shuttered the Grand Bazaar in Tehran and launched protests spanning from late June to August 5, 2018. Their demonstrations extended to the Iranian Parliament and key thoroughfares in the capital. Their primary grievance centered on the challenges they faced in conducting business due to escalating prices of foreign currencies necessary for imports, exacerbated by the disparity between official exchange rates and those in the free market. For instance, while the official price of the dollar hovered around 4,200 tomans in January 2018, the free market rate surged to over 11,000 tomans by July, sparking widespread economic distress. The strikes initially confined to Tehran's Grand Bazaar later spread to other bazaars in the city, including Chaharsouk and Qaytariyeh, and then rippled out to markets in various provinces like Isfahan, Shiraz, Mashhad, Ahvaz, Kermanshah, Qazvin, and Qom. Alongside economic grievances, protesters voiced broader dissatisfaction with the regime's domestic and foreign policies<sup>(41)</sup>, chanting slogans like "Leave Syria, think about our situation" and similar expressions of discontent.

Once again, the Iranian authorities resorted to force to quell protests and restore normalcy, leveraging their entrenched power dynamics against the waning influence of traditional bazaar roles. However, a notable shift occurred this time, as the merchants' slogans transcended mere commercial interests, reflecting the profound economic pressures stemming from the reinstatement of US sanctions in 2018. These pressures intensified in subsequent years amidst a series of international, regional, and geopolitical crises, including the COVID-19 pandemic, the Russia-Ukraine war, and the Gaza conflict. Such crises inflicted severe blows to the Iranian economy and currency markets, exacerbating financial challenges for merchants. As a consequence, the Iranian government adopted austerity measures, further squeezing purchasing power and undoubtedly impacting merchants' profits. This confluence of economic hardships and geopolitical turmoil marked a departure from previous protests, underscoring the broader socio-economic ramifications beyond the bazaar's traditional sphere of influence.

The traditional bazaar-clergy dynamic eroded after the latter succeeded in securing power, greatly neutralizing the political role of the bazaar — gradually diminishing its financial influence. Bazaar merchants were only trying to protect their trade rights. However, in 2018, bazaar merchants changed this longstanding status quo — as previously explained — the bazaar may face some setbacks, but will never be eliminated completely. Thus, it is difficult to forecast the future trajectory of the bazaar or lay a consistent rule or framework describing its status without taking into account surrounding developments and interactions. It is worth mentioning here that the bazaar throughout history has managed to build its influence and value through interacting with the community and adapting to emerging variables and dynamics. This interaction has rendered the bazaar a formidable player throughout Iranian history.

## **Conclusion and Takeaways**

In the distant past, the bazaar wielded significant influence over Iran's economic, political, and religious spheres, particularly through its alliance with clerics before and during the 1979 revolution. This alliance, which spanned centuries from the Safavid to the Qajar era and persisted into Reza Pahlavi Sr.'s reign, enabled close cooperation in pursuit of shared commercial, religious, and political objectives. Their collaboration reached its pinnacle with the overthrow of Shah Mohammad Reza Pahlavi, marking the clerics' ascension to power for the first time. However, the historical alliance between the

bazaar and the clergy took various trajectories post-revolution, ultimately culminating in its dissolution. This shift saw the neutralization of the bazaar's historical role and the emergence of new government-aligned institutions, which undermined traditional bazaar roles and severed ties with the clergy. The weakening of this connection signaled a transformative moment in Iran's socio-political landscape, marking the end of an era defined by the symbiotic relationship between the bazaar and religious authorities.

Nevertheless, it is imperative to recognize the pivotal factors that contributed to the erosion of the bazaar's traditional power and the diminishing of its economic and political sway from the establishment of clerical rule to the present day. These factors include:

- The doctrine of the guardianship of the jurist stipulates that the supreme jurisprudent holds ownership over all natural resources and economic revenues. This includes funds derived from religious obligations like zakat, alms, and khoms. Consequently, there is no distinction between state treasury and the clerics' coffers<sup>(42)</sup>. This interpretation of religious authority has enabled the religious establishment to assert control over key economic foundations, rendering the financial contributions of merchants obsolete.
- Following the war with Iraq in the early 1980s, the authorities threatened the commercial interests of the bazaaris through extraordinary measures. These included the nationalization of foreign trade and the establishment of cooperative societies aimed at reducing intermediaries and combating profiteering.
- The government secured the allegiance of prominent merchants by offering them positions in governmental bodies and parliament. Subsequently, smaller merchants were enticed through participation in generous pension and social security programs.<sup>(43)</sup>
- The religious institution redirected its trust towards new figures, particularly the IRGC, thereby allowing them to engage in commercial and economic competition. What's more, public, non-governmental institutions directly linked to the religious establishment assumed significant financial and economic roles. During the Ahmadinejad era, widespread privatization initiatives unfolded, yet a substantial portion — potentially up to 90% — of shares in privatized companies likely fell into the hands of regime-backed entities rather than the private sector.<sup>(44)</sup>

- During the Rafsanjani era, there was a push for trade openness, marked by significant legislative changes. In 1997, Parliament approved a measure allowing foreign companies to establish branches in Iran, marking the first such occurrence since the revolution and following a period of hostility towards foreign entities.
- Post-revolution, bazaar merchants underwent a transformation from exporters to importers and internal distributors. This shift deprived them of crucial sources of foreign currency and eroded their independence. Concurrently, the state and authoritative institutions gained significant leverage in foreign export and internal trade.
- The advent of globalization, coupled with the rise of elaborate commercial malls during the Rafsanjani era, altered purchasing patterns and options for consumers. Subsequent advancements in electronic commerce further reshaped the retail landscape. These developments diminished the influence of the traditional bazaar as a primary shopping destination and communal gathering place within cities. Instead, consumers increasingly turned to modern shopping complexes and online platforms for their retail needs, contributing to a decline in the bazaar's significance as a cultural and economic hub.
- Over time, merchants experienced a decline in popular support and societal influence. This trend can be attributed to their perceived alignment with both the clergy and the state. Additionally, the diminishing popularity of the clergy in Iran, stemming from worsening economic conditions and escalating corruption concerns, may have contributed to this loss of support.
- Merchants faced diminishing gains from trade as foreign currency subsidies for importing essential goods were reduced or eliminated entirely. This reduction impacted traders in two significant ways: firstly, they faced challenges importing goods at lower costs, thereby reducing their profit margins compared to previous periods. Secondly, the decline in purchasing power among consumers led to a decrease in sales, further impacting traders' profitability.
- Importing became increasingly challenging and costly due to the intensified economic sanctions imposed on Iran, compounded by rising smuggling activities from neighboring countries. Furthermore, influential economic entities within Iran capitalized on these conditions to monopolize markets

and intensify competition, particularly during periods of sanctions and Western embargoes.

■ There has been considerable success in neutralizing the political and societal influence of the bazaar, largely limiting its participation in protests to defending its immediate interests. However, this neutralization presents a double-edged sword, particularly following years of enduring sanctions which undoubtedly impacted merchants' profits. Factors such as fluctuations in foreign currency, significant depreciation of the local currency, and reduced purchasing power among citizens have all contributed to this economic strain. Yet, shifts in commercial behavior among some merchants — favoring the conversion of profits into fixed assets like real estate or prioritizing speculative ventures over productive investments — have further complicated the economic landscape.

In conclusion, the entrenched presence of the religious regime in government and the expanding financial and economic influence of religious institutions pose formidable barriers to the prospect of restoring the traditional alliance between the bazaar and the clergy. Moreover, the consolidation of trust within security institutions such as the IRGC, coupled with their considerable autonomy in trade and investment, further solidifies the regime's grip on economic affairs. It is evident that the authorities have largely succeeded in neutralizing the political and economic role of the bazaar, diminishing its capacity to exert significant influence on public discourse since the inception of the revolution in 1979, extending through 2017. This trend became especially apparent following the subdued role of the bazaar during the widespread protests in 2009, known as the Green Movement, where its involvement was primarily limited to safeguarding its own interests rather than actively shaping the broader protest activism.

However, it is ironic that the bazaar reverted to breaching this neutrality during the protests in early 2018, spurred by significant damage to its commercial interests. In response, it resorted to traditional tactics, organizing widespread strikes akin to its past actions. This underscores the difficulty in asserting the regime's complete control over the bazaar's role, particularly amidst successive economic challenges faced by Iran. From the reinstatement of American sanctions to the ramifications of the COVID-19 pandemic and the Russia-Ukraine war, followed by escalating geopolitical tensions in the Middle East and the Red Sea, these negative developments have profoundly impacted Iran's economy. They have directly contributed to curren-

cy fluctuations and substantial losses for merchants, often prompting governments to implement measures unfavorable to their interests, such as tax hikes. Moreover, the prospect of reaching a future nuclear agreement with the West may not suffice to restore the bazaar's lost status. Consequently, conditions are likely to persist, occasionally prompting the bazaar to voice grievances.

Conversely, the very factors that galvanized Iranian society to unite with the clergy in orchestrating the revolution over 40 years ago may compel it to align with any organized movement aimed at improving living conditions, which have markedly deteriorated in the past two decades following initial improvements in the revolution's early years. Slogans advocating for enhanced quality of life, eradication of corruption, and rectification of injustices resonated deeply with marginalized segments of society, catalyzing their support for the clergy-led revolution. Subsequently, significant strides were made in improving social, educational, and healthcare infrastructure, along with the expansion of essential services across the nation during the revolution's initial two decades. These efforts facilitated the emergence of a burgeoning, educated middle class, fostering aspirations for societal change and progress. However, the economic and living conditions took a downturn thereafter, exacerbated by the resurgence of economic sanctions on Iran and their adverse effects on price levels. Over the past seven years, the economic and living standards have deteriorated to an unprecedented degree since the revolution, characterized by stagnation, contraction, limited economic growth, and a sharp devaluation of the local currency. The value of the Iranian rial plummeted from approximately 3,000 tomans per dollar in 2014 to about 60,000 tomans in 2024, while inflation soared to over 50%. Consequently, the middle class experienced erosion once again, plunging into poverty. The percentage of individuals falling below the poverty line surged from 22% of the population in 2012 to 35% in 2022, as reported by the Iranian Ministry of Labor, and even higher figures according to independent sources, encompassing more than two-thirds of society. Consequently, popular protests occurred at a rapid pace and with shorter intervals than usual. In the last seven years, starting from 2017, Iran witnessed five major sectarian and popular protests, averaging approximately one protest every year and a half. This frequency contrasts starkly with the preceding decades following the revolution, which saw about one large protest per decade.

## Endnotes

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- (17) Younis and Jassim, 102-104.
- (18) *The Bazaar Market in Islamic Heritage*, 188-189.
- (19) Abdel Moneim, 530.
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- (25) Majid Mohammadi, *Under the Leader's Cloak: How Khamenei's Office Operates*, trans. Mohammed al-Zoabi (Riyadh: International Institute for Iranian Studies 2022), 98. [Arabic].
- (26) The IRGC comprises an estimated 120,000 to 350,000 members and is structured into two primary wings: the Basij forces and the Quds Force. The Basij forces are tasked with safeguarding the establishment's internal security and propagating its ideological tenets throughout society. On the other hand, the Quds Force is responsible for executing the regime's operations beyond Iran's borders. Originally, the IRGC's mandate was intended to be centered on security functions exclusively.
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- The Iranian currency experienced a significant depreciation during that period, particularly following the imposition of stringent European sanctions in 2012. These sanctions encompassed a ban on the purchase of Iranian oil, targeted measures against the Iranian Central Bank, and restrictions on Iran's utilization of the SWIFT network for international money transfers. Consequently, the price of the dollar in Iran surged sharply, escalating from 2,200 toman in September 2012 to 4,000 toman in November 2012. This development adversely affected importers and merchants operating within the bazaar,
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