



## Investigation and Analysis of Industrial Modernization during Reza Shah Pahlavi Era with an Emphasis on Transportation Industry; Case Study: The Status of Passenger Automobiles

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### Extended Abstract

### Introduction

The concepts of modernization, development, and their associated challenges have remained problematic and controversial throughout Iran's contemporary history. Since the late Qajar period, industrial modernization and development have consistently been promoted as primary solutions to overcome the nation's perceived backwardness. Reza Shah Pahlavi, acknowledging this, prioritized the development of transportation, including the ambitious Trans-Iranian Railway and the importation of passenger automobiles, as key components of his industrial programs.

The intellectual and political groundwork for this shift was laid in the final years of the Qajar dynasty. Modernist thinkers, frustrated by the state's weakness, argued that a strong, centralized, and modern government was an essential prerequisite for meaningful reform. This sentiment culminated in the rise of Reza Shah in 1925, whose government adopted an ideology best described as "Absolutist Modernism." This approach was characterized by top-down, authoritarian reforms, state-led industrialization, centralization of power, secularization, and a strong nationalist orientation. The primary executive lever for this rapid modernization project was the newly reformed, unified army.

Within this framework, the automobile, first introduced to Iran during Mozaffar ad-Din Shah's reign, was transformed from a mere curiosity into a key technological tool. It became a potent symbol of Western modernity and a critical instrument for achieving the state's political goals, such as extending central government control over disparate regions. This descriptive-analytical study, therefore, seeks to answer the following question: What was the process, including the fluctuations and challenges, of industrial development and modernization during Reza Shah Pahlavi's era, with a specific focus on the transportation industry and an analysis of the passenger automobile situation?



## Research Background and Methodology

The present research addresses a gap in the literature, as no independent study has been conducted on the status of passenger automobiles during this period. Previous studies have examined related topics: Shojaee Divkalaee (2017) explored centralist trade policies and their failure after the 1929 crisis; Voshmeh et al. (2017) analyzed the role of German industries in modernization (particularly in the textile and sugar industries) and the transfer of technical knowledge; and Yazdani and Shojaee Divkalaee (2011) demonstrated that political centralization required tools such as the army and transportation networks, and financing these tools forced the government to control economic resources.

The methodology of this research is qualitative and descriptive-analytical. Data were collected and analyzed through documents (available in SAKMA and KAMAM), press sources (such as *Ettela'at* newspaper, *Mard-e Azad*, and *Otagh-e Tejarat* magazine), library resources, and official statistics.

## Discussion and Conclusion

The findings reveal that the state's approach to importing passenger cars was decidedly state-centered and part of a broader "third power" geopolitical strategy aimed at reducing Iran's deep-seated dependency on Great Britain and the Soviet Union. This policy was championed by modernist intellectuals like Ali Akbar Davar, who, in his newspaper *Mard-e Azad* (The Free Man), argued that industrial revolution was the only path to salvation. The implementation was driven by the state and its key figures; for example, General Fazlollah Zahedi, a high-ranking military officer, co-founded the "Kazadma" company in 1931, which became the official agent for Ford automobiles in Iran.

The market became a clear duopoly dominated by American and German manufacturers. American firms were the clear leaders, accounting for approximately 50% of sales. This "Fordist Connection" saw the widespread import of brands like Ford, General Motors (Chevrolet, Buick, Oldsmobile, Pontiac), and Chrysler (Dodge, Plymouth). German firms held the second position. Their presence, initially modest, surged after 1935 following the visit of Hjalmar Schacht, the German Minister of Economics, and the signing of a crucial barter agreement. German cars like Adler, NSU, Hansa, and later Mercedes-Benz and BMW were often perceived as higher quality, more advanced in engineering, and more economical than their American counterparts. Imports from other European nations, such as France (Renault, Citroën), the UK (Vauxhall, Trojan), Italy (Fiat), and Czechoslovakia (Skoda), were sporadic and constituted a negligible part of the market.

A central finding of this study is that the import process was highly volatile and directly aligned with larger state objectives. Imports declined sharply after 1929 due to the global economic crisis and the state's strategic decision to prioritize its scarce foreign exchange for the Trans-Iranian Railway project. After a brief recovery and a peak in 1935-1936, imports fell drastically again. This second decline was precipitated by three main factors: 1) The 1935 Ghaffar Jalal incident (the arrest of the Iranian



ambassador in the U.S.), which soured diplomatic and trade relations with Washington; 2) The passage of the state monopoly law for automobile imports in August/September 1936, which completely sidelined the private sector and granted all import authority to the state-run "Automobile Department in the Central Joint-Stock Company"; and 3) The outbreak of the Second World War. A 1936 proposal to establish a GM/Chrysler assembly plant in Tehran was studied by the Ministry of Finance but ultimately shelved.

The single greatest challenge to this modernization policy was the severe lack of infrastructure. In 1924, Iran had only 3,743 km of roads classified as "motorable," and major trade routes, like Bushire–Tehran, were still mere caravan paths unfit for wheeled transport. The state responded with a massive infrastructure campaign, establishing the Ministry of Roads in 1929. By 1941, over 22,400 km of new roads had been constructed. This development was the critical enabler, allowing the passenger car fleet to grow from an estimated 1,589 vehicles (cars and trucks) in 1924 to nearly 15,000 passenger cars alone by 1941.

In conclusion, this study argues that the Reza Shah era, despite valid criticisms, represented a serious and foundational attempt to solve Iran's severe transportation deficit. The policy of importing automobiles was not superficial but was driven by clear political (centralizing state power), geopolitical (breaking foreign transport monopolies), and economic (transferring technology and creating a new urban middle-class consumer base) objectives. The most significant and lasting outcome of this period was not the creation of a domestic industry, but rather the establishment of the essential infrastructure (roads, garages, and fuel stations). This foundation, which did not exist before, paved the way for the eventual development of Iran's domestic automotive industry during the subsequent Mohammad Reza Pahlavi era. This model, however, left a dual legacy: while successfully modernizing the nation's infrastructure, it also entrenched a deep industrial dependency on the West, particularly the United States, which would define the next phase of Iran's development.

**Keywords:** Modernization, Reza Shah Pahlavi, Industrial Development, Transportation, Passenger Automobile.



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