

IRAN
The Illusion of Power

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Control Through Money

transfer from NIOC.¹⁴ Although the motive for publication appeared deliberate embarrassment of the Shah, the veracity of the document has never been challenged. Though clearly unsatisfactory, this document is the closest published proof of what many believe to be both a use for secret NIOC funds and a link between NIOC and the Pahlavi Foundation.

The Pahlavi Foundation

Officially the Pahlavi Foundation is a charity organisation sponsored and financed from Mohammed Reza Shah's wealth. It is listed as such in all Iranian publications.¹⁵ In practice it is nothing so straightforward. Behind a smokescreen of charity, the Foundation is used in three key ways to assist the régime: as a safe and institutionalised conduit for 'pensions'; as a means of exerting economic control or influence by investing in specific sectors of the economy; and as a source of funds for royal ventures. In a hard-hitting assessment, Marvin Zonis had this to say about the Pahlavi Foundation:

It is unquestionably true that the Foundation plays a crucial role in all areas of Iranian public life. After the government itself, it is the most powerful economic force in the country. It seems certain, however, that a great deal of its resources are spent maintaining and enhancing that economic power. Resources devoted purely to charity rather than commercial undertakings appear relatively slight.¹⁶

According to the Shah, he established the Foundation in 1958 as a non-profit-making organisation to co-ordinate a group of social services in which he was interested.¹⁷ The Foundation replaced what was known as the Pahlavi Estates Office, created in 1951 to handle the proceeds of the sale of Crown land to tenant farmers. These estates comprised over 830 villages with a land area of more than 2.5 million hectares, all of which was acquired in under twenty years by Reza Shah. Although established in 1958, it was not until 1961, when the topic of royal wealth became politically sensitive, that the Shah chose to transfer the more substantial Pahlavi assets to the Foundation. At the time, these assets were valued at approximately \$135 million. This, the Shah claimed, represented 90 per cent of his personal fortune: put another way, the Shah still possessed about \$15 million worth of personal assets.¹⁸

Such a claim was almost certainly an overstatement. Back in 1947,

when the Shah established the Imperial Organisation for Social Service (IOSS) to pioneer mass welfare in Iran, he was reported to have allocated Rs60 million (under \$1 million) to this new body which was said to be equivalent to half his fortune.¹⁹ Nevertheless he has vested more of his personal assets in the Foundation than he is generally credited with doing by his opponents.

The reason for this is twofold. In terms of political propaganda the divestiture of his wealth to a supposed charitable organisation has relieved some pressure on the Shah from those who regard Pahlavi assets as ill-gotten, or in reality belonging to the State. More important, by transferring his wealth to the Foundation, it can still be used for the very same purpose for which it was intended under previous monarchs – to keep the Shah in power. All he has done is to institutionalise the extensive wealth of the Pahlavis – a collective wealth exceeded in the Middle East only by the House of Saud in Saudi Arabia and the al-Sabah ruling family in Kuwait.²⁰ The Foundation operates under the aegis of the Court. The Shah from the outset appointed himself chief Custodian. As such he is entitled to 2.5 per cent of the net revenues, but this he has waived. He also appoints the ten Custodians, five of whom are state office-holders – the Prime Minister, the Court Minister, the head of the Senate, the Speaker of the Majles and the Supreme Court Justice (all posts appointed by the Shah anyway) – and five direct nominees. The latter are all entitled to 2.5 per cent of total net income 'equally shared'.²¹ At present the deputy chief Custodian is Jafar Sharif Emami, who is also head of the Senate. Though once associated with Mossadegh's National Front, Emami is now considered a loyal servant of the Shah.

The front of a charity organisation is an impressive one. The Foundation is involved in a large number of charitable causes and good works ventures. Since its inception up to March 1977, the Foundation financed the education abroad of 12,000 students with direct cash grant or loan assistance. Only 25 per cent of the total sum loaned to each student is reimbursable. The Foundation puts great store by this activity and estimates now that the average *per capita* cost each month is \$500 for students studying abroad.²² The Foundation provides assistance to the deaf, dumb and blind; clothing for certain especially needy; supports the cost of food for the faithful during the fast of Ramadan in certain cities; and assists orphans. It provides pensions and assistance to the families of those who have lost their lives for the country – this includes members of the police and security forces killed by urban guerrillas.