

# THE BAZAAR

*Embedded Alternative to Globalization?*

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When I undertook the task of writing this thesis, I never imagined it would be this difficult and time consuming. Although in the end, my name may be attached to the thesis as the sole author, in reality, the only portion that I can say was solely mine were the challenges I experienced in doing the research and writing this thesis.

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**Soheil Torkan**

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**Table of Contents**

SECTION ONE: Introduction and Explanations	7
<b>1 INTRODUCTION AND OVERVIEW OF THESIS</b>	<b>9</b>
<b>Introduction</b>	10
<b>2 METHODOLOGY AND FRAME OF REFERENCE</b>	<b>17</b>
<b>Stephen Gudeman --- The market as a social space</b>	18
<b>Erving Goffman --- Social interaction</b>	25
<b>Data Collection</b>	35
<b>3 POLITICAL, ECONOMIC, AND CULTURAL CONTEXT OF STUDY</b>	<b>43</b>
<b>Bazaar</b>	44
<b>Religion, politics, and the economy</b>	48
<b>Cultural aspects of the Bazaar and Bazaaris</b>	52
<b>An experienced observer of all the recent changes in Iran's economy</b>	53
<b>Distribution System and Credit Network in Iran</b>	57
<b>Brokerage Economy</b>	61
<b>Taxation</b>	67
<b>Summary</b>	70
SECTION TWO: Case Histories	71
<b>4 FIRST STORY: LIFE OF UNCLE HOSSEIN</b>	<b>73</b>
<b>Social life of Bazaaris</b>	74
<b>Isfahan, "The carpet capital"</b>	76
<b>Personal life of my grandfather</b>	77
<b>New network of people</b>	77
<b>Property Business</b>	78
<b>Iranian revolution and Iran-Iraq war</b>	78
<b>Old partners</b>	79
<b>Greedy Bazaari</b>	80
<b>Rebellious boy</b>	80
<b>Economic ingenuity</b>	81
<b>Premature marriage</b>	82
<b>Personal properties</b>	85
<b>Change</b>	87

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5	SECOND STORY: AN UNSUCCESSFUL MARRIAGE	93
6	THIRD STORY: AN EDUCATED BAZAARI	107
7	MY (AUTO-) ETHNOGRAPHY	139
SECTION THREE: Endings		145
8	ANALYSIS & CONCLUSIONS	147
	Analysis	148
	Conclusions	164
REFERENCES		172



## SECTION ONE:

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# Introduction and Explanations



# CHAPTER 1

INTRODUCTION AND OVERVIEW OF THESIS



## INTRODUCTION

This research began with the idea that the anthropology of the Iranian Bazaar could reveal a system significantly different from the dominant economic paradigm of Hyper-capitalism. It was not that the Iranian Bazaar system was necessarily better than that of globalized Hyper-capitalism, but that it was different. Thus, my field of study was economic anthropology. Economic anthropology dates from the studies of Marcel Mauss (1925) on reciprocity in contradistinction to market exchange. The field tries to understand economics bottom-up --- i.e. from the actants of the system, versus for instance the Marxist effort to understand political economy top-down, i.e. from the system to the actants. Economic anthropology has always looked at ‘what do I (have to) give; what do I get (back)’ --- i.e. at relationships of exchange. To compare to Marxism; Marxism looks at production and sees exchange as an epiphenomena or distraction (Marx and Engels, 1970). Karl Polanyi (1959) defines an important step in the development of economic anthropology, with his distinction between formalism and substantivism. The formalist approach assumed (much as Marxism does) that there was one model of economic development grounded in ‘free market capitalism’ that everyone more or less has to follow. The model of industrial capitalism is the only valid model and it is to be implemented everywhere. Substantivism, suggests that the differences between pre-modern and modern economies are substantial enough to render the vocabulary of modern economic life and economics inaccurate when studying non-Western societies (Dalton and Köcke, 1983, p. 26). Polanyi (1957) objected that the non-industrialized world (i.e. then without a doubt most of the world’s population) followed an embedded model of economy wherein social relatedness was not defined in terms of profit. Herein he was following Mauss’ prioritizing of exchange, relatedness and the social. As globalization has triumphed, the distinction market/non-market economy has lost its power.

According to Rifkin (2000), “Hyper-capitalism” is the process that spreads the principals of efficiency and speed, and through this process homogenizes the different aspects of globalized industrial society. In my study, I use Jean Baudrillard’s notion of Hyper-reality and Hyper-capitalism to describe the globalized western economy. Baudrillard (2000) argues that the culture of industrial capitalism is replacing itself with empty signs and capitalism is evolving hereby into Hyper-capitalism. As Elton McGoun explains, in Baudrillard’s notion of Hyper-capitalism: “decisions affecting production and employment are made on the basis of stock prices, and not on the basis of production and employment” (McGoun, 2005, p. 113).

Economic anthropology has split between those who study Hyper-capitalism with an ethnographic awareness (such as Ho (2009) or O’Doherty (1999)) and those who continue to focus on local particularity and the persistence of non-Western cultural

patterns in economies. Gudeman (1986), who has inspired me, represents the latter. The Iranian Bazaar is not just another form of international Hyper-capitalism. Thanks to Iran’s relative political and economic isolation, the nation has preserved a social-economic structure that has not been swept away by globalized Hyper-capitalism. Especially since the Iranian Revolution in 1979 the country’s political and religious leadership have tried to protect its traditional social and economic structure from Western influence. Of course, Iran is not on an island all of its own creation: it sells oil and imports goods. But its traditional social-economic structure is to a significant degree intact, in the form of the Bazaar.

As my research has progressed, I have discovered that the Bazaari system is significantly different from that of global Hyper-capitalism. The more I have gone in-depth into its study, the more aware I have become of the mechanisms it uses to protect and sustain its position. Euro-American social science often defines power purely in economic terms. It is as if economic capital is the sole defining factor in society. Ownership and control of the means of production supposedly is all determinant (Giddens and Held, 1982). But in Iran, the typical businessman, known as “Bazaari,” is not solely defined by his economic role. While they may control trade and be fundamental in providing commercial credit, the Bazaaris are not a classical capitalist owning class. They do not necessarily own any land or factories. My goal is to examine this particular case of social order and organization on its own merits.

When I came to Europe to study (for my PhD) I encountered texts such as Hardt and Negri and their theory of Empire (2001). Empire sounded very familiar to me; it was pretty much what in Iran the leadership said the United States and Europe were. And the ‘multitude’ seemed to match the Revolutionary Guard in Iran. But Hardt and Negri did not really seem to want the Iranian Revolution to rule worldwide. European intellectuals seemed very interested in alternatives to Hyper-capitalist hegemony, but seemed to lack examples or alternatives. Though, I note that Jean Baudrillard (in *Le Monde* on November 3, 2001) actually lionized the Iranian Revolution at the time as anti-Hyper-capitalism. Thus I come from a country that is (at least somewhat) tangential to globalized Hyper-capitalism, but is its social-economic-cultural model really interesting to others? I wasn’t sure, and I have made this study to answer that question.

Substantivism focuses our research attention on the particular social relations and beliefs that underpin the economic system. Its unit of study is not that of the transaction but that of the relationship. As David Boje (1991) has written, the traditional methods of analyzing transactions are not suitable for many organizations. And the Iranian market place or Bazaar, is one such organization. To understand the concept of the Iranian Bazaar, we need to depart from classic business studies and make use of

the Bazaari's own stories. Who is one; what becomes of one; what is it like to really be inside the Bazaar? One of the issues crucial to critical management studies is to determine if there is anything else than "globalized Hyper-capitalism" or simply, if there is any alternative. Are all contemporary societies in fact characterized by the same political and economic system or are there alternatives for that global system? Considering the main sources of perhaps all modern economic models to be Euro-American, should global Hyper-capitalism inevitably be applied to everyone or is there (still) variation? If the 'system-ness' of globalized capitalism reigns supreme, then are the particularities of specific groups, nations or cultures still relevant? There is obviously a threat here to any belief that the particular person, the unicity of situation, or the autonomy of persons counts. Put bluntly, globalized Hyper-capitalism threatens to make humanism irrelevant. If the particular has no significance, then the actant is just a little (irrelevant) bug in the system's web. Thus while my study is very local --- centering mainly on the Bazaar of Tehran --- the issue of cultural specificity and the basic issues of economic anthropology remains enormously important.

Some anthropologists have thrown up opposition to the mainstream concept of a universal homo economicus living in globalized Hyper-capitalism. Herein I have been inspired by Gudeman's *Anthropology of Economy* (2001), which propagates having a local view on the economy. His cultural approach enables a contextual view of the economy. Gudeman makes a distinction between the market economy and community economy. There are many areas wherein I believe the two overlap; their cores are interwoven. The entanglement of these two aspects gives the Bazaaris their power. Hereby they can make profit for themselves while they defend and strengthen their collective system.

Thus, my research project has been born from a desire to test if there is economic difference. Do economic systems exist which are significantly different from the dominant Northwestern European/American Hyper-capitalist global model? Is Iran social-economically different, and if so, how? Does Iran's Bazaar system have fundamentally different characteristics than those revealed by the mainstream economics, organization studies and social science? Does the Bazaar display a different social-economic way of doing business? If Yes, is the Bazaar more human, open, free, ethically driven, than Western capitalism?

Can I show that Iranian social economics are significantly different from mainstream Anglo-Saxon descriptions of what economic and business life is like? To answer, I will need to explore the specifics of the Iranian model. Since my claim is that global capitalist system-ness does not dominate in the Bazaar, I need to show what does. And to be consistent, I need to provide a bottom-up description/analysis of the Bazaar. My claim is that persons in the Bazaar, through their forms of relatedness, construct an

economic system that is different from that of globalized capitalism. So I have to show how relatedness, or relationships, constitute this social-economic order called the Bazaar. But my research is not social constructivist in the sense of Gergen (1985; 2009) or Hosking (2011). I am not focusing on speech or how identity is language-based. Quite the opposite, I am asserting that the social pattern under study is culturally and socially constructed. How the people studied can or cannot economically sustain themselves is the sort of social construction studied here. What do you have to be seen to 'be' and 'do', to remain in the Bazaar's habitus? If you are going to economically survive in the Bazaar, you have to socially construct yourself within the boundaries set tacitly/implicitly, sometimes explicitly, by the Bazaari. And my task is to make those (normally invisible) boundaries visible and then to reflect upon them.

The Bazaar system is strikingly different from how economies are run in places like Europe and it is the dominant paradigm of doing business in Iran. But I have discovered that in a society such as Iran, the amount of independent social science research is quite limited. Research is highly impacted by the political climate, thus critical studies are non-existent. One does not find articles written critically about management or that question power legitimacy or the levels of freedom. Values that reinforce critical studies in business or sociological research are not expressed in print. The entanglement of culture, religion, politics and ideology in Iran, makes research difficult to do. Critical management studies includes a hidden anthropological assumption that all individuals have responsibilities for what happens in organization. But in Iran, collective belief is assumed to be all-important and individual responsibility is subsumed to the collective. Questions of identity, fairness, freedom, quality of life, etc. --- so very common to CMS --- are not culturally supported in Iran. Iranian public mores are deeply religious and are most often not expressed in individualist or humanist terms. There is essentially a conflict between the questions I am posing and the society I am posing them to. While economic anthropology accepts the cultural element and certainly reduces the element of economic determinism in its focus, it tends to generalize about 'embeddedness'. Put succinctly, is 'embeddedness' particular or specific? Or to put in another way, is there ONE embeddedness at work in the Bazaar --- is there a RULE of the Bazaar, or is there pluriformity and complexity in the Bazaar? Gudeman (2001) generalizes a lot --- the peasants in Columbia are so and so embedded. But I want to leave room for difference. I do not want to assume too quickly that the Bazaar is a hegemonious system --- I want to leave room for difference and complexity. I fear generalizing. So I want to tread lightly and leave enough room for the researchees to individualize. But I encounter a problem here; will the researchees be willing to individuate in their conversations with me. In fact, will anyone be willing to talk to me at all? Being a researchee for a social science project is a pretty unknown and even threatening role in Iran. It was possible that people would



refuse outright to answer my questions. This is a severe challenge since the research is based upon questions in regards to the responsibility of Bazaaris in terms of fairness, justice and the quality of their lives. In order to understand the peculiarities of the Iranian system, the Bazaar and their relationships within the Bazaar, I chose to do research among people who innovate and are creative in the Bazaar. I did this because of Kurt Lewin's (1948; 1951) classical advice – if you want to see a system try and change it. Almost every system will represent itself as peaceful, just, valuable and legitimate when it is not challenged. But how it will reveal itself when challenged can be very different. My researches have tried to change things within the Iranian business system.

I have chosen to do qualitative research and in-depth interviews, for one thing because my project is so radically explorative. In Iran there are severe limitations on what you can and cannot say in public. In-depth interviews were the only way to retrieve detailed rich data. Here, there is a “private person” who does feel, experience and talk freely in their private environment, while there also exists a “public world” where you are more restricted in terms of expressing yourself. Techniques like questionnaires are not reliable sources of information in Iran, since you cannot determine if the answers represent what the person in private has to say or what they culturally and politically think they were supposed to say. So it is better to do small scale, qualitative research, establishing a very strong personal contact with the person you are interviewing, to be able to have confidence in your data.

My initial research indicated that the Bazaar perhaps can be understood as a less alienated and inhuman system of doing business than what happens in globalized Hyper-capitalism. In the Bazaar, the system is primarily built upon trust, credit and relationship factors. But more research revealed that there are some fundamental factors making it difficult to determine if the one is really more alienated or inhuman than the other. Both the Bazaar and mainstream global Hyper-capitalism have their own qualities of being free and repressive, creative and destructive, etc.

As stated, Gudeman (2001) tends to lead to a macro analysis of the system of the Bazaar and cannot much help me to study individuals. And while I want to understand the codes and social organization of the Bazaar, I am starting with individuals. My data focuses on the depth study of a few individuals based on extensive in-depth interviewing focused on the interviewees' histories in and with the Bazaar. In addition, I will include data of myself as an observer-participant of the Bazaar. I had two key informants who I interviewed repeatedly and in-depth around their own experiences; I had a whole set of informants who I interviewed about a Bazaari who was deceased; and I have made use of my own story.

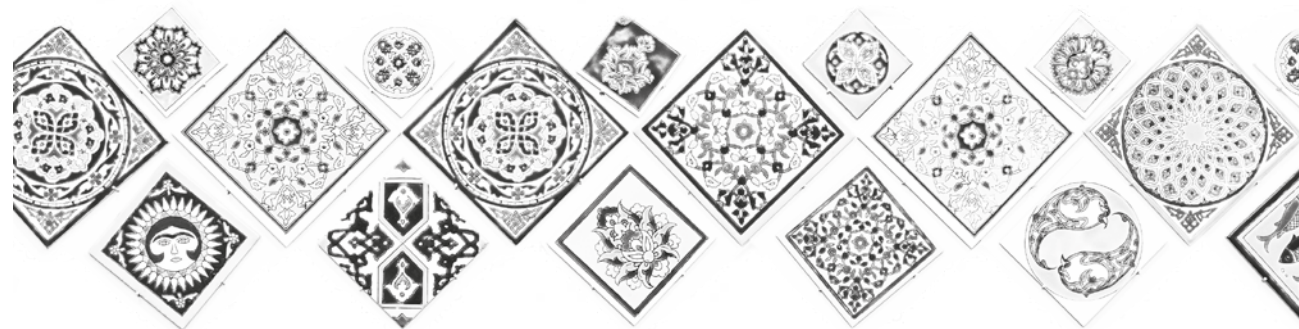
In order to focus my study, I needed theoretical guidance. As stated, Gudeman's approach was too 'systemizing' for me. I wanted to see the Bazaar through the eyes of participants; my goal has been to be more bottom-up in my perspective than Gudeman is. Thus I needed a point of inspiration that is more micro directed than is Gudeman. For this I have been inspired by Erving Goffman's (1959) sociology of everyday life. Goffman's theory of back stage/ front stage helps to examine the difference between what is shared in the private sphere and what is on display in the public. The Bazaar emphasizes the public display of devoutness and trustworthiness. Private ambition has to be tempered in public. Often in public, one is primarily a group member --- of a family, a guild, a mosque. Displays of individuality are frowned upon in public. But the private person will have his (the Bazaar is very much a male world) ambition and goals. Thus how does one make the required display of devoutness, respect for authority and group belonging? What are the props and rituals of belonging? And how does one have to display them? How does the group offer support and threaten one in one's role? How do the stories that one tells oneself differ from those in public? When and how can one fall into disgrace via the wrong self-representation? What are the penalties for not adhering to one's role? I have used open-ended long and repeated interviewing, because I had to achieve a close personal relation with the researches in order to access their “back stage” stories.

But I stress that my research is about the role(s) of Bazaaris in relation to one another in the system of the Bazaar, rather than about their psychological traits as individuals. I want to know how they constructed their role of Bazaari. And I repeat that I have been inspired by Lewin (1948; 1951) to look especially at how the role is revealed when change is at issue. Goffman's (1963) tradition looks to the unwritten, often unconscious, rules of social life. Garfinkel (1963) in Goffman's tradition pushed the approach to produce the 'breaching experiments' designed to reveal the foundations to social existence. My research, in fact, formed a sort of breaching experiment in my context because it is so unheard of in Iran to layout one's social assumptions for critical analysis. In Iran, how one appears devout, trustworthy and sociable is crucial; one's private thoughts are normally not put on display. Thus my study of the 'not-on-display' assumptions of sociability undertook a form of questioning that is not normal in the context. Goffman's “social construction of the self” in Iran, I stress, is something you keep very much to yourself. The results are all too in evidence, but the underlying thoughts are (almost) taboo. The Bazaaris' are bonded together based on the unwritten rules of their social system. Thus, any member of the institution, who does not play the role expected of him, faces adverse consequences for their “disobedience,” regardless of their age, position, success level, etc. I focus in the research on three Bazaaris who have been successful in their area of business, but who fell outside of their roles, and consequently alienated the community.



It is clear that Iranian specificity is crucial to this study. Iran just is not the typical European country. Thus, in the next chapter I focus on the methodology of the research and in my third chapter, I review the socio-political and economic environment of Iran, to give the reader the background she/he needs to understand what is to come. Then I present three major ethnographic chapters. The first tells the story of a very successful Bazaari whose success brought him, qua wealth and way of doing business, to go beyond what is normal for a Bazaari. The limits of the Bazaari system became evident when the businessman crossed the unwritten rules of the system. The Bazaari described in the chapter pays with his life for his transgressions. In the second ethnographic chapter, the rules of social capital are made evident when a business deal goes sour and repayment of a dowry is evoked as the punishment. Here we see how social capital defines family and business relationships as one single matrix. And we see the consequences of being/becoming the outsider --- i.e. what happens to the one who has fallen out of social grace. The third and fourth empirical chapters are (auto-)ethnographic and describe the firm I co-manage. It describes its innovative efforts and how these clash with Bazaari logic; again with negative results for key players.

You will have noted that I made use of the distinction between social, economic and cultural capital in the previous paragraph. While my empirical investigation focuses on four cases of Bazaari existence and the roles that are revealed there, I will in the analysis phase of my study attempt a more abstract summation of what I have found. Indeed, Pierre Bourdieu's (1958; 1986) conceptualizations will play a crucial role in my ultimate analysis of the ethnographic material. I will turn to him because his research began in Algeria and is less Eurocentric than most. Also because I think I can conceptualize the different forces of the Bazaar on the hand of his categories. I will in the analysis phase to this research try to point to the main structures and themes of the circumstances revealed in the ethnographic phase. In all four empirical chapters, conflict occurs between different forms of power and capital that can be analyzed with the theory of Bourdieu. Pierre Bourdieu's understands communities as a habitus framed by the three forms of capital: social, cultural and economic. Bourdieu's analysis of the three types of capital offers an analytic tool for understanding the structure of the Bazaar and the characteristics of the Bazaaris. Iran today, I believe, is an unstable habitus --- a place where the current alignment between social, cultural and economic capitals is in conflict and thereby problematic. And in my study, I try to understand the main characteristics and ultimately the role of the Bazaar and Bazaaris in Iran's socio-economic environment.



## CHAPTER 2

### METHODOLOGY AND FRAME OF REFERENCE

As I detailed in my Introduction, the research follows upon the tradition of Economic Anthropology and Gudeman's (2001) contribution therein. Furthermore, I have made use of Goffman (1959) to examine the key characteristics of self-presentation in the Bazaar and the values that the Bazaari and their role, supposedly represent. And ultimately, after I have presented my data, I reflect on the Bazaari, making use of Bourdieu's concepts.



#### STEPHEN GUDEMAN --- THE MARKET AS A SOCIAL SPACE

Almost all economists regardless of their political orientation have failed to consider the contextual aspect of the economy. Most economic theories have been formed on the assumption that they can be applied to any society at any time. Moreover, economists seem to consider human beings as "solitary agents", as Gudeman puts it; that is they provide a closed view of the role of the person within the community (Carrier, 2012, p. 94).

Some focus only on economic themes, while some are also concerned about sociological and anthropological aspects. This is the "cultural approach." It suggests that cultural patterns co-shape economic behavior. This perspective was formerly a preserve of anthropologists (e.g., Benedict, 1946; Douglas, 1979; see also Orlove, 1986), but is now widespread amongst a large number of scholars from diverse backgrounds. To use culture to account for economic and/or organizational structure, one must demonstrate cultural differences that account for different patterns. Such cultural differences are difficult to view in isolation; really they must be evaluated in their own context and comparatively.

The fact that economies can be characterized by general rules applicable to all communities is certainly a controversial way of thinking. In an era of globalization, both the universalist and partialist perspective have their defenders. But today, with more knowledge of other societies very common, and insight into differing economies and their ways of doing business often acknowledged, theories are called upon to avoid excessive generalizing, for instance of economic principles. Contextualization has had a long history of decades of well-known economists making this perspective possible. (Syll, 2010)

The main assumption of modern economists is what is known as "methodological instrumentalism," which is based on the belief that all agents are selfish, yet rational individuals, whereby the theory emphasizes an individualistic view on human nature. This concept is known as "rational choice theory," and is based on the assumption that "each individual agent acts rationally so as to maximize her/his utility,

while methodological individualism claims that the behavior of a society can be explained by adding up the behavior of individual agents that operate in the society" (Kjosavik, 2003, p. 1). The main shortcoming of neoclassical theories, it has been argued, is that they do not take into consideration the social factors of people, and the impact that they have on one another, or how holism operates in the society. According to Stephen Gudeman, the rational choice view of individuals contradicts what anthropologists consider people within a society to be. Human beings are highly connected to one another. Economists by and large fail to consider such "social" factors about people, which has made economic theory problematic in many cases. Later, with the introduction of "The Anthropology of Economy" (2001) by Gudeman, I will follow up on these ideas.

According to Gudeman (2001), an approach to economy is needed, with a more cross-cultural model, influenced by anthropology. He considers that economy and anthropology need to be interwoven. He argues that one needs to look at the economy within the context that it functions. He states that economies "never exist in isolation" and that social relationships alter, and impact the economy to a large extent (Gudeman, 2001). Storr (2008) has added that the study of: "the market as a social space will lead to a better understanding of what actually occurs in markets" (Storr, 2008, p. 137). He states that we need to consider the market as a "social space," where anthropology and sociology need to be used to explore the "relationship between the market and the community" (Storr, 2008, p. 137). Supposedly, the linking of these two can be solely done by having a cross-cultural perspective on the economy.

Gudeman (1986) felt that he was confronted by the inadequacy of previous economic theories while studying the lives of Panamanians in the 1960's. He initially tried to apply his knowledge of neoclassical economics, but faced shortcomings of the theories when they were applied to the local economies. Spending a few years in Latin American countries, it became clear to him that all economic theories developed before were unknowingly impacted by the local economy of the theorists at the time, though this was not explicitly acknowledged by the theorists themselves. As the ideas were predominantly developed in western countries, they failed to recognize the implications of applying them to non-western countries. And since the economists had had an isolated view of the economy, they had not identified relevant social factors in their theories. Economists tended towards a universalist political approach. Gudeman: "Economy is local and specific, constituted through social relationships and contextually defined values" (Gudeman, 2001, p. 3). As his studies were based on a specific country, he suggested exploring similar cases in various local economies within specific contexts. This is the approach I wish to apply in the case of Iran, with its social and anthropological particulars.

From the perspective of anthropology, the economy is more than supply and demand, monetary profit, or exchange. It has a social aspect to it that Gudeman (2005) defines as involving: “acquisition, production, transfer and use of things and services” (p. 94). I want to open up my study of the Bazaar by exploring insights on social and anthropological factors, which influence the day-to-day business transactions. Gudeman (2016) specifies that the economy as a whole should be divided into two realms of the “market economy” and the “community economy,” as they both exist in all economies, regardless of their location and temporality. He evaluates the two facets with an anthropological perspective. Even though he considers them both to be “intertwined and the border between them often indistinct,” he strongly believes that each should be looked at independently, whilst there may be overlap of them in many cases.

He defines community as small groups of individuals held together by shared interests. There may be a range of communities that people live in, as small as a household or as complex as a political party. Shared values gather the people together to give them a sense of “security and certainty,” and that is done through strengthening the bonds between the people as well as the creation of new bonds (Gudeman, 2001, p. 137). Examples of the bonds are marriage, business partnerships, and in my study, the Bazaar. In the latter example of community, an important factor to be taken into consideration is that the “use of community ties in a market can sustain monopolistic practices” (Gudeman, 2001, p. 137). His example entailed the importance of playing golf with a counterpart, to resolve business issues. Such a principle can be seen in Iran as well. Bazaaris also have many social occasions, which are planned to discuss business issues with one another in places that are explicitly not business oriented.

Following on Polanyi’s work to economic sociologist Mark Granovetter (1992) has provided a related research approach; he has argued that the economists’ methodology separates economics from society and culture, providing an “undersocialized account” of disembedded markets. Granovetter points out that anthropologists have an “over-socialized” approach to economic actors via their study of embedded economies. In non-market economies, there is “embedded” instrumental action wherein rational choice also influences human actions and social roles. Gudeman shares a similar view; however, he claims that “Granovetter does not provide an economic theory built on the connection, interaction, and variation of the two broad realms” of community and market (Gudeman, 2001, p. 19). Gudeman thus makes a distinction between the market economy and community economy. There is more dualism in Gudeman’s approach than in Granovetter’s, because I see the division between the socially shown and privately experienced as crucial to the Bazaar, I find Gudeman’s (quasi-)dualism the more helpful theory, public/private, on dis-

play/hidden, socially prescribed/economically driven are tensions crucial to my study. As stated, Iran is not the typical European country and the relationship of the two realms (economic/cultural) gives the Bazaaris their power. Bazaaris’ close social bonds, make the two factors, the economy and the community, almost inseparable; they are two interwoven concepts, and Gudeman’s definition of forms of community helped me understand the real (non-western) Iranian economy.

The combination of the Bazaar system and of religious practices, ties the Bazaaris to one another. They consider that the noon prayer at the central mosque of the Bazaar is a very important time to chat, resolve issues, arrange marriages and basically, reinforce relationships. They even discuss topics of national economy during the noon prayer time on a daily basis.

On the other hand, markets supposedly “revolve about impersonal trade” and most relations within them are primarily reputed to be based on contracts. So basically, while communities are known to be based on shared values; markets are supposedly built on shared rules. But according to Storr, the market is occasionally “where meaningful social action or interaction occurs” (Storr, 2008, p. 136). Community requires longer term bonds; whilst in the market system, relationships are short-term and materially based, with profit-making playing a more significant role than “self-fulfillment” (Gudeman, 2001, p. 10).

My primary concern about community and its values revolves around the “Bazaar” system, which is the topic of my research. The Bazaar has similarities to the Silicon Valley case that Gudeman and Rivera (1990) explored. They are both communities constituted by a group of organizations connected to one another through the sharing of know-how and awareness of the ways the community functions (Gudeman and Rivera, 1990). The members work together to pass along their experiences and knowledge to ultimately support the community as a whole. Bazaaris have their own way of doing this by utilizing the same methods of negotiating, purchasing and of sales, avoiding paying taxes, treating of personnel, etc. The rules are widely respected, even though they are built upon verbal agreements rather than written laws.

When evaluating a community, we need to pay close attention to its “base,” defined as the foundation of the community in terms of its “shared interests” (Gudeman, 2001, p. 7). In the “*Handbook of Economic Anthropology*,” Carrier (2012) clarifies that the “base” varies from community to community, but that the core notion always consists of “skills, knowledge and practices that are part of the changing heritage that is always necessary for market trade” (Carrier, 2012, p. 98). Evaluating the cases written in my study of the Bazaar, it is evident that Iranian businesses experience losses when they fail to mirror the values and interests of Bazaar.

In the Bazaar, the “base” is tangible and intangible. It varies from the physical space of the Bazaar, to the credit system practiced there. Taking into account that we are discussing a highly religious community, there is the factor of religious beliefs, as one aspect of the “base”. A title in use for the Bazaari is “Haji”, which is basically a name used for someone who has gone to Mecca for the Islamic rituals of the Haj. The title of Haji is important as it signifies an aged married man, credible, with strong religious beliefs. The Hajis of the Bazaar rely in their business upon their credit among their peers. It is important to maintain such a title in this system to secure long-term profit and the accumulation of capital.

Gudeman emphasizes the importance of the factor of credit. The risk involved in losing credit is very high (Gudeman, 2001, p. 139). In the case of Iran, with a banking system with prohibitably high interest rates, the use of personal credit to borrow money or to buy goods is very important. Hereby one does not have to pay large amounts of monthly interest. This is a very common way of gaining profit.

Bazaaris will go very far to maintain a sustainable position in their community and to hereby avoid government interference. They have built their own “bank” and credit systems. They will give large loans to Bazaaris in need, simply based on their reputation in the community, and they tend to be very generous when it comes to supporting one another. Even though they may seem very open handed to their peers, they use all ways thinkable to avoid paying taxes to the government. Basically they have built their own “government” on a smaller scale, with the goal of maintaining their own community. When the general (national) interest and the particular (Bazaari) interest clash, the Bazaari mainly make decisions in favor of the Bazaar. Even marriage ties are often based on family ties and work as a tool to maximize the profitability of the Bazaaris. The central role of the Bazaar in the lives of Bazaari is crucial and not knowing the details of it would make doing business in Iran almost impossible. In Gudeman’s (2001) *Anthropology of Economy* he discusses how the “base” of community and identity is lost, as we move faster towards globalization. He seems to believe that there needs to be more emphasis on keeping community-based identities. One such identity centers in the Bazaar on the sale of hand-woven carpets. Persian carpets are part of the identity of the country, but industrialization has impacted the industry. Despite all the factors that have adversely impacted the Persian carpet industry, the Bazaaris have managed to keep it alive as the long-term profit of the community is profoundly linked to it.

The notion of “sacra” or the “central symbols of the base” are crucial to the Bazaari (Carrier, 2012, p. 98). This has quite an importance in Iranian traditional society, in terms of its distinct communities and base. Religion in Iran is something that symbolizes the shared interests the community, specifically that of the Bazaari. The

mosque is a symbol of Islamic belief shared amongst most Bazaaris, which they attend for daily prayers. The so-called “sacra” of Islam forms part of the “base” of the community. It is a term that Gudeman defines as: “Base as sacra” in *A handbook of economic anthropology* (Carrier, 2012, p. 102). Another Islamic symbol used by the Bazaaris is to be found on the sign, at the entrance of most shops, saying: “In the name of God” or “Vanyakad” - which is basically a part of the Quran meant to secure people from bad omens. The sacra is an important part of the “base” in the context of the Bazaar; and it is displayed through many words, signs, prayers, occasions, and events; all to be seen when walking in the corridors of the Bazaar.

While discussing the community and its “base,” the factor of “reciprocity” needs to be discussed. It is “the primary building block of community, because this practice makes and perpetuates dyadic relationships that are the irreducible core of society” (Gudeman, 2001, p. 80). The significance of reciprocity comes into play when the term is used in an anthropological sense, rather than in a narrow economic one. Gudeman makes this distinction in his book when he distinguishes reciprocity as a practice of “non-cash and non-market exchange,” mainly applicable in “non-market in lasting and two-way exchanges.” The first step of the exchange is a present, commonly known as the “gift.” The notion of the gift has a great deal of importance in communal exchange within the Bazaar, where long-term exchange is more valued than short-term benefit. Even in highly monetary driven communities, a gift without high financial value is very commonly given as a gesture of good faith and as a token of lasting relationship.

When the economy is not considered independently from the society’s cultural values and is seen in the context within which it functions, economy and community are inseparable. Trade, according to Gudeman, (2001) occurs within a market system, which fundamentally depends on “the exchange of rights to property.” This may seem to be not community or culturally oriented. However, when considering the laws of each country in regards to property, it becomes evident that these laws are influenced by the cultural context within which they have been developed and are (or are not) maintained.

The core of a market system is “profit making,” which is a unique feature of the system. All players within the system supposedly work towards the maximization of their own profit and consequently that of their community. However, the notion of profit is also defined within the community; rules of trade and profit-making are defined within each context. For instance, in our case, a “Bazaari” would normally refuse a one-time profit made by dealing with an outsider, in order to support his peers and ultimately strengthen the community. Ultimately, more accumulation of capital in the Bazaar thus results (Gudeman, 2001). A basic rule of business in the



Bazaar is to put more priority on strengthening the community financially and non-financially through social bonds, rather than considering short-term profit generated outside of the Bazaar.

In capitalist economic thought, individuals as well as communities will push the boundaries of the economy and the nation's foreign trade policy to increase their profitability. But in the Bazaar, this takes a very particular form, where the Bazaari protect their own self-interest as monopolists at the cost of the national economy. The Bazaaris have exploited the notion of Iranian "self-sufficiency" as an excuse to keep the borders of the country closed. They fear that foreign players will come into Iran and jeopardize their profits and the sustainability of their community. The Bazaaris lack confidence in their ability to compete on a global scale. The Bazaar system and the players in it lack "innovation," which is trumpeted as essential to the success of profit maximization in a global market system (Gudeman, 2001, p. 104). The Bazaaris are highly involved in politics, to ensure that their lobbying serves their interests and keeps outsiders out of the marketplace.

Bazaaris are very united when it comes to securing the profitability of the Bazaar system. Examples of this are when the Bazaaris went on strike on several occasions within the past 10 years, such as when the government passed new VAT laws requiring the Bazaaris to pay higher taxes. Having the "heart" of the economy on strike paralyzed Iran as a whole. The government had to postpone the enforcement of the VAT policy on most businesses, and even today the law is not as tough on Bazaaris as it is on other businesses.

Considering the cultural implications of how each society's economy is intertwined with its culture, Gudeman (1986) believes that there is no possible universal definition of an "economic finality or utopia." There are no rules that cross all borders, which can be applied to the economics of all nations. Economies vary in terms of their communities and their values. The anthropology of economy is a theory that "offers tools for undertaking conversations and imaging outcomes," rather than having one set of guidelines to be applied to all (Gudeman and Rivera, 1990, p. 163). In Gudeman's case studies of Latin America, there were features unique to the societies studied, in terms of the culture and how it impacted the economy and the economy of the region as a whole. This I believe also is the case of Iran and its Bazaar system.

Gudeman's (2001) theory of economic anthropology points to a "basis" for analysis of Iran's socio-economic system, which classical economics would not support. The theory of classical economics often defines power purely economically. It is as if economic capital is the only defining factor in society. But in Iran, the Bazaaris are a

crucial social group that I believe any social economic analysis of Iran needs to take account of. Gudeman obviously focuses on the social-cultural factor, rejecting mainstream "economism." He is important to me as he supports the research focus of examining beliefs, context, relationships and culture. In the four cases that will follow I will explore how the researched experienced their economic-cultural context.



#### ERVING GOFFMAN --- SOCIAL INTERACTION

The nature of my study is to look at people circumstantially; that is, I study them in terms of their being a Bazaari. I am not really interested in individual psychology; that is, in the sense of what has individually motivated people or what characters they have. But I am interested in key defining factors of what it means to be a Bazaari and how the relationships work wherein these people are related to the Bazaar. I want to discover in this study: "What is it to be a Bazaari based upon the actions between them?". I am trying to understand the Bazaaris in relationship to the social construct of the Bazaar, and that is why Erving Goffman's (1959) theory of "dramaturgy" plays a significant role in my research.

Goffman's thinking has framed contemporary sociological studies in the area of "social interaction." Pierre Bourdieu confirms that: "The guardians of positivist dogmatism assigned Goffman to the 'lunatic fringe' of sociology, among the eccentrics who shunned the rigors of science and preferred the soft opinion of philosophical meditation or literary description; but he has now become one of the fundamental references for sociologists ..." (Pierre Bourdieu 1983). Goffman's idea of a locally produced interaction-order, constrained by the general needs of self rather than by the particular needs of an individual or the imposition of social structure, was crucial to the humanist radicals of the 1960's.

Goffman studied not the men and their moments, but rather the moments and the men. The key to Goffman's perspective is the examination of circumstance, situation and basically what the social context demands. Emanuel Schegloff (1988) has argued that in Christianity, which frames the dominant European tradition, everything is about the person as an ethical agent. But in classical Greek thought, the focus is not on individuals but on situations and how human beings are meshed into situations, structures, cultural bonds, and social norms. Goffman's social science is very similar to this latter perspective, as he looks at people circumstantially in their social environment (Schegloff, 1988).

Goffman's (1959) dramaturgical approach studies presenting one's self before different audiences; it is a theory that defines a "front region" and "back region" in anybody's life. "Front region" refers to "the place where the performance is given" (p. 107), and "back region, or back stage" is where the suppressed aspects of the performance, "which might discredit the fostered impression," take place. The theory is retrieved from his doctorate dissertation, which he developed and published in 1956 as a book, called *The Presentation of Self in Everyday Life*. It is a book in which he explores ways in which people present an image of how they think their audience wishes to see them in face-to-face interaction.

In *The Presentation of Self in Everyday Life*, Goffman compares the actions of a person to a theatrical performance. He examines a "self" interacting with others, in the attire and manner expected. This is basically what people do in real life, as their roles depend on maintaining appearances. 'Appearances' are not 'fake' --- they are the social material of responsibility, predictability and order. Goffman believes that social interaction requires (tacitly) agreed to practices or appearances, to avoid humiliating oneself or others. Situations are not similar to one another; we act differently in different situations. We need to stabilize all the uncertainties of meeting unknown persons and circumstances and we do that by using mechanisms of self-representation. We don or wear behaviors that symbolize or represent who we are promising to others we are (Goffman, 1951). "Such 'face' is an image, often self-delineated in terms of approved social attributes – an image that others may share, as when a person makes a good showing for his profession or religion by making a good showing for himself" (Goffman, 1967, p. 5). Goffman's theory of "back/ front stage" was fundamentally developed based upon the setting of the theatrical performance, where character, morals and social truths are represented to the public. Goffman's point is that everyday lives of people are constructed in a very similar way, wherein trust, competence and solidarity are constantly enacted by teachers, social workers, financial advisors, priests, etcetera. It is crucial for social cohesion and stability that the roles played are real --- that the representations are truthful. If not, social order and cohesion is threatened. In social enactment, there is an onstage area where the actors appear before the audience; and this is where positive self-concepts and desired impressions are offered. But there is, as well, a backstage – a hidden, private area where individuals can be themselves and drop their societal roles and identities (Fine and Manning, 2003). It takes effort and commitment, often the repression of private fears and insecurities, to create and maintain one's role. Backstage there is all the effort and uncertainty that is mostly hidden up-front. The one area is not more 'true' than the other --- they are complementary aspects to creating a trustworthy social order. In terms of my research, the Bazaar has a very strong front stage; my research investigates aspects of its backstage. What is necessary and normally hidden from view to make the role of the Bazaar's possible? Every backstage reveals the costs of

maintaining its front stage; I believe you will see that in the case of the Bazaar these costs are really very high, individually and for the society.

During the time that Goffman's wife was hospitalized in a mental institution in 1950's, he closely examined that institution and its inmates. Based on this study, an ethnography called *Asylum* was published in 1961, where he argued that 'the 'mentally ill' suffer not from mental illness, but from the contingencies of the asylum. Anyone would go mad in such an institution! Symptomatic behavior of patients in psychiatric wards is a product of willful "situational improprieties" (Goffman, 1961, p. 135). In the book, Goffman considered the nature of concentration camps, mental hospitals, boarding schools, monasteries, and totalitarian states, as being very similar to one another; and he described in horrific details how they all institutionalize people, involuntarily. Rather than psychological factors of the mentally ill, Goffman believed that the inmates primarily suffered from conniving relatives and self-serving professionals. Mental illness was, for him, a social construct designating a spoiled identity, which colluding others successfully imposed on a victim. In reality, "the 'mentally ill' . . . and mental patients distinctly suffer not from mental illness, but from contingencies"; "the craziness or 'sick behavior' claimed for the mental patient is by and large a product of the claimant's social distance from the situation that the patient is in, and is not primarily a product of mental illness" (Goffman, 1961, p. 135, 130).

Existence in a total institution is regimented and controlled institutionally. For me, Goffman points to how overwhelming institutions can be. Likewise, the Bazaar can be thought of as all-encompassing for those inside its social order. In *Asylum*, Goffman illustrated with a micro-analysis a macro principle of the human condition highly impacted by the "institution" or "community." Goffman believed that each community we belong to, imposes a set of expectations and rules on us that essentially becomes the basis of the role we play in that arena. The seemingly random and "insane" behavior of patients in an "asylum," or of persons queuing up in a line, is not intrinsically meaningless but rather heavily endowed with interactional significance for the participants. In Goffman's view, such situations provide an important arena within which interactants continually renew their interactional commitments.

Based on his observations, he believed that in total institutions, spheres of life are desegregated, so that an inmate's conduct in one scene of activity is thrown up to him by staff as a comment or check upon his conduct in another. A mental patient's effort to present himself in a well-oriented, un-antagonistic manner during a diagnostic or treatment conference may be directly undermined by evidence introduced concerning his apathy during recreation or bitter comments he made in a letter to a



sibling—a letter which the recipient has forwarded to the hospital administrator to be added to the patient's dossier and has been brought along to the conference (Goffman, 1961, p. 37).

As Goffman (1959) suggests, behavior is a performance shaped by the environment and audience, and constructed to provide others with impressions that are consonant with the desired goals of the actor (Cushion, 2011; Potrac et al., 2002). In a recent study on teams of professional athletes as defined institutionally, one can see how Goffman's thinking offers a sophisticated approach to studying coaches and their actions. Instead of considering the psychological factors in their analysis, the researchers discovered traits primarily impacted by the dynamic and complex cultural context (Birrell and Donnelly, 2004). For Goffman, our social lives are guided by the frames that determine our social interactions.

Interaction is guided by the frames that are enforced upon us; and these frames stay intact through how they regulate human character. Character demonstrates to us and to others where we stand in relation to the social frame. This realization, in turn, causes us to live up to the character that has been impressed upon us by the expectations of others. Living up to the idea of our character regulates our behaviors directly, while individuals with whom we interact impose indirect forms of control through their expectations. Consistent and normative action is produced as the individual tries to abide by the character that is expected of him or her by others. One cannot escape this condition, just as one cannot escape socialization, because one cannot escape interaction with other people.

Goffman's basic assertion is that human beings have to be understood in relationship to their social obligations, which are basically the roles they play, the expectations of others from them, and the who they socially are and are expected to be. Goffman believes in relatedness and in the ethics of relatedness. For instance, in the case of a medical doctor examining your body, you expect him/her to look at your body from the role s/he has. But if you are applying for a job as a photo model, you expect that your body will be looked at very differently from that. In both cases someone is examining your body, but since the role that they are playing is different, you expect different behavior from the one as from the other. Fundamentally, we expect the behavior that is socially prescribed for your 'team' --- i.e. your group, profession, social unit. For Goffman, the crucial element is that if you are member of a team, that means your team, your clients, and almost everyone else, expects you to behave in a certain way; and if you don't do so, everyone will be disappointed with you. According to Goffman, more than to family or club, more than to any class or sex, more than to any nation, the individual belongs to her/his team(s) --- i.e. the work team, social team, professional team, etcetera. One's status and identity de-

pends on being a member in good standing. The ultimate penalty for breaking the rules, is harsh. Just as we fill our jails with those who transgress the legal order, so we partly fill our asylums with those who act unsuitably --- the first kind of institution is used to protect our lives and property; the second, to protect our identities, gatherings and occasions (Goffman, 1963a, p. 248).

In my study, there are examples of Bazaaris who are expected to play particular roles in their social structure. Once they fall out of their role, the role expectations become very visible. Goffman leads researchers like Schegloff to find key elements of role expectation that are not spoken and are just assumed. It is difficult to study a life highly defined by identities and role expectations that are assumed and not talked about. The key to being a member or inside of the role is how self-evident the assumptions are. Thus doing research into social identities, in my case in regards to the situation of the Bazaar, I need to make the hidden, assumed, taken-for-granted explicit. In the *Presentation of Self* Goffman thought that one could make roles visible by observing differences between backstage and front stage. But as his research developed he seems to have become convinced that the social rules are less visible and harder to reveal. In *Asylums*, he seems to assume that only social outsiders or people who have got into trouble with the reigning social assumptions reveal the social order. Those who 'give' what is expected of them do not actually reveal the structure of expectations. The role is revealed by those who fall out of their role. The 'out-of-place' or deviant reveals the social order. The outsider reveals things that are not supposed to become explicit, which should be self-evidently maintained.

According to Goffman, the society is based upon roles; thus breaking with one's the role identity is really very problematic. And maintaining the role identity is very strongly demanded. The team, group or society may be as basic as a kid's soccer team, or as sophisticated as a team of surgeons, but the principles are the same. The members are supposed to maintain the cohesion and smooth operation of the group. Obviously the rational content of the more sophisticated group, such as the team of surgeons or the Bazaaris, is significantly larger than in the case of the kids' team.

### *Frame of Reference*

These two Western thinkers have helped me to frame and understand my study. Stephen Gudeman stresses how awareness of forms of community make it possible to understand real (non-Western) economies. Goffman for me operationalizes what Gudeman points to and Pierre Bourdieu's understanding of communities, as habitus, framed via the three forms of capital, have offered me a refined analytic tool of understanding, what I will introduce, debut and apply in chapter 8.

Bazaari economy is not the same as the Hyper-capitalism of the globalized economy. But the Bazaari exist by trading and doing business with globalized capitalism. The Iranian Bazaari led economy, may define a 'community' (Gudeman) but what sort of 'habitus' (Bourdieu) is it? I find Bourdieu's conceptualizations problematic --- ultimately, in his thought, power struggles in the economic sphere dominate. But I find Gudeman's concept of community too vague and undifferentiated. Thus, on a theoretical level, I wish to make a contribution to the anthropological thinking about economy. Not all countries are examples of globalized Hyper-capitalism. Iranian difference really exists. But the celebration of 'community' as the commons and as superior to other social forms, seems to me to be a too uncritical approach to study the logic of the Bazaar.

As I have indicated, I have used Stephen Gudeman's Economic Anthropology to frame my case. My initial approach to my research was inspired by him. Summarizing, according to Gudeman, economists by and large fail to consider "social" factors, which has made economics problematic in many cases. With the introduction of "The Anthropology of Economy" (2001), Gudeman rejected defining the economic factor, or global Hyper-capitalism, in terms of the European and American experience. Gudeman argues that the economy as a whole should be divided into two realms; one of "market economy" and one of "community economy." He asserts that they both exist in all economies, regardless of their location and level of development. Gudeman asserts that the Western concept of Hyper-capitalism does not match the current conditions in much of the world, including Iran. Analysis based on Euro-American assumptions faces many contradictions if extrapolated to Iran.

Gudeman has insisted that there are other factors, in addition to the macro-economic ones, that need to be taken into account when analyzing an economic system. He focuses on the actually experienced economy, rather than on a top-down consideration of balance of payments, gross national product, inflation/deflation, interest rates, national debt, rates of economic growth, etcetera. Gudeman's approach is more bottom-up; if you study the actual economic players how does the 'economy' function? If in the case of Iran, if you decide to study the 'real' economy, you quickly have to focus on the Bazaar. The choice for the 'real' economy is driven by a will to understand the 'economy' more in its own terms, as it is humanly experienced, than as a Western imposed abstraction. I do not want to tangle with the World Bank or the International Monetary Fund, but their imposition of economic analyses and plans for non-Western countries have notoriously caused at least as much harm as good. And this, I submit, is because they have not even tried to understand these economies on their own terms. Crucial to my project is the effort to understand the Iranian society, from a socio-cultural and economic perspective on its own terms. And this is what Gudeman calls for.

To understand the Iranian socio-economic system, you need to begin, I believe, with what happens in the Bazaar. It is here that you can see the daily economic life of Iran. To 'see' the Bazaar one has to examine what it takes to be(come) an active member of the Bazaar, i.e. a Bazaari. Gudeman studies "Social Ethic" and "Social Assumption" as behavioral keys to an economy. Indeed, understanding the social ethic and assumption(s) that characterize the Bazaar and the Bazaari's, reveals much about how Iran is organized.

While Gudeman's focus has been crucial for me and liberated me from researching on the basis of Euro-centric assumptions, it did not give me specific tools. Admitted, the Bazaar and the Bazaari's need to stand central in my research, but how does one describe them? What characteristics of their behavior do I need to detail in order to come close to revealing the governing social ethic and/or assumptions? Gudeman did not help me much on the 'nitty-gritty' level. His polemic to do cultural justice to non-Western economies and societies certainly inspired me, but he (paradoxically enough) remains rather macro himself in calling for an alternative awareness but not really detailing how the researcher could get there.

Thus I have needed a second source to guide me towards detailed behavioral socio-economic awareness of the Bazaar and the Bazaari's. For this I have turned to Erving Goffman's theories in *The Presentation of Self in Everyday Life* and *Asylum*. Goffman was a social-psychologist of the concrete. He examined how persons together organize their social existence, what they demand of one another and how they maintain a measure of social stability through their assumptions and coordinated behavior. He used concepts such as: "Performance", "Audience", "Self and Other" to examine how a social situation was constructed and preserved. For me: what does one have to do (performance) and who has to take note of it (audience) in order to be(come) (self and other) a Bazaari? Goffman in his research analyzed small community groups. He asked himself: 'How does this identifiable, observable social entity define, construct and enact itself?' He looked at objects as diverse as a restaurant and an insane asylum. He did generalize, for instance by creating a theory of the total institution, but that aspect of his work falls outside of my research. I just want to describe how the Bazaari create their universe --- who do they have to appeal to, what assumptions do they have to represent, what interactive norms do you have to uphold to be(come) Bazaari? The Bazaar is enacted everyday --- it is a social artifact that maintains itself, and thereby maintains the Iranian particularity. It is a specific, not found everywhere else, form of social existence that I am trying to better understand.

Ultimately, after having completed my descriptive labor inspired by Gudeman and supported (methodologically) by Goffman, I do want to try to return to the Bazaar and Bazaari in a more abstract manner. But I do not want to betray Gudeman by re-

turning to a Euro-centric approach. I only want to enter into more abstract reflection once I have earned my way to that level. That is, I do not want to start on a very abstract level that runs rough shod over the cultural specifics of Iran. I want to show cultural respect to Iranian unicity and describe Iranian interactions and events. I realize that the accusation that my data is somewhat incidental or antidotal could be made. But there is no tradition of anthropological economics in Iran; and there are no comparable studies to mine in Farsi (let alone English) for me to refer to. What exists is not fine-grained or highly descriptive. The published materials show little evidence of empirical work and often seem to draw conclusions rather easily. Thus my claim is that I have done my fieldwork; I have interviewed and observed. I have collected relevant empirical material that I present here.

This study takes a bottom-up approach to explore and analyze the socio-economic environment of Bazaar. To make that speculative leap, I will make use of 'high theory'. Thus my study concludes with a fairly abstract analysis of the data. But I do not want that analysis to fall (too much) back into Euro-centrism. My solution has been to turn to the economic sociologist Pierre Bourdieu. My rationale is that he first framed his ideas in reaction to his fieldwork in Algeria (1958). Thus Bourdieu's theorizing is, at least, grounded in a non-Western context with some similarities to mine. Ultimately, I will raise the question whether there is a link between the three forms of capital Bourdieu describes and what I have learned from my investigation of the Bazaar and Bazaaris.

To some degree, Goffman (like Bourdieu) can be seen to be a structuralist. Goffman argues in *Asylum* (1961) that the rules of the situation produce the human context: "It is the situation that makes the person; it's not a person creating a situation." Thus, in my terms, it is the Bazaar that is the subject of my study, and the persons are described and studied here as products of the Bazaar. The people I have studied were all to some degree, outliers. They show us the borders and boundaries of the Bazaar by what happens to them when they push those borders and boundaries. The average Bazaari experiences the Bazaar as a 'fish in water'; and I have discovered that they have very little really to say about the Bazaar. It was only interviewees, who had wrestled with some aspect of the Bazaar and its (unwritten) rules and demands, who were able to vocalize what the Bazaar meant to them. Thus the subjects of my research are all persons who somehow were not only Bazaari, but had also confronted what it means to be a Bazaari.

Bourdieu's word for place is 'habitus'. A habitus is a social, cultural, economic context inhabited by a group of persons. A habitus encompasses the social property of the individuals inhabiting it; it orients human behavior without strictly determining it. I believe that what Goffman proposed in *Asylum*, in describing a center for mental

health treatment, comes very close to what Bourdieu defines as a Habitus. I thus wish to suggest that every member of the Bazaar is trying actually to maintain the habitus. And this is why the individual's behavior is very important in the Bazaar. The habitus is co-constructed and maintained by its inhabitants.

Gudeman argues for specificity; he is convinced that economic-social difference really exists and that any universalist analytic system is tautological and ethnocentric. Thus the Iranian (or even the Tehran) Bazaar for Gudeman, is a specific habitus or structure of social existence. It has its own ability to reproduce itself. Gudeman is not a radical social constructivist --- for him it is not the individuals that make the Bazaar but the social network or the Bazaar itself, that makes the situation, circumstance and habitus.

Bourdieu is much more a conceptual universalist. He thinks that the analysis of capital forms is always a valid way of looking at a society or culture. But the difference between society and culture has been lessened by globalization. Gudeman realizes that globalizing capitalism leaves less and less space for particularity or for alternative habitus. My data was collected during the period of sanctions against Iran. Iran was relatively cut off from globalizing capitalism. Thus our peculiarity was fairly strong. As we are now moving (possibly) into a post-sanctions period, our specificity may be reduced as international economic relations increase. The period of sanctions was in many ways not a happy period in Iran, but for my study the sanctions probably made a positive contribution as the Bazaar was relatively unthreatened by modernization and international Hyper-capitalism.

Goffman stresses the duty of all the members of the social group to behave according to the unwritten rules defined by and defining the group. Ethics in Goffman are defined in terms of adherence to the social standards of the group. If a person's behavior contradicts the bylaws of the group, it is not accepted by the other members; and the person will be forced to leave the group and/or will find his position in danger. In my study, there is a core question of what are the principles adopted by the group, the Bazaaris. For instance, as it will be discussed later, the story of Mohammad's marriage, is about the realization (or not) of expectations of family members. Goffman discusses what happens to people who fall out of their roles in a group. He believes in the crucial importance of group expectations and of its 'do's and don'ts'. Roles are not facultative: "Roles are fundamental issues of identity." Thus, when I study the Bazaar and the Bazaari, I am studying economic roles as well as individual identities, inevitably, at once.

In a group, such as the Bazaari, the rules of membership remain the same almost all the time. In my data, I describe the life of a few Bazaaris who acted beyond the prin-

ciples of the community, and thus put themselves in conflict with the Bazaar. By analyzing the data, I can illustrate what it means to be a member of the Bazaar and what principles must be respected in the Bazaar.

I can provide more in-depth analysis of the cases with the help of Goffman's concepts such as: 'Exception Elements', 'Social Cohesion Elements', 'Demand for Loyalty' and concepts like 'Back Stage and Front Stage'. Goffman points to the roles that each member has to take to be accepted into the group and he looks into the social dynamics of membership. He is interested in the principles of membership and how groups operated, not in their specific content, beliefs or attitudes. Thus, for instance, devout Muslims never appear in his writings, but that (or some other) content is not what his work is about. Goffman is about how social processes work and not the actual contents in use the process. Thus I could make use of the mechanisms he points to, while examining very different contents to the one's he discussed.

As already stated, I will use the concept of the "three forms of capital" by Bourdieu to analyze the Bazaar system, which is the "habitus" under study here. The three forms of capital which Bourdieu speak of are: (i) economic, (ii) social, and (iii) cultural capital. In the Bazaar, these three forms of capital are not in strong contrast with one another, but are closely related to one other. In fact, the Bazaar as a "habitus" is a result of the close connection among the three forms. Thus, if any capital --- social, economic or cultural --- becomes dynamic, the Bazaar will get shaken up. The strength and weakness of the Bazaar, as a system, is that it forms such a tight network of inter-linked capital(s). Change to any will cause instability in the others. The Bazaar, to put it mildly, does not really want to change. It forms a very tightly integrated set of values, practices and demands. Loosening up the borders is an anathema to the Bazaari.

This closed yet highly coherent system of the Bazaar makes it fascinating. This is quite different from what Bourdieu describes to be in the case in Europe and America, where the three forms of capital are not so tightly related to one another. In fact, in Hyper-capitalism, the three forms of capital are inherently in disequilibrium, and form an "inherently dynamic system." But in the Bazaar, everything is directed to maintaining the hegemony of the system --- including having the three forms of capital tightly interwoven together, maintaining the social-cultural-economic equilibrium.

The Bazaar forms a 'dominant habitus'. The historical and religious ties are crucial bonding factors to the system. Islam is a social religion rather than a personal choice for the Bazaaris. It is not a question of 'personal belief' but of constituting social ties. Islam can be thought of as pre-individual --- that is, Islam comes first and then and only then come the individuals; while Protestant Christianity is post-individual ---

i.e. it assumes that the individual comes first and chooses for the belief. Thus the bonds of the Bazaari are pre-individual, which strengthens the bonds of the members of this community, as they are pre-reflective and thereby seem unquestionable and inevitable to the members.

As I have been indicating, identity formation in the Bazaar does not resemble typical European models. Europeans assume the individual and then ask what group(s) does s/he belong to. The individual is assumed to be primary and the group secondary. There are less individualist models in the European literature, but they tend to assume that the society or economy is primary and that individuals have to make choices (as individuals or as groups) in terms of the pre-existing social-economic order. Theories that deny all agency are frowned upon. But for the Bazaari, all real agency belongs to Allah, not to the individual or the society. But none of my informants were that religious; they all assumed that as businessmen that they possessed agency. But the social logic of their habitus was clearly less individualist than that of Europe. My theoretical problem is how to make the structure of Bazaari sociability discussable. How can I analyze my data so that its assumed forms of social-relatedness become visible and open for further discussion. The strategy I have chosen is to apply Pierre Bourdieu's categories to my data. Bourdieu talks about three different forms of capital --- social, cultural, economic; and how these three systemically combine (or not) in defining social space(s) or a habitus. Thus my research strategy is to assume that Bourdieu's differentiation into three dimensions of cultural agency (or capital) will allow me to make the habitus of the Bazaari clearer.

I have examined in three sub-sections (that follow) the testimony of three Bazaaris with Goffman's theory to discover what their membership in the Bazaar entailed. And in a fourth sub-section I present my own testimony as an observer-participant of my relatedness to the Bazaari. Later on, in Chapter 8, I will analyze what I have been able to reveal about the Bazaar, attending to the three forms of capital characterizing the system, as based on Pierre Bourdieu's theory of capital.



## DATA COLLECTION

As I have indicated, my research approach and question were triggered in relationship to Gudeman (2001) and my approach to the Bazaar and the Bazaari has been informed by Goffman. Empirically spoken, my research methodology is that of a case study. As Yin (1994 2<sup>nd</sup> ed.) argues, case study research is suited to answer HOW and WHY questions. I want to know 'How does the Bazaar operate as a social-economic system for the actants inside it?' 'As a Bazaari what is demanded of one; who does one have to be, to succeed in the role of Bazaari?' I assume that any organization is characterized by its boundaries -- by its inside and outside. Thus I have tried to



identify the implicit boundaries to being a Bazaari. When we can identify those boundaries we can see what is really inside and outside; and then we can look to examine why the boundaries exist as they do.

Of course, in the Chicago school of sociology, where the case method was first developed, life history research was the model of investigation (Goodson, 2001). And I have followed in that tradition, with the proviso that my 'life histories' are defined in terms of belonging to the Bazaar; other aspects of the person's social-psychological existence are not investigated. Thus this is life history research in the service of the theme of the case of belonging (or not) to the Bazaar. Thus my 'unit of analysis' is the behaviors and events that define belonging (or not) to the Bazaari.

Qualitative research such as mine needs to "deploy a wide range of interconnected interpretative methods, always seeking better ways to make more understandable the worlds of lived experience that have been studied" (Halinen and Törnroos, 2005). The qualitative research in my study involves personal interaction with the researched; primarily via interviews. The interviews were conducted in "appropriate and ethical fashion" (Given, 2008, p. 2). The list of interviewees was selected carefully to not only serve the flow of the research but also the reliability of the study. As the interviews were semi-structured, they differ in terms of their length; some were longer than others. By not directing the interviewees, I faced the problem that at some points the interviewed digressed to discuss themes outside of the context of my research. I have looked to see why they did that and if what they said was nonetheless relevant to my concerns, but I have focused on what is relevant to my research themes. In the interviews behavior, characteristics, desires, and emotions of the researched became evident.

My research is ethnographic insofar as the everyday life of the interviewees --- their behavior, reaction to factual incidents, personal life and business traits -- is my theme. As Cresswell states, ethnographic study has the advantage of being able to study people in "their natural setting" (Cresswell, 2007, p. 17), which has been the core of the qualitative research done here. By fully engaging myself in the lives of the people studied, my research I believe has been able to provide insight into the human, social, cultural and organizational aspects of the Bazaar.

There is a degree of storytelling in my research. For instance, the failed iron ore business leading to a broken marriage is certainly a story. David M. Boje (1991) defines the concept of story as essentially "part of the process for recognizing, as well as collectively accomplishing and enacting...." meaning. Fitzclarence and Hickey (1999) have described the power of narrative inquiry to reveal meaning by providing insight into how people attribute meaning to their experience. Hereby, stories make the relational link between personal experience and the meaning they have in their

decisions and ultimately, their lives. According to Michael Dyson, "stories not only express meaning given to experience but also determine which aspects of experience are selected for expression" (2007, p.6).

As a researcher I had two choices, the first was to be a "researcher as observer" which was the more traditional narrativist approach to narrative sensemaking and storytelling wherein data is collected, organized, and interpreted based on established theories and was suitable for univocal accounts of events that have ceased evolving. The latter choice was an antenarrative, a more organic approach to storytelling which was ideal for an analysis of narrative sensemaking and storytelling as they unfold over time in an environment undergoing change; collecting stories as they are being played out in lived experiences.

To better understand how individuals make sense of the events in the Bazaar, I applied David Boje's theory and concept of antenarrative, that is used in sensemaking. According to Boje, Antenarrative is a bet on the future pattern of meaning, in an authentic scenario of event-space (Boje, 2001). Boje defines antenarrative as "the fragmented, non-linear, incoherent, collective, unplotted, and pre-narrative speculation, a bet. To traditional narrative methods antenarrative is an improper storytelling, a wager that a proper narrative can be constituted" (Boje, 2001, p. 1).

Antenarrative is a term with a double-meaning for ante: before narrative cohesion sets in and a bet on shaping the future that is prospective-sensemaking (Boje, 2001). Although antenarratives cover their origin and allow the fragment to evolve through time, they do not provide the complete story; what they do provide is "bits and pieces, snapshots, grabs and glimpses of respondent lived experiences" (Vickers, 2012, p. 173). As these "bits and pieces" are retold, they are reimagined by the he or she to highlight specific elements. It's important to note that an antenarrative doesn't need to contain the traditional elements of a plot, characters, an introduction and a conclusion. At the core of my research, I try to explain the phenomenon of how the changes in stories are shaped by interviewees' experiences and how they make sense of the situation. Boje argues that "events only become experience when we willfully story event into experience" (Boje, 2008, p. 194).

According to Boje (2001) the antenarratives are polyphonic or multivocal and they usually occur while events are still unfolding and different storytellers are trying to make sense of what they are experiencing within that phenomenon. Antenarratives make a process connection between narratives and living stories. This approach enables me as a researcher to use deconstruction methods to reveal the way lived experience becomes "living story", It also recognizes and gives voice to the voiceless.

As Vaara, E., & Tienari, J. (2011) argue, Antenarrative approach is ideal for an analysis of narrative sensemaking and storytelling as they unfold over time in organizations undergoing change. Antenarratives do not focus on fully formed stories as in classical literary narrative analysis; they are instead conceptualized as fragments of organizational discourse that construct identities and interests in time and space.

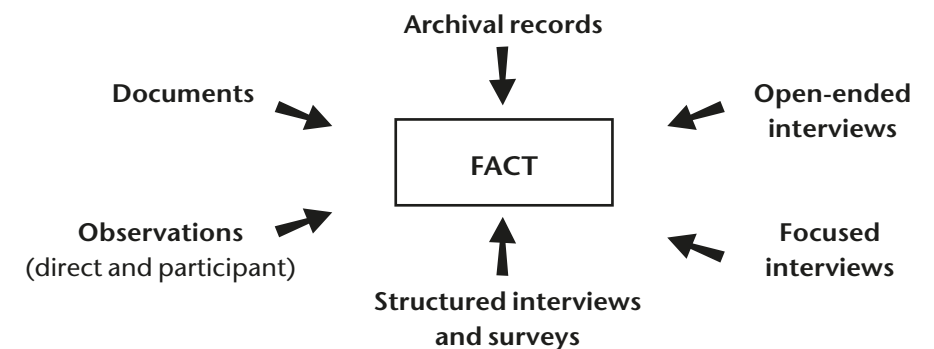
To collect these antenarratives, the interviewees were invited to adopt a conversational approach to talking about themselves; this is a way suggested by Gudeman and Rivera (1990). My approach was anthropological insofar as “anthropology is an inquiry into the conditions and possibilities of human lives in the world (Ingold, 2008, p. 89). As Ingold so powerfully argues, I am not out to reify my observations. I do not claim that I have totalized the researchees into a cultural construct of the Bazaar. I do try to see a HOW and WHY to being Bazaari; but I realize these are only indicative, never final and in motion. The Bazaar is a living system and I have tried to make its embeddedness visible. I hope to make what is NOT globalized Hyper-capitalism about the Bazaar visible enough to be able to discuss and evaluate it. But I stress that I do not see the Bazaar as a closed system or subscribe to some sort of cultural determinism.

Sub-case four, based on my observer-participation in the Bazaar and with Bazaari, can be considered to be ‘auto-ethnography’. According to Ellis and Bochner (2000), auto ethnography is a category of writing that “displays multiple layers of consciousness connecting the personal to the cultural” (p. 739). It is known to be a practical method to put oneself into a context and look at it from outside. Auto-ethnography lets me have a more active role in narrating my story, while in the previous sections I had a reiterating role of describing incidents critical to the lives of others. The importance of utilizing auto ethnography approach in this study goes back to the initial issue of me being unclear of the right or wrongness of fundamentals of career decisions I have made. I have experienced a status of limbo throughout my university and career life between choosing to be more of a “mainstream businessman of Bazaar (Bazaari)” or have a more academic or critical role. It is very difficult to find an overlapping area for these two that fits in in our society and I have often felt the need to pick one over another. The auto-ethnographical approach allowed me to reevaluate my thoughts, beliefs and values. But one can just as well leave out the ‘auto-ethnographic’ label. If by auto-ethnography we mean that I have investigated crucial issues to myself by examining the experiences of others, and that the theme of my research impinges deeply on myself, then indeed there is something auto-ethnographic here. But in contradistinction to Ellis, I have not subjected my data to fictional employment, nor have I emphasized affect. Thus, one can just as well say that sub-case four is based on my observer-participant relationship to the Bazaar and leave it at that.

In terms of research validity (Yin, 2015, p. 32) I have made extensive use of key informants and I have validated my data by checking its accuracy with the informants. Obviously I have used multiple sources of data to form the portrayal of the Bazaar habitus presented here. My ‘external validity’ is in regards to the Bazaar. My data has produced a consistent perspective on the Bazaar and its ways. By using four different sub-cases I have been able to see if they each substantiate the same perspective. And by using repeated open-interviewing I believe I have collected more than enough data to achieve reliability; these are indeed the researchee’s stories.

I have used different data collection methods in the sense that sub-case one, is based on extensive interviewing of persons about someone deceased. Here closure was achieved when all the information at my disposal was consistent and I had no strange outliers to account for. Sub-case two and three, were based on extensive interviewing of key informants. Here it is the length and breadth of the interviewing that counts and the fact that the picture that emerged has been confirmed by the informants. And sub-case four is an auto-ethnographic case, where I describe from an observer-participant position the culture under study. Thus the Bazaar forms a single case wherein there are multiple units of analysis --- what Yin calls (p. 39) an embedded case study.

Yin defends my choice of methodology also in terms of its appropriateness for a research object that has not been studied. As I have emphasized in the Introduction, there is no tradition of empirical social science fieldwork in Iran; especially with and by Iranians. Yin would call this a ‘revelatory’ (p. 40) case because it puts issues on display that simply have not been previously seen in the social science literature. I do not test theory in my research so much as try and use theory to understand my data. At the end I will return to the concerns with which I began this project: (1) Is the Bazaar somehow outside of globalized Hyper-capitalism? And (2) Does the Bazaar as exceptional teach us any important social-cultural lessons? Finally, turning to Yin’s Figure (p. 93) for evidence collection:





- For the first sub-case I made use of focused interviews;
- For the fourth sub-case I was observer-observer;
- For the second and third sub-cases I did open interviewing;
- For my background descriptions I made use of documents;
- Archives are not accessible (or perhaps trustworthy) in Iran
- And I did not do structured interviews or surveys

Thus I followed a hybrid research strategy where multiple sources of evidence contribute to the credibility of my research.

To turn to the procedural details of this research:

The interviews were conducted from 2011 to 2015. I personally visited the interviewees, most in multiple sessions. On the same dates, I got a letter of consent from each interviewee to allow me to use their names and the data gathered. In the case of the format of the interviews, I preferred open interviewing and avoided tightly structuring the interviews. This allowed the interviewees not only to describe incidents significant or insignificant in their lives, but also to express their personal feelings towards matters at hand.

I tape-recorded all interviews with the interviewees' permission and later transcribed them fully, forming the written documentation, which I later reviewed and edited to produce the final write-ups. Then, I reread the transcripts and summarized them to also exclude irrelevant data (Yin 2009; Saunders et al. 2009). I endeavored to avoid self-reflection or my thoughts intervening on the content.

In my case, as the interviews were all told in Farsi, I had an additional step of translating the material into English. This was done either by myself or by translators to ensure that content was not lost in translation. I have focused on the accuracy of the transcriptions and have spent much time cross checking the translations with the originals. As for my description of the Iranian context, the references I have used to explain and clarify sociological, economical, historical and anthropological events, are from original and reliable sources written by Persian scholars. However, some data used was based on personal observation as there were themes, which no reliable writing was available to be used. In such cases, I tried to be as careful and responsible as possible. I have to interview on occasion to believe the information presented. These interviewees I have called "third persons".

My study is based on face-to-face interviews with eight people mostly held at either their personal residences or at their offices. I provide biographical information about the interviewees as I present them in the case histories. The interviewees were:

	Interviewee	Context of the interview	What/who this case is about	Date of interview	Length of interview
Context of Bazaar	Mr. Mohsen B.	Bazaar informant	Context of doing business in Iran	16/7/2012	2 Hours
	Mr. Bagher B.	Bazaar informant		29/2/2013	2.5 Hours
Sub-Case 1	Mr. Ahmad Torkan	Family member of this case's Bazaari	Hossein Torkan, Former Bazaari, Deceased	26/1/2012	2 Sessions, 2 Hours each
	Mr. Mahmoud Torkan	Family member of this case's Bazaari		26/1/2012	
	Mrs. Mahboubeh Nowroozi	Family member of this case's Bazaari		26/1/2012	
Sub-Case 2	Mr. Mohammad L.	This Case's Bazaari	Mohammad L., Former Bazaari	5/2/2012, 12/2/2012	3 Sessions, 2 Hours each
Sub-Case 3	Mr. Ahmad A.	This Case's Bazaari	Ahmad A., A modern Bazaari	2/4/2012, 25/4/2012	2 Sessions, 2 Hours each
	Mr. Farzin O.	Informant of this case's Bazaari		8/6/2012	
Sub-Case 4	Mr. Soheil Torkan	My case as a Bazaari	Soheil Torkan, A Bazaari and a researcher	30/1/2015	4 Hours



# CHAPTER 3

POLITICAL, ECONOMIC, AND CULTURAL CONTEXT OF STUDY

In this chapter, I provide the sort of general insights that in a European centered thesis would normally be unnecessary. Included here is background information that I think the reader needs to contextualize my research.

Every country has peculiarities in terms of its social, economic, cultural, and political dimensions. That is certainly the case with Iran, which has a long history in which these dimensions uniquely contribute to the country's nature. To further examine the impact of the socio-economic, political, and cultural "systems" on the everyday lives of the people in Iran, I will elaborate on some features of the society, especially those that differ dramatically from elsewhere in the world. We can consider Iran's economic system as highly capitalist, but specific characteristics of the system and its major players make transactions, banking, taxation, and other areas of finance very different from what is found in many other societies.

In this chapter, I examine the socio-political and economic environment of Iran on the macro level to provide background and the basis for the case studies to come in the next chapters. Developing a better understanding of the social system is fundamental to identifying the impact of the macro-elements on the belief system of participants in the society. Because the economic system is based on the creation and expansion of the Bazaar, I need to identify the key features of the Bazaar, not solely limited to economics but also pointing to the complexity in the socio-cultural and political dimensions of the nation.

## BAZAAR

As a phenomenon that has secured a position in studies of modern and contemporary developing countries, the Bazaar, together with its political influence and significant economic power, has attracted the attention of many researchers (Geertz, 1978). The term 'Bazaar' can be used to depict a place, an economy, a way of life, a social class, and even an embodiment of Iran, the Middle East, and the Islamic world. In addition, the Bazaar is often represented in literature in a nostalgic and traditional manner.

The Iranian Bazaar, which is generally located at the center of the city and which plays a critical role in the economy, has often been thought of as a small cosmos. It is a semi-enclosed space within a roofed building, containing a closed community formed out of the cliquish ties among merchants. However, the Bazaar has occasionally exhibited a remarkable ability to mobilize economically, culturally and politically. In fact, the Bazaar as a symbolic entity for Iran's powerful commercial capital has always been a source of immense wealth and enormous power.

For that reason, the Iranian Bazaar has been the subject of study for researchers in various academic fields, including anthropology, sociology, history, and even political science (Porushani, 1995). The Iranian Bazaar is a collection of shops and stalls in covered and open alleyways, which spreads out over several kilometers and is split up into different trades. Drawing on anthropological studies (Khansari & Yavari, 1993), I will try to paint a picture of the Bazaar and its different aspects (e.g., cultural, economic, geographic).

The word "Bazaar" is derived from the ancient Persian word "waazaar" (Porushani, 1995). A Bazaar is a permanent merchandising area, marketplace, or street of shops where goods and services are exchanged or sold. The term is also used to refer to the "network of merchants, bankers and craftsmen", who work in the area (Porushani, 1995). Some researchers such as Khansari believe that the Bazaar is one of the most important achievements of Persian civilization (Khansari & Yavari, 1993). Although having its origin in Persian, use of the word Bazaar has spread and is now accepted into the vernacular of countries around the world. Studying the use of the word "Bazaar" since ancient times reveals the economic exchanges between Persia and other countries. Like the Athenian agora, the Arabian souk, and European trade fairs, the Persian Bazaar is central to understanding the development of political dynasties and economic enterprise in areas where the Bazaar is embedded in daily life (Wright, 2010, p. 108).

Archaeologists have found evidence of Bazaars in different parts of Iran. The traditional Persian Bazaar is a highly organized commercial and financial center. It is linked to the mosque, the seminary (madreseh), the religious space (hoseyniyyeh), the roadside inns (caravansary), and the bathhouse (hammam) (Khansari & Yavari, 1993). The Bazaar is at once the cultural, social, commercial, and educational heart of Iranian towns. In most towns, the Bazaar is a covered street (Raste) or series of streets with small shops (Hojre), grouped by service or product (Moradi & Nassabi, 2007). The creation of cities was based not only on growth of the population, but also on the increase of production, which brought about the growth of trade and accumulation of wealth.

Iranian Bazaars, especially Tehran's Grand Bazaar, have played central roles in the economic and political history of the country. "Bazaari" is a term applied to Iran's heterogeneous commercial class located in its historical urban (Bazaar) centers (Wright, 2010, p. 108).

Bazaars in Iran are more than local markets for bartering of traditional goods and handicrafts. They are urban marketplaces where national and international trade is conducted, political news and gossip is shared, religious and national symbols are displayed, and vari-

ous social classes mingle. Iran's largest Bazaar is located in the center of Tehran and has been central to the country's economic and political history since the late 19th century (Wright, 2010, p. 108).

The links between Iranian Bazaars and the international economy are strong because smuggling through the United Arab Emirates and other Middle East trading posts has created major routes to supply domestic consumers with cheap East Asian goods. As urban areas have grown, commercial shopping areas, well beyond the downtown Bazaars, have emerged to fulfill the desires of Iran's new middle class. Instead of merely being a stronghold of tradition, representing an ancient way of life, the Bazaar in contemporary times has evolved to remain economically relevant (Wright, 2010, p. 108).

Like any other market, the Bazaar develops via trial and error, through market participants' everyday actions. Bazaars have developed a number of successful organizational strategies and practices, including disengagement of corporate owners from individual entrepreneurs. The Bazaar does not form a parallel type of economy, distinct from the market economy. Instead, is successfully integrated into larger regional markets. What in effect has happened is that the Bazaar has served as a link between traditional and modern markets.

The shift of retail sales to the main streets and shopping malls in cities is unlikely to undermine the Bazaar, which increasingly is being transformed into a location of discount retail, wholesale, and warehousing activities. The Bazaar's wholesale sector has become a major source of merchandise for local retailers not linked to the stores in the Bazaar.

Following the maxims of formal economics, the Bazaar economy is based on the idea that everyone wants to buy cheap and sell dear, sellers seek maximum profit, consumers maximum utility; price regulates supply and demand. But the Bazaar, as an economic system, has a number of distinctive characteristics, which lie less in the processes of operation, and more in the way those processes are shaped into a coherent form (Geertz & Clifford, 1978, p. 229). Geertz further mentions that the "level of ignorance about everything from product quality and going prices to market possibilities and production costs is very high, and much of the way in which the Bazaar functions can be interpreted as an attempt to reduce such ignorance for someone, increase it for someone, or defend someone against it" (Geertz & Clifford, 1978, p. 124-5).

Jahangir Amuzegar, an economist and former member of the International Monetary Fund (IMF) executive board, believes that Iran has a strong underground economy; a highly distinctive feature of the Bazaar is the relatively large size of its underground

economy. Alternately called informal, parallel, unofficial, unregistered, gray, black, and a host of other terms, the underground economy refers to activities – both lawful and unlawful – that elude taxation or escape registration in the country's gross domestic product (GDP) (Amuzegar, 2003). The size of the Bazaar's underground economy depends on the burden and complexity of the tax system, the severity of the penal code, the enforceability of financial regulations, and the society's tolerance for corruption.

The supporting actors in the underground economy of the Bazaar (e.g., in Iran) are individual traders who evade foreign trade regulations. They hide the true value of their cross-border commerce, trading goods originating in free-trade zones. This trade includes supplies from returning travelers who exceed their tariff-exempt foreign purchases, as well as consumers who sell their ration coupons on the black market. Small investors might also engage in gold and currency speculation, and employers may circumvent labor laws by concealing numbers of employees to avoid paying social security and unemployment taxes. Also, shopkeepers, for instance, may supply price-controlled prescription drugs openly at higher prices to buyers, health providers may charge more than the authorized fees in under-the-table payments, and speculators may pay a deposit toward future delivery of goods in short supply (e.g., automobiles, mobile phones, computers, housing) and later sell the vouchers or delivered goods on the open market at a profit. Moreover, a large contingent of middlemen "facilitates" citizens' transactions with government agencies – from repossessing confiscated private property by obtaining new rulings from bribed courts and receiving hard-to-get loans from bribed state bank officers, to fixing traffic tickets and paying (reduced) taxes to the municipality or the treasury free from bureaucratic hassle (Amuzegar, 2003).

In so-called developing countries, due to macro-economic policies, the shadow economy flourishes. As a prime cause, the inflexibility and inefficiency of the nationalized banking system, combined with inadequacies of functioning money markets, leads to the rise of a large-scale and resilient informal credit network. Reluctance on the part of state banks to lend to high-risk small borrowers without adequate collateral, and the banks' preference to make large and secure loans to state enterprises, has driven minor producers and start-up entrepreneurs to resort to informal credit sources. The rise in total liquidity is taken to indicate an expansion in the size of the underground economy, on the assumption that nearly all unregistered transactions are conducted in cash. This transformation also indicates a substantial increase in the share of family businesses in self-employment and a decline in the share of wages in the average urban family's income (Amuzegar, 2003).

Historically, the Bazaar has been the center of informal money-lending and an important source of finance. According to Graham, one unofficial estimate in the 1970s put the number of money-lenders in the Bazaar at several hundred individuals controlling approximately 15% of the private sector credit (Graham, 1980, p. 224). With respect to the significance of the funding of informal markets in the Bazaar, Urbach and Pumpluen (1978, p. 117) emphasize that in 1975 an estimated 20% of the official market volume was supplied by the informal market, which "could mean upwards of \$3 billion in foreign exchange and \$2.1 billion in loans outstanding; these figures were not contradicted by the Central Bank."



### RELIGION, POLITICS, AND THE ECONOMY

In contemporary Iran, the connection between religion and politics is so tight that one cannot really consider them separately; the strong role of religion in all aspects of Iranian culture prevents any such separation. Ayatollah Modarres, an Iranian Shi'a cleric and notable supporter of the Iranian Constitutional Revolution, once said: "Our politics is one with our religion and our religion is one with our politics" (www.Imam-Khomeini.ir, Nov 6, 2013). These sources of power are interwoven in a way that the sustainability of the one is in the hands of the other. Key religious institutions are in (or very close to) the Bazaar and the Bazaaris normally display that they are religiously devout. This is not a new trend. The power of the Bazaar has been relatively untouched for decades.

Bazaaris own capital, while politicians are influential in government policy making. Whenever needed, these two institutions join together to maximize their power, and ultimately to gain maximum benefit. In the past several hundred years, the two institutions of Bazaars and religious schools have played a significant role in the political changes of the country, and according to the Dekhoda Dictionary (Khansari & Yavari, 1993), both the small shops in the Bazaar and the rooms of the clergy students in the religious schools are called "Hojreh." These two institutions are characterized by their mutual connections. For instance, the Iranian Revolution of 1905–1907 (the Constitutional Revolution (Mashruteh)), started with the government's attempt to control the Bazaar via price setting and the punishment of 17 Bazaaris by flogging them in public. This caused a revolt in which the Bazaar and the religious institutions acted together to establish a parliament. After the establishment of the parliament, the Bazaaris became part of the National Front Party and along with the clergy worked for the nationalization of the oil industry. In recent years, with the implementation of value added tax, many of the clergy have taken part in strikes along with the Bazaaris. This was most significant in the gold market and related trade guilds, and as a result it halted the government's attempts; and forced it to imple-

ment an exemption from the tax for many of the trade guilds (Berberian & Hourri, 2001, p. 116).

The clergy and the Bazaaris can be considered key groups in the history of the social and political changes in Iran. The Bazaar is traditionally the stronghold of Islam and the clergy, with the help of the Bazaar ever since the Iranian Revolution of 1905 (and even before), its critical role in Iran has been evident.

A main question is whether the Bazaar has in fact played a dominant role in contemporary Iranian changes of power, and a key indirect question involves the underlying reasons for the union between the clergy and the Bazaar. Certainly, the Bazaar has been a significant social stronghold that has helped people provide for their needs and served as a place for production and distribution of goods and services.

Bazaaris have always been involved in Iran's historical changes and are considered one of the oldest social groups in the society. In an organized and historical union with the Shia'te clerics, the Bazaaris have been involved in many social and political movements. Once rumors begin in the city that the market (Bazaar) is closed, or the market is on strike, people know for a fact that an important issue has been brought up or something significant is happening.

The Bazaar operates similarly to a news network. Back when people had no social media as channels of communication, the bazaar was where information was exchanged. In the case of any important matter, the source of the 'broadcast' was by and large the Bazaar. Even with modern media, a strike in the marketplace remains one way of exposing important events and expressing protest. In particular, since in times of crisis the national radio and TV are under strict censorship, the Bazaar is the place to spread information and news, so it is considered the most important channel of communication in the city. Thus, the Bazaar has facilitated not only the exchange of goods and investments, but also the spread of information. The spreading of information in traditional times was by word-of-mouth, and that was one reason the authorities hired people to shout out the news to the people in the Bazaar.

For additional proof of the importance of the Bazaar, one can point to the independence of its activities. Bazaaris provide for the essential needs of consumers. No matter how much the government tries to limit their power through economic and political decisions, the people need the Bazaar and this keeps it independent of the government. Bazaaris are dependent only on themselves and seldom need financial help from the government.



One of the most active people in the Islamic Revolution from its beginning was Asadollah Asgaroladi. He claims to have been one of the people closest to Khomeini. He is now a well-known businessman owning a major fortune. He believes that for the last 100 years, the Bazaar system, more specifically in Tehran as the most important Bazaar of all, has been side by side with the clergy. Bazaaris not only respect the clergy but also support them. Their degree of support is high in terms of financial and non-financial means of sustenance (Seratnews.ir, Feb. 10, 2014).

The Islamic Revolution of 1979 put the Bazaar and mosque into socio-economic, political and cultural dominance, and put an end to the competitive stride of modernists and traditionalists. The Bazaaris gave the victory to the traditionalists. Besides opposing the shah, closing shops and supporting coalitions against the government, and providing a place in their shops for revolutionary activities, they were the strongest financial sources to maintain the Islamic Revolution.

Within the Bazaar, many groups, such as the very devout, were in close contact with, or among the leaders of, the Islamic Revolution. During the years of Khomeini's exile, many of the Bazaaris kept in contact with him. The coalition with the clerics played a significant role in anti-government activities and mosques were their headquarters. The clerics promoted the movement against the shah. The Bazaar provided financial support and the Bazaaris were the strongest allies of the clerics against the shah's government (Seratnews.ir, Feb. 10, 2014).

One way the Bazaaris used during the revolution to protest was via religious ceremonies mourning Shiite imams. It should not be forgotten that the most important element in gatherings of Iranian people are these religious ceremonies. In these situations, the clerics can give political importance to (political) movements and struggles of Shiite imams, organizing the ceremonies to gather the protestors in one place.

Perhaps, one reason for the Bazaaris' success is their close social bonds that prevent outsiders and spies from spreading among them. Also, the differences in opinion that caused other groups to separate from the clerics did not exist among the Bazaaris.

The Bazaar was the main axis of support for Imam Khomeini; whereby the Bazaar maintained its social strength and union against the anti-market actions of the government. The Bazaar also supplied needed information networks, a banking system, and intellectual discussion in regard to religion, and played an influential role in the financial support of the revolution, proving to be among Khomeini's strongest supporters.

As mentioned earlier, the Bazaar is the traditional stronghold of Islam. The cities with influential markets also have a stronger presence of clerics, and where clerics show strength, the market is powerful. It is worth mentioning that in any place with a strong presence of religion, the power of the clerics is undeniable.

To analyze the underlying reasons for the coalition between the clerics and the Bazaar, one must consider the following elements:

#### 1- Cultural, political, and historical similarities

Traditionally, the Bazaar has had close financial, political, and ideological connections with the religious establishment. It holds a special place in Islamic concepts, as trade holds a special place among other occupations in the Islamic ideology. Many famous Bazaars, such as Isfahan, are home to the most important religious schools.

#### 2- Ceremonies for religious leaders

To influence and expand a line of thought, one needs instruments of thought and wealth. These prove to be dependent on one another and important in making history. So basically, the notions of ideology and economy are intertwined in a way that works for their mutual benefit in many aspects.

In Iranian history, the most important ceremonies and gatherings are religious ones. Religious ceremonies, especially mourning rituals for Shia'te imams, have long been under the control of the Bazaar, which provides for them financially and for the clerics who spread the message of the power of religion.

#### 3- The economic and political co-dependence

A considerable part of the religious schools' income has been based on the religious duties paid by merchants and Bazaaris. In Islamic doctrine, Muslims are obligated to pay more than 20% of their income and wealth to duty collectors, who are mostly clerics (Sachedina, 1980). This is technically a law of the Islamic tax system, and the money is supposed to be used to help the poor. It is speculated that the money the Bazaaris pay as their religious duties is far more than the annual taxes that they pay to the government (Sachedina, 1980). The supportive role of the Bazaaris to one another is evident in historic incidents such as the Islamic Revolution of 1979.

#### 4- Government's actions against each of these institutions

The government's actions against the clerics and/or Bazaaris have produced an ever stronger union between them and because of this, any time the government has stood against one of them, their unity has become stronger. This union brought along with it a co-dependence that leads to a situation where the weakening of one is harmful to the other. If the Bazaar faces a crisis, the actual power of the clerics is reduced; and if the clerics come under harm, the Bazaar loses face.





### CULTURAL ASPECTS OF THE BAZAAR AND BAZAARIS

With regard to relationships in the Bazaar, the availability of financial credit depends on a reputation for reliability more than on banking and finance regulations.

The common saying “To ransom my beard” among the people in the Bazaar comes from the manner of behavior wherein people rely on the promises of those they have confidence in, and deals are made based on mutual trust; this is a practice that is still true today, though not as prevalent as before. One interesting point about this practice is that one of the parties to the transaction may be too timid to refuse the other. This means that some people feel forced to accept conditions, which may not be pleasing for them, because they do not wish to discomfort the other party. They are likely to not clearly express what they want from each other, as concern about being seen as too bold and direct remains a cultural taboo among the most traditional groups of Iranians. This is also apparent in most business relationships. In fact, most business transactions are not formally framed and are predominantly based on oral agreements; however, there is a tendency toward a lack of clarity regarding the terms and the parties’ responsibilities, which they would rather not disclose explicitly to one another.

Another point is that the Bazaar, during these past years, has been exclusive in nature; that is, it is restrictive and controlled by a few senior people, who prevent new people from entering and working there unless they are relatives. This unwritten rule is observed by most of the people active in the Bazaar so as to control the Bazaar and to maintain its exclusivity. For example, if a certain product is being distributed in the Bazaar to which “Haji X” has exclusive rights, nobody will supply it through another channel. This rule is largely respected even if a better product with a higher quality is introduced by a new channel. One has to distribute the article solely through “Haji X” to succeed in the Bazaar.

In Iran, even in international trade, being the exclusive sales agent of a foreign company is foremost in the mind of most Iranian traders. The reason traders insist on being exclusive agents is because of their unwillingness to enter into a competitive business world. In many instances, when choosing between having exclusive distribution rights or being a sales agent of a reputable brand, the Bazaaris choose the one whose mother company is ready to grant exclusive rights of sale in the Iranian Bazaar, even though they themselves know that the product may have less quality or international success than other ones. Bazaaris are so scared of competition in the Bazaar that most are in favor of obtaining sole agency of a foreign brand, as it is a safe way of doing business. However, sole agency in Iran is somehow different than its actual global connotation. The definition has more a sense of monopoly. The Bazaaris basically use all external forces available to them, such as lobbying the gov-

ernment, influencing banking regulations, and using relationships, to minimize competition and ultimately to maximize their profit.

When a society is smaller, there is less need for written texts and taking action on the basis of common belief can be effective; transactions are undoubtedly concluded more quickly and with more convenience than when compared to the prerequisites needed for legal written agreement. However, when the society expands, and more people enter into transactions with each other, confidence in oral promises diminishes. This has also been true for Iran, where trading procedures are continuously changing from the traditional toward the modern.

In the carpet business, wherein two senior businessmen trust each other after a few decades of cooperation, the next generation, which handles their business, may not have the same trust and confidence in each other. Consequently, contracts and written agreements are now more commonly required. Today, business is more reliant on written agreements and contracts, compared to before, but still acquaintance and trust remain the first step leading to an agreement. , A very popular saying in Iran is: “A contract is just a piece of paper”; trust is valued much more.



### AN EXPERIENCED OBSERVER OF ALL THE RECENT CHANGES IN IRAN'S ECONOMY

Considering the severity of the consequences for those initiating or taking part in controversial discussions, such as criticizing the Bazaar system or government policies, most sources available, do not clearly and openly describe such matters. The more reliable sources, from well-known scholars, legally printed in the country, present a more or less conservative approach. On the other hand, some research done outside Iran has been criticized as too distant from the reality inside the country or excessively politically oriented. Therefore, I have tried to present a third opinion by taking the point of view of a few experienced businessmen into account, in support of my analysis. I refer to my interviews with two major businessmen, Mr. Bagher and Mr. Mohsen B., who had enough trust in me to share their detailed evaluations of key incidents and situations. These interviews have allowed me to present a clear and I think reliable assessment of the recent cultural and economic situation.

Bagher is a 50-year-old businessman who founded one of Iran's oldest and best distribution companies in the field of information technology (IT). He is an easygoing and well-spoken person. I know him from some years back, as he used to come to where I often worked for routine chats with the owner. It was there that I became acquainted with him.

For a number of reasons, Bagher appeared to be a good choice to talk to when it came to the themes of business and culture. First, he is an experienced businessman who has witnessed all the recent changes in Iran's economy. Second, as mentioned earlier, most Iranian businessmen are susceptible to not sharing information with one another or those outside of their loop of conferences. So, it is nearly impossible to retrieve firsthand information about events. However, in the case of Bagher, he found me trustworthy enough to tell me more about the rules of the game in the Bazaar, as well as his opinions regarding socio-political events.

I believe that people are more comfortable talking in their workplace as it gives them a sense of power, so they are more likely to freely discuss their personal opinions. Thus, I decided to talk with Bagher in his own office. Bagher's office is in a 30-year-old house which had a more welcoming vibe to it than the modern offices in Tehran. When I arrived, Bagher was waiting to walk me through the office. After a brief chat about my research, I explained my main concerns about the Bazaar and the way people do business in the Bazaar, which seemed to fascinate him as well.

Bagher: "To talk about the Bazaar and how to conduct business in Iran, undoubtedly one has to refer to the historical background; otherwise, any definition will be meaningless or incomplete at least. Going back to about 50 years ago, when I was born, the country was under the oppressive regime of the shah and was in transition from an agriculturally based country to an industrial and capitalist one. This change started with villagers and farmers migrating to the towns, and landlords changing their activities from agriculture to the establishment of industrial factories."

According to Bagher, Western capitalism is a system in which private proprietors own all the means of production and use them to generate profit in competing markets. However, the definition is somewhat different in Iran. First, religious and cultural beliefs of most Iranians have had an impact on their point of view about capitalism, making them anti-Western capitalism. They believe in a mixture of capitalism and Marxism, but none of them acknowledges this in its entirety.

About the emergence of capitalism in Iran in the 1960s and 1970s, Bagher said: "At this stage, the country entered a new phase in its economy, which meant venturing into capitalism and industrialization. We were observing individuals becoming the new capitalists and their numbers were increasing. They were previously farmers or small landlords who had no considerable economic awareness, but they had a great desire for microeconomic business activities. Maybe we could refer to them as a petit bourgeois being formed and then developing rapidly."

"In the 1970s, along with the increase in the price of oil and thus the growth of the overall income of the country, some of these petit bourgeois became wealthier,

forming a new group of big businessmen. Again, since this group also had no experience of business and they had accumulated wealth as a result of their close connection within the regime of that time, they paid more attention to manifestations of their wealth and success than to economics. An example of this attitude was the establishment of Kourosh Department Stores or Shahr o Roustā chain of supermarkets."

According to Bagher, this new wave of capitalism confronted fierce resistance from small businesses; for example, the opening of a Kourosh store in one district resulted in a decrease in the number of small shops there, leading to dissatisfaction among Bazaaris. Kourosh was actually an imitation of the British retailer Marks & Spencer. Many people believe that one reason why the Bazaar and Bazaaris of that time supported the Islamic Revolution was because of their dissatisfaction with the new surge in the industrial system of the country, as influenced by Westerners. The Bazaaris felt threatened by the new trends, which eventually led them to give their full support to the Iranian Islamic Revolution in the late 1970s.

Although it seems that Iran's government, before the Islamic Revolution, wanted to change and reform the traditional Bazaar system, its efforts did not amount to much. First, the government was still the major player in the economy and none of the private institutions had enough capital to compete with it. Of course, in recent years, there has been an effort to privatize industries and organizations, but this still has a very slow and unclear path.

During the industrialization period, many changes in the Bazaar system were carried out through lobbying and the networking of people in power. Though these changes were not really fundamental in nature, with the change of the regime, they were slowed down or completely halted. An apparent example of this is the fate of chain stores like Shahrvand and Etkā, two organizations based on the ultimate goal of changing the distribution system characterized by price fixing and poor customer service. These stores had a luxurious appearance and so were regarded as a symbol of Western and modern culture. Many Iranians first used escalators at these stores. Nonetheless, the luxury features of these stores worked against their success, with the increasing unhappiness of the people with the increasing Westernization of the government and its economics.

Of course, Bagher's argument is not limited to pre-revolution Iran, and many of the problems he pointed to, still exist. For example, in an attempt to reform the flawed system of distribution, one of the biggest retailers of the world, Carrefour, decided to open shops in the country. Many people welcomed this effort, but the majority of the economic players and representatives criticized it. They believed that this would become an inroad for Western capitalism and would damage the country's domestic production in the long run. Of course, Carrefour's managers expected such criticisms

and, therefore, localized their plan, such as changing the name to 'HyperStar' to make it more appealing to Iranian locals.

Iran's industrialization started with the rise in oil prices in the 1970s and with the increase in national earnings. The shah decided to open the economy and this was the period wherein foreigners came to Iran and competition grew. As already mentioned, this was one of the main reasons that domestic players and traditional Bazaaris started to fight against the open market.

Bagher continued: "From my point of view, the Bazaar always leads to monopoly, which has been the case in Iran for long time. Politicians have tried in most cases to keep Iran isolated from the world, and they have simply used the factors of culture and religion as excuses to do so. There is no doubt that with an open economy, current economic methods would fail, and that the Bazaaris benefit heavily from the status quo. One of the reasons why Iranian businessmen, or better said Bazaaris, are not successful abroad is that they are not trained for the competitive world market. There is a wall built around the country, and we have divided the country's profits exclusively among a few players."

Because of high tariffs, barring multinational companies from entering the market, businesses are formed in the country, but do not have real economic justification in the long run. Their existence may have no financial rationale, but they survive simply because of the closed market of Iran, and the imposed lack of competitors.

A good example of this is the automobile industry in Iran. The tariffs are so important, as set by the government, that when a bill was presented to the parliament to decrease the import custom tariff on automobiles, to make the importation of automobiles more cost efficient, high-ranking politicians, close to the supreme leader of Iran, lobbied not to do so (Asreiran.com, April 28, 2011).

After the Islamic Revolution, and even occasionally before it, another point of restrictive ideology has been the "self-sufficiency motto." The motto essentially says we have no need for the outside world. Because of high revenues from the export of oil, the government has tried to allocate subsidies to certain producers, even if they were not economically sustainable. The government has maintained this approach, applying the self-sufficiency motto, in the case of certain products, such as wheat and fruit. This approach has caused much damage to the country's economy. The most important issue is that the economy has become fragile, in the face of a competitive market. Perhaps, it is the fear of losing this part of the economy that has led to the country being isolated.

Even in conditions when the government has tried to control high inflation by controlling imports and encouraging the sale of inexpensive products, the remedy has not been effective, and many factories that had been profitable went bankrupt overnight, as soon as the borders opened. This has indeed hurt the economy and decreased confidence in investment. For instance, some industries, like textile manufacturing, were closed due to the opening of borders for imports where Chinese or Turkish competitors had better quality and a clear price advantage (Jamejam Newspaper, June 13, 2004). In the shah's period and just after the revolution, Iran tried to focus on the textile industry. This industry advanced so much that it started exporting. However, after a while, and for no clear reason, the industry fell from grace and high tariffs on imports of textile products were removed. This resulted in an almost total collapse of this industry, and today the major part of the market is occupied by imported materials and goods (Jamejam Newspaper, June 13, 2004).



#### DISTRIBUTION SYSTEM AND CREDIT NETWORK IN IRAN

The Bazaar plays a crucial role in the distribution system, not only as a very powerful economic actor, but also as the entity whose primary activity is the distribution of goods. What is called 'the distribution system' in Iran is largely influenced by Bazaari middlemen, which not only prevents producers from gaining true value for their products, but also imposes higher prices on consumers. Meanwhile, the middlemen gain significant financial benefits from the transference of the goods. It is undeniable that the middlemen are essential for the distribution of products; however, this does not mean that the entire market should rely on them to the extent that they now affect the Iranian society and economy as a whole.

The distribution system in any country is based on the conditions of the times and the norms and social structure of the society. Systematization of distribution is possible by moving from traditional methods to adopting a formal distribution system. Mohsen B. said that to improve and correct the product distribution system, to control inflation, and to achieve growth in other sectors of the economy, the traditional methods should be put aside, and we should move toward the building of shopping centers and chain stores. In fact, the country's distribution system supposedly is undergoing the desired changes, relying on modern retail practices and on distributors acting as agents to provide goods and products in a timely fashion at reasonable prices. Note that the middleman's job in Iran has had a considerable harmful influence on the economy. Iran is not the only country in which the distribution system in the retail or wholesale sector has grown out of proportion for its population (Mashreghnews, Oct. 28, 2012). The disproportionate value of the middlemen compared to the producers and end-users indicates a malfunction in the economic

system, which is predominately dominated by those who add little value to production and, ultimately, harm the well-being of the system as a whole (Mashreghnews, Oct. 28, 2012).

Distribution system indexes go back to the Naser Al-Din Shah era, some 200 years ago. In the traditional system, the product, whether made in a workshop or a farm, was carried on horse-driven carriages to the town and sold; although the methods of transportation have changed through time, the basic principles of the system have remained unchanged.

One of the most important problems in the system is that product ownership changes. This means that the producer sells the product to the wholesaler, and in many cases, the wholesalers hold the monopoly in the market for the product. Then the wholesalers, in turn, sell the product to the distributors, who sell it to the retailers, and finally the product is sold to the consumer. This process results in the transfer of money from one entity to another within a complex system, leading each time to an increase in the price. The cycle is not necessarily or intentionally aiming for unlawful gain; some rise in price is a natural result of any distribution process. With an exception for the most necessary goods, such as bread and water, products do not have fixed prices. Therefore, in a system where it is almost impossible to have fixed end-user prices for most products, the middlemen basically define the price of goods and increases in prices result in personal gain for this group (Mashreghnews, Oct. 28, 2012).

In almost all modern systems of distribution, ownership of the product stays intact until the point of sale to the end-user. In these systems, a price is set as a commission for the transference of the product, so it is possible to have a manufacturer's suggested retail price (MSRP). MSRP is essentially the list price or recommended retail price of a product, at which the manufacturer recommends that the retailer sell the product. This is a widely practiced way of business in almost all modern societies, but it is impossible to implement in Iran where ownership of the product changes from one entity to another, passing through a chain of middlemen, each of which sets a price at its own discretion.

According to Bagher, big chain stores should not merely be added to the existing distribution network, but they should lead to the reorganization and replacement of small retail shops. Of course, it is quite natural for some to resist the idea of limiting the role of the middlemen. Correcting the distribution system is certainly not an easy job. Some of the more powerful and influential Bazaaris have long used their influence to resist change, especially because they have gained fortunes in the Bazaar, and once chain stores open, they are going to miss business opportunities.

Since the Bazaaris have a strong role in the distribution processes, producers are highly dependent on them to sell their goods. This reliance becomes harmful to some, especially smaller producers and retailers. Therefore, an entity within the Ministry of Commerce, which is called "The Organization for the Protection of Consumers and Producers," is accountable to take necessary measures to minimize the distance between producers and consumers to protect consumers' rights. This organization has worked toward the normalization of prices and a more sustainable position for both buyers and sellers in the market.

Chain stores have proven successful in Iran. However, certain forces still impose difficulties on them with indirect attempts of Bazaaris to block change. So far, no serious measures have been taken to resist chain stores. Bagher pointed out that to fix or improve an ailing economy, the best method is to eliminate the middlemen and to develop as many chain stores as possible. However, Bazaaris would fight such an initiative to maintain their dominant position in the market, and on a larger scale, their position in the macro economics of the country (Mashreghnews, Oct. 28, 2012).

The number of retail shops in Iran and their proportion compared to the population is high. The most important characteristic of these small supermarkets, called "Baqali" in Farsi, is that they are highly accessible and the customer-retailer relationship in them is personal. Because of the role of the middlemen, the prices vary greatly from shop to shop.

Despite all this, no solid action toward changing the distribution system has been taken by the expansion of chain stores. Bagher believes that the reason is mainly the costly process of establishing such chain stores, especially with the high prices of land and construction in the big cities.

Implementation of dramatic change in the distribution system is not an easy process because of the socio-cultural context and the influence of Bazaaris and their resistance to change (Mashreghnews, Oct. 28, 2012). A few economic experts, such as Assad Ollah Abbasi, a member of parliament, believe that to reform the system and to control inflation, the traditional distribution methods should be put aside, and the move toward a transparent distribution system should be made. An anti-monopoly campaign is needed. Supposedly, one must accept the notion that to improve the economy, there is no other way but to eliminate the middleman (Hamvatan Salam Newspaper, Apr. 11, 2013).

The current middleman economy in Iran was developed at the time of Iran-Iraq War (1980-1988). Iran went through hard times in terms of production and the importation of even necessary goods. Market demand was much higher than the actual sup-

plies available and the shortages were hard to manage. The country went through eight years of political and socio-economic difficulties that were very difficult to overcome, even years after the war.

Dr. Lotfali Bakhsi, a lecturer at the Department of Economics of Allameh Tabatabaie University, believes that one aspect of the ailing distribution system is that the Bazaaris developed a disproportionate position during this period. The Bazaaris essentially used every opportunity available to maximize their personal gain. They took advantage of the shortages of products to hoard large quantities of stock to sell at higher prices later. On the other hand, the government, instead of helping producers, went after the middlemen and tried to entice them to lower prices by providing subsidies. However, these efforts were undertaken without acknowledging the strong role of the Bazaar system in the economy. Thus, the regulatory efforts of that time, never made much progress and the distribution structure, even today, is inflated by excessive profit-taking by middlemen (Hamshahri Newspaper, Oct. 3, 2012).

Inflation takes different forms in different economic systems; however, its generally accepted definition is a continuous increase in prices. In more stable economic systems, inflation is limited, and when it happens it does not lead to vast or major harm. Inflation there is limited, and proportional to macro-economic change, having little or no harmful effects on the distribution system. However, in an economy like Iran's, with a high level of inflation that has continuously been on the rise, the situation is difficult to manage. First, inflation does not happen to the same extent across all products. This means that when the general level of prices increases, not all sectors of the economy change accordingly. Second, the re-distribution of revenues mostly ends in gains for unproductive and disruptive agents in the economy, and leads to losses for economically productive agents. In Iran's economy today, an increasing phenomenon is self-employed people, involved in speculative activities, which bring them huge profits; while, many simple workers and laborers face limited and decreasing wages, as well as limited purchasing power. Thus, basically, in the ailing economic system of Iran, there is a high tendency for the rich to get richer, while the poor get poorer (Hamvatan Salam Newspaper, Apr. 11, 2013).

The middlemen play a critical and vital role in the economy. It is possible for a product to receive no significant demand in the marketplace and for artificial demand to be created so that it can be sold at high prices. For example, the 70% increase in prices in the housing sector were not simply due to an increase in demand, but also to rampant speculation. The government's price-setting power is another key element. There is no actual competitive market for many products and services. So, price setting is done as much on the basis of lobbying and price manipulation, as on the level of demand or result of competition. Having no system to control inflation has made

Iranians less sensitive to price changes than citizens of countries with more stable economic systems (Tabnak News Site, June 11, 2012).



## BROKERAGE ECONOMY

Dr. Abbas Shakeri, a lecturer at the Department of Economics at Allameh Tabatabaie University, asserts that the main cause of continual inflation in Iran is the exchange of oil dollars to rials, and the constant increase of liquidity in the market. Increased liquidity fosters speculation, which provides for large gains for the rich, while putting further pressure on the lower levels of society. In the current situation, the banking and financial system of the country is actually promoting speculation, helping the activities of the middlemen in the Bazaar to succeed (Hamshahri Newspaper, Oct. 3, 2012).

Bagher described the situation as follows: "On the whole, if we assume that the Iranian people would do nothing, 70 billion USD oil money would be distributed in Iran annually. If we suppose that 10 billion USD is out of circulation because of corruption, we would still have 60 billion USD." That is close to \$1,000 per Iranian, while the average urban income per family of five is +/- \$ 6,600 per annum and rural family income is \$3,700 (MEHR News, Jan. 1, 2012). Thus, the value of what Iranian labor produces is minimal. Essentially, the oil money makes it appear that Iranians are employed, where the actual value of their labor is minimal. According to Bagher, "In a sense, we are playing games so as not to be unemployed. In reality, the economy is just the oil money being distributed among people, one way or another."

Iran's economy can be called a 'brokerage economy' and not an economy based on production. This has been apparent in recent years, in the increase of investment in money exchange, gold, and real estate. The role of middlemen and brokerage is fed by the government, which is directly responsible for the monopoly practices and restrictions in competition. An ever increasing growth in activities has sought short-term benefit that has no significant influence on sustainable economic growth or production. Any effort at production has to deal with time-consuming bureaucratic procedures and a banking system that will not meet essential social needs, while the markets for gold and money exchange, as well as for real estate, are booming.

Local economic activists and producers are giving voice to their complaints regarding the banking system and the difficulties they face in developing productive capacity. This happens via the media. However, despite some forceful critics, no actual measures have been taken other than some promises from politicians in regard to national production; which remain just words.



According to experts and activists such as Dr. Abbas Shakeri, the only way to reform and improve economic activity is to support increased investment in production, increasing productive employment rates, and using the unrealized capacities of labor, thereby increasing per capita income, attracting unused liquidity, and raising standards of living (Tabnak News Site, June 11, 2012).

The banking system demands high interest rates and guaranties to secure loans for investment in production. Delays in providing bank loans are common which result in lost business opportunities. Loans are extremely expensive and hard to get, and often involve corruption and/or fraud. Also, when a loan goes sour and a company fails, there seems to be no way to cut one's losses, to reorganize the business, and/or to deal rationally with the difficulties. The banking system is not directed toward industrial investment; productivity does not seem to be taken (adequately) into account in financial practices or policies. However, the banks in the current economy of speculation, monopolies and uneven growth, see no guarantee that investing in industrial productive capacity pays. They are simply not attuned to economic growth or GDP growth. In effect, return on investment is seen to be far too uncertain to justify financing much of any real investment (Tabnak News Site, June 11, 2012). As a result, companies and factories focusing on production are unable to access enough resources and credit to function, and therefore easily go bankrupt; while nonproductive activities such as speculation and brokerage flourish.

The increase in the liquidity in the past 10 years (from 2005 to 2015), amounting to seven times what it was, is a major cause of inflation, while the majority of investments and resources are dedicated to activities that are related to the role of middlemen, if not to pure speculation (Farhang News, June 15, 2015). Middlemen's activities in the market are so strong that no other sector of the economy sees comparable growth. Speculation drives out all other (including really productive) economic activity. Productive economic activity has no financial justification and provides no gains for either investors or producers and attempts at real economic growth only result in disappointment.

In the Bazaar, "the search for information one lacks and the protection of information one has is the name of the game" (Geertz, 1978, p. 29). By securing an advantaged place in the enormously complicated, poorly articulated, and extremely noisy communication network, one can speculate effectively. Unlike in productive industrial economies, in the Bazaar, information is less valuable to improve efficiency or to better product quality than to hoard, hamster, or sell short. Information collection is an advanced art in the Bazaar, where the two most important search procedures are clientalization and bargaining. Clientalization is defined as the tendency for repeat purchasers to establish continuing relationships with particular sellers rather than to

go through the market on each occasion (Geertz, 1978). These relationships between suppliers and customers are not considered to be dependency relations, but competitive ones. Clientalization reduces the search for a supplier "to manageable proportions and transforms a diffuse mob into a stable collection of familiar antagonists" (Geertz, 1978, p. 229). Price negotiation is supposedly both multidimensional (e.g., price, quantity, quality) and intensive. In the Bazaar, important information problems have to do with determining the realities of the particular case or price and the financing of the purchase, rather than with issues of general distribution or standard pricing. Two of the distinguishing features of "Bazaar marketing systems" are (1) "exchange of goods is vertical between a bulker/wholesaler/merchant and the customer (largely urban)" and (2) "credit and capital are vital to the functioning of the system" (Thompson & Huies, 1968, p. 225). In other words, the exchange of goods through a chain of middlemen in the Bazaar depends on a broad network of credit relationships. "Whereas the peasant system does not depend upon capital or resource through credit, the Bazaar system is dependent upon it. The formation of credit relationships among middlemen not only allows the functioning of small merchants, but insures the smooth flow of goods from the wholesaler through the merchants to the ultimate consumers by maintaining a wider and more continuous (spatial and temporal) network of exchange than the peasant system" (Thompson & Huies, 1968, p. 223).

The importance of future commitment of the supplier to the merchant in the Bazaar is highlighted in Thompson and Huies's description of the significance of credit relationships in the system. They argue that the types of credit relationships that exist in the Bazaar are long term. There are two types of credit contracts in the Bazaar: credit extended to customers by retailers, in order to purchase high-priced items such as carpets or jewelry; and credit extended to merchants by other merchants to supply their businesses. On the plus side, Bazaar economics and credit networks lead to continuity and resilience, while the Bazaar, by falling within the informal economy (mainly outside of taxation and government control), adds a certain flexibility to commerce; and thereby helps to stabilize the national economy. For example, the financial independence of the Bazaar credit network from the state banking system provides a needed measure of stability in the financial field during monetary crises. Furthermore, the Bazaar's credit arrangements, based on interpersonal relationships and trust, reduce both information and enforcement costs. According to Geertz, clientalization, or exchange relationships, reduce the search costs and risks. More specifically, this argument suggests that Bazaar credit relationships minimize risk, optimize predictability, and reduce information costs.

I discussed the credit system further with Dr. Mohsen B., who is the founder of Sh Co., one of the companies with which I have had a close business relationship. Sh Co. is an IT firm that imports goods from China and Taiwan, and is the exclusive sales



agent of several companies in Iran. The firm where I worked, had a close relationship with Sh Co. and cooperated with Sh Co. in several business projects. Sh Co.'s shareholders are mostly highly educated people who studied in the U.S. before the revolution and then moved back to Iran to start businesses, while also teaching at universities. Among them, Dr. Mohsen B. was the one I was closest to, and he is also someone very well informed about Iran's economy. Considering his academic background and more than 30 years of business experience, he is to be considered an expert in the field.

Dr. Mohsen B. said: "With population growth, expansion of market size, increase in demand, introduction of new products, increases in expenditure, and a new credit system taking shape, economic players are no longer familiar with each other and each day there are many new faces with new ideas and products. The traditional system based upon trust and credit gradually is losing its efficiency. People either have to trust the background of each other or take the risk and trust them without knowing anything about their past. In other countries, credit rating is done through banks and monetary institutions, but in Iran, because it lacks such structures, we face many problems in this regard."

"In the old Bazaar system, the market changed very slowly and this slowed down the flow of goods or the emergence of new players. This paced structure had the benefit of giving a chance for all the players to come to know each other. And Iran's population was much less than it is today; credit and trust were gained more easily."

The business network of the Bazaar was based on confidence and those active in the marketplace were not dynamic and there were few or no changes in their roles. This meant that an importer had always been an importer, a producer just did production, and some worked as wholesalers, but today this stability is less true. The Bazaar system included an importer or a producer to supply the commodity, and middlemen to do the distribution. Payments were made with long-term promissory notes. The distributor was the one who distributed the goods among the shops. The most prominent feature of the old Bazaar was its calm atmosphere. A limited number of people came and went, and all of them knew each other well, including one another's reputations. If people entered with fraudulent intentions, there was nowhere for them to go. They would be unmasked and driven out. Even if someone went bankrupt, elders in the network helped them get back on their feet.

Mohsen added: "The lack of capital and of strong monetary institutions resulted in a system based on traditional familiarity and relationships. In fact, institutional lack left no other option than to embrace the traditional system. But now, it faces many problems which eventually lead to decreased efficiency and instead of a straight line

between producer and consumer, products fall into the endless chain of different brokers and dealers."

Banks have almost no interest in investing capital in progress. They prefer to allocate high volumes of money to a very small number of loans, where they have lower risks and the businesses involved have more collateral. The banks simply do not play their role in commerce and are replaced by suppliers who take on the arrangements to keep trade going. Furthermore, since business is often on the 'gray' (or even 'black') market, many have no interest in banks examining their transactions because the involvement of a bank leads to informational clarity and transparency in their finances, which they want to avoid as much as possible.

When one cannot rely on an institutional credit system, one must see the borrower's family background as credit. Bazaaris always say that a man should have control over his products and stocks; otherwise, he will encounter losses. Due to the lack of a strong banking and credit system, traditional standards are used to assess the credit-worthiness of people, among which one's family and business record are the most important. The Bazaaris have developed their own terminology to identify someone with a good credit rating. Someone with a good family record in business is more creditworthy than someone without. In a system where written agreements are not valued, credit is crucial for both the buyer and the seller. This is true for most business activities in the Bazaar and this is one reason for the limited number of people that the system can accommodate. The business networks are strictly bounded, which is a significant element of the system.

The fairly closed business networks in Iran's industries can be traced back to the relations between the economic players and the credit they extend among themselves. As long as the system is maintained, there is no well-documented process for establishing credit and anyone who enters the market either has to go without credit (in which case he would certainly fail) or find a way to gain credit, which requires an enormous amount of time and developing close relations with major players.

For example, suppose you have three months to pay for your purchases, while others have to pay with money at the moment of purchase. In such a situation, and with interest of 2% to 3% per month, you would gain 6% to 9% interest on your money in the three-month period, and this is a truly considerable sum in large industries with many transactions. The Iranian Bazaar focuses mostly on transactions that can be conducted via an individual credit system. This is evident in all areas within the Bazaar but especially in the oil-related industries. Power may come to some particular persons with "illegal" relations and unclear connections. These are people who are connected to the government and the prevailing power in one way or another, and

no rules or regulations seem to have power over them. One example of a businessman who used corruption in recent years to gain a huge fortune is Babak Zanjani. Zanjani is one of the chief merchants of Iran, who before Ahmadinejad's government had a limited number of businesses. However, during Ahmadinejad's administration, he became one of the major financiers in Iran. He has been accused of being one of the biggest financial wheeler-dealers and of having organized activities related to evading international sanctions, and of having profited from financial corruption during Ahmadinejad's presidency. In December 2013, he was arrested by Iran's attorney general. According to Bijan Namdar Zanganeh, Iran's oil minister, and some members of the parliament, Zanjani's debt to the oil ministry and the Central Bank is more than 2.5 billion euros and he is also accused of forgery (Eghtesadnews, Dec. 30, 2013). However corrupt he may have been, it is noteworthy that none of the political leaders who must have been involved in his practices has been brought to justice.

Loans and credits, which carry labels like entrepreneurship loan, self-employment loan, and elite loan, are by and large controlled by brokers or middlemen. Prices among brokers are much higher and interest rates are much higher than in banks. However, trying to get a loan from a bank is a long and uncertain process. Some of the brokers were previously bank employees who have gone independent. Although the central bank has declared their activities illegal, they are still active in the marketplace and making contact with them is possible at all times.

They used to use the clear phrase "loan sales" in their ads, but now, they use "consultation for loans." Just one call to their offices is enough to understand that there is no consultation. The first question is: "How much do you need as a loan and what is your collateral?" Then they put forward a price and an interest rate. Unlike banks, these brokers have no limitation on the amounts they are willing to loan. You can ask for small loans, about 2 to 5 million rials, or big loans of a few hundred millions. There are no limitations; you just need to have collateral, such as the deed to a property which can cover paying back the loan.

Businesses can also get loans, for instance, from banks, with an interest rate that is lower than inflation. This means that the bank in effect is paying them to take the loan. It is thus easy to buy and sell merchandise with the loaned money at a profit. Severe imbalances and inefficiencies exist in the monetary system (Saat24.ir, Nov. 8, 2014). Rather than really invest the loaned money, one can more profitably finance rapid buying and selling with it, which helps to stagnate real investment.

One of the most important factors in success or failure of a business in Iran is the amount of capital investors provide, since bank loans are not readily available. Start-

ups often require large investments and next to no additional investment entities, like investment banks or angels, exist in Iran. Thus, innovation and real change are very difficult to finance.

In today's business system in Iran, an individual's credit depends on his or her business history, which makes the position of a beginner very difficult. The most expensive business factor in Iran is cash flow. Having enough start capital is much more essential than having top-notch ideas or valuable human resources. Payment terms are detrimental to the success of a new business, as they are mostly much shorter than with established businesses. Profit all too often comes from financial transactions and not by adding any real value to goods or services.

In fact, a high percentage of people who own businesses have the intention to shut them down and only to do financial transactions. In Iran, almost no competition exists because the government ensures (e.g., with import quotas) that there is always excess demand. The ability to avoid taxes and escape bureaucracy is more important to business success than quality, innovation, or excellence.

However, many retailers and sellers do not gain much from their transactions. The major part of their profit comes from the credit they receive. They buy goods with extended credit and sell them in the short term. Earning interest on the money they hold between completing the sale and having to pay back the loan is what makes the business possible. The merchants gain credit from suppliers on the basis of long-term paybacks and settlements. They create profit through the suppliers' money by circulating that money.



## TAXATION

Tax evasion and avoidance in Iran results in less government revenue than predicted; the government is trying to solve this by reforming the taxation system. According to Constitution article number 1366/12/6 in regard to income tax, there is a difference between evasion and avoidance of paying taxes. Tax evasion is illegal. When a taxpayer evades submitting a statement reporting the true earnings from his economic activity, he is performing an illegal action. In contrast, in tax avoidance, the person is not worried about being discovered. He is exploiting flaws in the taxation rules. A tax avoider tries to find different ways to minimize the amount of tax he has to pay.

According to the law, all Iranian entities are subject to taxation on all their income wherever earned. In general, the aggregate income of a company including the in-

come gained from all related profit-making activities in Iran or abroad, less the losses resulting from non-exempt sources and minus prescribed exemptions, is taxed at the flat rate of 25%. The only exception to this rule is cases for which separate rates are provided under the direct taxes regulations (INTA official website, [intamedia.ir](http://intamedia.ir), June 2015).

Iran has no tax culture. By tax culture, I mean commonly accepted views, beliefs, and actions regarding one's obligation to pay tax. In other words, views, beliefs, actions, social values and attitudes toward regulations affect the tax culture. Those not paying tax, or even condemned for tax evasion, are not looked down upon. The inefficiency of the tax system results in many (if not most) high-earning economic activities evading paying tax. For instance, since the assessment is done by an officer, who goes personally to the workplace and surveys the situation, there is always the possibility of corruption of the tax law enforcers. Also, no solid procedure ensures the proper execution of the law. Many ways exist for those with money to get away with paying little or no taxes, for instance through bribery or providing false documentation.

Widespread tax exemptions have intensified the inefficiencies and weaknesses of the system, though many of the exemptions have been canceled in recent years; nonetheless, a large part of production still benefits from them. Using exemptions has been a means to protect certain entities such as Sepah (the Revolutionary Guard), which has become a major economic entity owning everything from an airline to a major construction firm. The private sector can't use such benefits, so the rules work against it. This influences private sector return on investment, and as a result damages the sector's chances of success.

In the case of tax assessment, no comprehensive research has been conducted to reveal the amount of tax avoidance, and in part this is due to the high rate of information about the economy that is classified. There is no single source providing access to trustworthy information. The statistics that are available vary and are not compatible.

Ali Askari, the general director of the Iranian National Tax Administration (INTA) said in June 2014 that tax earnings had increased 45% in comparison to the previous year. The amount of tax avoidance was so high that he declared that "60 percent of Iran's economy is not (even) registered in the tax system" (Keyhan Newspapaer, June 27, 2014).

Askari continued: "Iran is a country whose economy is dependent on oil and the major part of the government costs are paid with oil revenues; as this is an easier

source, government usually uses it instead of pursuing inconvenient sources, and at the same time, people do not have a cultural commitment to paying their taxes." He reiterated: "Our tax service is at least 30 years behind many other countries and we haven't faced the problem seriously enough. Since three years, some efforts have been taken to make matters more transparent, and now more than 250 million economic records are gathered in the tax system, and in assessing taxes, we depend on this information. About 40 percent of our gross production is exempted from paying tax and 20 to 25 percent of businesses practice tax avoidance. This means that around 60 percent of the economy does not pay taxes and we receive taxes from only 40 percent of our potential" (Keyhan Newspapaer, June 27, 2014).

Tax calculations based on the Central Bank indexes show that in 2007 around 67% of real tax had not been received, or in other words around 67% of economic players did not pay their taxes. Thus, about 67% of the economy in 2007 was underground (Tabnak News Site, Sept. 16, 2014). Vahid Shafaqi Shahri, professor of economic studies, said: "This ratio is the 15th worst in the world. Right now, we have around 30 billion dollars of tax avoidance" (ISNA, Sept. 15, 2014).

Bijan Abbdi, economist and university professor, further clarified that: "The scope of our underground economy, involving smuggling or other illegal acts, reaches a very high percentage, which impacts around half of our economy. No one likes to walk in the dark, because the path is not clear and you do not know where you will end up." He added that transparency needs 'will' more than anything else. Currently, transparency is a long way off, especially because the possibility that monopolies would be endangered, and that is why "the economically powerful do not let such a thing happen" (Tabnak News Site, Sept. 16, 2014).

One factor affecting tax avoidance relates to the flawed and weak regulations on business permits and registration. Technically, business registration should be a source of reliable information, but since vetting is not done in a proper manner, the databases are useless. For example, companies are registered using the name of an employee, a relative, or simply someone from whom they have rented their license. Also, businesses conduct their transactions without documenting them in their financial data. This way, the Finance Ministry has almost no way to track transactions back to their original source. Transactions are mostly carried out in other people's names, usually people who have no significant assets that can be seized in case issues arise. Persons register for a trade license and rent it out for a couple of years, gaining some money from the annual rental fee. This has become a thriving business. Also, as some companies are exempt from paying taxes, people collude with them and use their business registration for their gain.

The government has recently tried to monitor business registration more closely and to regulate the procedures to eliminate loopholes. For example, registration is no longer available for people who only have a shop or a place for doing business. However, in most cases, these limitations have not been heeded. In general, tax officers do not have enough information about the kinds of activities of the businesses involved, and no one can deny that corruption is rampant.



#### SUMMARY

In this overview of doing business in Iran, I have tried to clarify why getting funding for a start-up is difficult and how innovative and dynamic business is stultified. I also indicated how powerful the Bazaar and Bazaaris are in the business system. In addition, I pointed to the institutional power of the forces for continuity opposing change.



## SECTION TWO:

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### Case Histories



# CHAPTER 4

FIRST STORY: LIFE OF UNCLE HOSSEIN



In this chapter, I draw upon the history of my own family as Bazaari. First I reminisce about my grandfather whose career as a Bazaari was exemplary. Here you see religion, trust and family as the key ingredients of Bazaari careers. Then I describe my uncle's career in detail. My uncle Hossein was economically very successful but also very controversial. He pushed very hard at the boundaries and limits of being a Bazaari. His story acts as a warning sign posting the rules of the Bazaar.

My grandfather, who I remembered as a lovely man who owned a carpet business in the Tehran Bazaar and was also our neighbor. I still remember summer mornings when my grandfather took me to his office in the Bazaar, so that I would not get bored at home, as the schools were closed. He also intended to familiarize me with his work and the work environment of the Bazaar.

The story of my grandfather is significant in this thesis as he was an example of a traditional Bazaari, with all the cultural and ideological traits characteristic of this group of people. I had the opportunity to live and work closely with him, which made his life of great interest to me as I was growing up. Later on, his life story would lead me to that of my uncle that was in some sense similar, but unique at the same time.



#### SOCIAL LIFE OF BAZAARIS

Two other people worked with my grandfather: a secretary and a salesman. They bought hand-woven carpets from Iranian producers and sold them in the Bazaar to numerous buyers from inside and outside Iran. These hand-woven carpets were very highly priced in comparison to machine-made carpets; the reason was their elegance and quality.

At then my young age, it was interesting yet strange to see the three of them interacting with each other in the Bazaar. They spent hours creating rumors, backbiting, and telling the life story of other Bazaaris. One other activity of great interest to them was revealing the plans of others. The stories of successes, failures, and personal events were the most common topics of the Bazaaris. The most interesting part of the stories to me, was that they were more than just entertaining for my grandfather and his colleagues, as these stories did in fact influence the future course of trade. For instance, once they talked about the marriage of the son of a silk importer and the daughter of one of their partners, which had strengthened the business ties between the two fathers-in-law. This eventually led to the enhancement of their reputation in the Bazaar, resulting in more business coming in for both parties. Another example was someone learning about a probable increase or decrease of custom fees through a relative working at the customs house. Considering that this news was not publi-

cally announced for at least two months, the Bazaaris had all that time to adjust their import or export volumes based on the information. One of the people in the Bazaar, who was going bankrupt, insured his store at a price higher than its real value, and then set the place on fire to receive money for the damage incurred. Other people declared their goods at a lower value than their real value, to pay less in customs tax. The closeness of the community allowed them to be aware of one another's financial situation, and in case of any problems, they would help out. Should anyone be subjected to bankruptcy, they all helped him start a new business. Information was available about who held surplus goods, so these goods could be purchased at prices lower than their real value. Forecasting future trends was easier with this kind of information. So, in some cases, the community would hoard things, meaning buying large quantities of the goods at risk, to be sold at higher prices in the future. These are just a few examples of Bazaar stories that helped to pass leisure time and informed the Bazaar of upcoming trends in trade. One significant example of these types of stories is my grandfather's marriage, having had business relations with a man called Zahedi for some time he married his niece.

The information available in the Bazaar is of great significance. More specifically, Bazaaris' success absolutely depends on the volume of firsthand information they have. The most interesting part of this way of life is that the bank located in the Bazaar also grants or denies credit to people in the Bazaar based on the same information gathered by the Bazaaris. To stay updated on the most recent happenings in the Bazaar, the Bazaaris have to ensure the right flow of information at all times by being present at the spots where the most talking takes place. Mosques are where people gather more than once a day for prayer or other religious affairs and they are considered highly important. Bazaaris tend to be among the most religious of communities. The Bazaar has always been a traditional place of business for Iranians, and religion has played an integral role in their lives for a long time. The more traditional people are, the stronger their religious beliefs are. The degree of religious fervor is lower among people working in governmental offices or private companies. Strong religiosity is considered a part of the social characteristics of many Iranians, and it historically had nothing to do with the government. Even during the shah's time, when government was less religiously oriented than today, strong religious attitudes among the Bazaaris were highly noticeable. Mainstream Iranians' perception of a religious person, as a man of dignity and trust, strengthen the importance of religion among the Bazaaris; religiosity supposedly leads to safer business relations.

Bazaaris are known to be a tightly knit community, which is one of the main reasons for their power, and during Iran's history this integration has acted in support of many social movements. Groups in the Bazaar have played a significant role in social movements and recently have even engaged in protests and strikes. They have never

welcomed change or actions leading to more outsiders entering the marketplace as new businessmen. One of the main characteristics of Bazaaris is their religious attitude. In other words, any individual willing to start a business in the Bazaar must be religiously integrated there in. Religious people take part in Bazaar mosque gatherings for the exchange of information. After the Islamic Revolution, religious beliefs were considered as a means of approaching government authorities and the sharing of power. Mosques dedicated to daily prayers are used for after-prayer chats. Even though my grandfather's religious beliefs were not very strong, he helped with the construction of a mosque by teaming up with one of his friends in the Bazaar named Mar'ashi. This gesture certainly brought more credibility to him. During religious holiday, dinner was served to guests at my grandfather's house, and he was so concerned about these feasts, that once he sold his car to raise money to pay for them. His friend Mar'ashi also had receptions for men at his house on religious feast days, to gain more popularity by being connected to other Bazaaris. Precious gifts such as gold coins were presented to VIP guests, who were mainly key players in the Bazaar.

Jobs in the Bazaar are inherited like property, after someone retires or dies. This custom was so engrained that it even affected family names. For instance, the *Javaherian* (the word "javaher" means jewelry in English) family, is still in the gold and jewelry business, generation after generation; and the *Bolour Forough* family still sells crystal glassware.



#### ISFAHAN, "THE CARPET CAPITAL"

My grandfather was born in Isfahan, a historical city in Iran known for its unique carpets. Isfahan is the second largest industrial city of Iran after Tehran. From 1050 to 1722 AD, Isfahan was the capital of Iran, and it is still seen as the cultural capital. The *Safavi's selection* of Isfahan as Iran's capital in the 11th century transformed the city into a home for a large group of artists and artisans (Matthee, 2011). Many industries were developed in Isfahan at that time, and carpet weaving was one of them. Isfahani carpets are recognized, nationally and internationally, partly because of the depictions, of cultural features of that time, in the carpet designs. Hence, carpet weaving is considered to be one of the most traditional jobs and areas of expertise among Isfahanis, and some are still active in this industry. The carpet-weaving procedure includes several steps, most of which are performed by poor people. The raw materials and instruments were made available to the labor force in workshops set up by khans (khan means "master" in Farsi) and wealthy people of the villages. Resident brokers in Isfahan purchased products to be sold in Isfahan and other cities. The industry's development and expansion in the Iranian market paved the way for recognition of its product by foreigners. This artistic and cultural product captured great interest across global markets, which turned the export of carpets into one of the

most lucrative businesses in Isfahan. However, the money paid for Iranian carpets was not returned to the industry, and the brokers conducting foreign transactions gained most of the profits. The brokers accumulated great amounts of money, while the workers weaving the carpets were under financial pressure, with almost no improvement in their working conditions. Many women and girls endangered their health and showed physical symptoms of illness, or even went blind, due to nonstop work. Most of these workers had no idea how precious and valuable their work was outside the country. After learning about the profits to be gained, my family in Isfahan also chose to be active in this business; they had a good sense for business, as well as the needed network.



#### PERSONAL LIFE OF MY GRANDFATHER

My grandfather moved to Tehran in 1951. Before then, he worked as an accountant in a company in Isfahan. The company's manager, Mr. Zahedi, had established a trading company in Tehran, active in the carpet business. Working for Mr. Zahedi and being familiar with his niece, my grandfather asked for her hand in marriage. Her family accepted the proposal, knowing him to be a good employee of Mr. Zahedi, and the marriage to be economically advantageous. This marriage tie greatly influenced my grandfather's career. Establishing a trading company in Tehran was due to Mr. Zahedi's knowledge of the carpet business; a business that was booming. Also, as my grandfather had become a relative of Mr. Zahedi, while also having a record of past cooperation, he was the best choice to take charge of the company's affairs in Tehran. He was supposed to run the trading company in Tehran on behalf of Mr. Zahedi. The company expanded rapidly and within three years they moved from the Bazaar to a multi-story building in Pachenar Street, near the Bazaar. The rapid growth of the company led them to hire many people from China and Japan, which led to major changes in the company. My grandfather did not have enough knowledge of English, and the new work environment at the company made him feel left out. Therefore, in 1962, he decided to leave.



#### NEW NETWORK OF PEOPLE

Seeking a new job, he was referred to Mr. Mofidi, the owner of the Belair television factory, who was also an acquaintance of Mr. Zahedi. His job hunt coincided with the new trend of television entering Iran; a trend which had made Mr. Mofidi a well-known man. My grandfather was initially introduced to Mr. Mofidi's son-in-law, Mr. Ketabi. He was known to lend money to people in the Bazaar at exorbitant interest rates. This action of usury was condemned because the accumulation of enormous

capital by one person, which had nothing to do with production, was condemned. Sometimes, ordinary people also borrowed money in the same way; paying back the principal and interest was a big challenge for them. This type of money lending (usury) has flourished due to the inefficiency of the banking system, leaving no choice for people but to borrow from usurers. Mr. Ketabi and a spiritual man named Safaie, and my grandfather, were members of the board of trustees of the Seyyed Khandan mosque; their friendship was shaped there. Safaie was a wealthy man and the imam of the mosque. My grandfather began to cooperate with Ketabi and Safaie, and later they became partners in the construction business.



#### PROPERTY BUSINESS

To gain approval and more popularity within their community, they began to cooperate in the renovation and development of Seyyed Khandan Mosque. This symbolic act resulted in a great deal of credibility for all of them. My grandfather was gaining increasing popularity as a person of goodwill. Later, the three of them proceeded with development projects (e.g., constructing several tall buildings in the main streets of Tehran). Newcomers' needs for more housing in Tehran resulted from the migration of villagers and people of adjacent cities to Tehran. As the population increased, especially in the northern and western parts of Tehran, new neighborhoods developed. The primary investment in the construction business came mainly from Bazaaris who had entered this new industry directly or indirectly. Since the related risk was low and the return on investment was very high, in only a few years nearly all the Bazaari had chanced at least one construction project. In fact, construction eventually turned into a second job for many Bazaari.



#### IRANIAN REVOLUTION AND IRAN-IRAQ WAR

Two major historical events interceded. One was the overthrow of the monarchy by the Islamic Revolution. One year after establishment of the Islamic Republic, the country entered into a war with Iraq. These events meant that foreign trading was suspended. Many overseas partners no longer would cooperate with Iran, which led to a stoppage and/or a decrease in exports and people had to turn to other businesses. My grandfather had been being diagnosed with cancer and left for England for treatment. There he met one of his old partners, Mr. Nowrouz Zadeh. Mr. Norouz Zadeh was an Afghan investor living in England who owned several carpet shops there, partly supplied by my grandfather. After being treated, my grandfather decided to live in London until the end of the war, which took about eight years. When he returned to Iran, he began his export and construction activities again through money invested by Mr. Nowrouz Zadeh.



#### OLD PARTNERS

Since my grandfather and Mr. Norouz Zadeh had been business partners for a long time, they had confidence in one another, which made their partnership possible over the course of the changes that they went through over the years. Considering the physical distance between them, without the mutual trust that they had in one another, their business partnership would have been almost impossible. The story of two businessmen with a lasting relationship based on trust is common in Iran, and more specifically, among Bazaaris. I also remember a true story my grandfather told that happened almost a century ago; it involved the importance of mutual trust among partners. He quoted from his own father: "My father had a partner in Kashan city, supplying him with raw material for carpet weaving for 25 years, while receiving woven carpets in return from him." Today, this type of relationship seems near impossible.

The partnership worked as a factory production line with no exchange of money until the end product was sold. The difference was that the raw materials and final product were shipped from one city to another, rather than having simple in-house production at a factory. The most interesting point of this procedure was that no joint company, written agreement, or deed of trust, existed. One party invested, based on trust; and the other party produced, without any advanced payment or guarantee. The carpets were sent to Isfahan, sold, and then each party received his share of the income. "One year, my father was headed to a city, passing by Kashan, and decided to pay a visit to his partner of old days. He used the address of the bill of ladings to reach his partner, and at first, they didn't even recognize each other!" According to my grandfather, during their 25 years of partnership they had had no problems with each other, even though they had almost never seen one another. Their relationship depended solely on mutual trust rather than everyday communication, which was impossible at that time as there was no internet or telephone line available. This was then common and not an exceptional case.

At the time, trust was considered the third most important factor of business, after capital and manpower. Benefits were simply due to mutual trust; however, some cases of betrayal and misuse of trust did occur. Indeed, several famous proverbs and old stories are based on these betrayals to advise people not to trust anybody without knowing him/her well. Long-lasting trust has changed to what we now know in business. The development of a bureaucratic infrastructure has made traders aware of the necessity of documenting agreements, even though most traditional Bazaaris still practice business based on trust. Trust was mainly based on one's previous business record, reputation in the Bazaar, family background, and appearance of capital. In the absence of quantitative criteria of evaluation, such as trading indicators, one's judgment had to be based on qualitative stories.

As someone very familiar with the dos and don'ts of the Bazaar system, who actually was also a reputable player in his time, my grandfather managed to establish a strong portfolio of trust for himself while he was alive. He was highly respected and admired. Therefore, when he passed away, his funeral was a memorable event attended by hundreds of people at the mosque he had built.



#### GREEDY BAZAARI

Prior to telling the next story, I want to highlight some facts about the life of my Uncle Hossein, which make him and his story significant for my study. He was also a Bazaari by nature, who gained a great deal of financial success. However, as someone not following the unwritten rules of the Bazaar system, he failed to maintain his position.

I remember my uncle as a traditional and ambitious person in the Bazaar, who was a strange character in our family. His family was a supplier and distributor of raw materials for the carpet industry, such as silk, carpet looms, and wool; my uncle was the eldest son and had two younger brothers. They lived in Isfahan and worked in a small carpet-weaving workshop in their own house. My uncle's whole family was highly conservative. My father, Ahmad, was a studious person, progressing step by step in a very disciplined way; who took a job at a bank right after his graduation from university. My youngest uncle, Mahmoud, also followed his family's way of life, and became a supplier of carpet materials. However, my eldest uncle, Hossein, was ambitious to secure higher profits. Despite his making good money, no one was willing to live like he did, or to follow in his footsteps. Even though I am too young to remember his way of life and business, I was always curious to learn more about him, and to understand the many mysteries of his life. Therefore, I asked Mahmoud and my mother, to tell me about Hossein's life, starting with his childhood, since his early life had a great impact on the course of his adult existence.



#### REBELLIOUS BOY

When he was in 6th or 7th grade, Hossein started to work at the Bazaar. He was a naughty boy and did not study, so he was punished by his teachers all the time. The punishments were mainly physical and in front of all his classmates. One time, he was slapped in the face by his teacher, which left the 13-year-old boy partly deaf and unwilling to attend school.

Mahmoud, Hossein's brother, is six years younger than he was: *"Hossein was a wicked boy, energetic and excited all the time. Arguing and fighting with everybody, especially those who stood against him and said something opposite to his will. For instance, at the age of 13, he once hit a 25-year-old man in the head, and ran away, leaving the man's face bleeding."*

Hossein was 10 or 11 when he began to work in the Isfahan Bazaar, and at the same time, started to take boxing lessons. At 13, he worked in a hosiery workshop, and then he established one himself. Children have always been in the spotlight in Iranian Bazaars, either roaming beside their parents or working under the supervision of salesmen. The latter group of children is either poor and work for a living, or are introduced by their relatives to gain work experience. They are so-called "footboys" and perform various kinds of work, such as handling money, or doing work that does not require creativity. Those introduced by their relatives account for the main part of the future active Bazaaris, and working as a footboy for them is considered an apprenticeship through which they gain experience and become familiar with the main players in the Bazaar. The fact that they make their own money at a very early age mostly results in they not being willing to continue their education and eventually dropping out of school. So, they tend to be barely educated. Passing their adolescence working in the Bazaar, allows them to be savvy of persons and situations there, although this does not always guarantee their future success. Indeed, success seems to depend on maintaining good relationships with prominent and influential people in the Bazaar. Also, their employer's success is an important factor in their future. Plenty of these youths end up in marginal jobs, to the end of their careers, if they do not enjoy the advantages of family and connections.



#### ECONOMIC INGENUITY

My uncle began to work at the Bazaar for several reasons, one of which was the presence of his father who wanted his boys to follow in his footsteps. On the other hand, as he was a hyperactive boy, his family found working at the Bazaar to be a good solution for him. Back then, it was common for parents to encourage drop-out naughty boys to enter the labor market. Working at a hosiery shop near his father's shop, my uncle very soon became a supervisor, because of his keen interest in making money. He supervised a team of people mostly the same age as his parents, which seemed unusual for someone that young. After a short while and thanks to investment from his father, he established a small hosiery workshop of his own, where he worked for one year.

Being an opportunist, he began to think of finding work demanding less labor and making more money. As his first choice, he thought of buying and selling merchan-



dise. Investigating the apparel market, he gained from his experience. Ahmad pointed out that: *“When fifteen, he was going to Abadan every weekend to buy cheap clothes coming from abroad, and sold them in his own clothing shop in Isfahan, by which he gained a very good profit. Those days, selling clothes without a license and permit to import was considered a misdemeanor. But even if caught, police would have nothing to do with him because of his age. So he took advantage of this to the greatest degree possible.”* It was common back then in Iran for teenagers to get involved in illegal jobs because the police would not take any severe action against them, due to their young age. So, these kinds of offenses took place with almost no penalty. Reviewing my uncle’s wrongdoings as a young boy, with not paying customs fees, and comparing that to the case of adults charged with smuggling, the difference is noticeable. In those days, Abadan was a free trade zone and its residents were mainly foreigners who came to Iran to work in the oil fields. Apparel coming from outside the country was brought to Isfahan to be sold in my uncle’s shop with no duties paid. Having tried out different businesses, my uncle decided to go back to his family business in carpets; so he began cooperating with his father. However, most decisions he made about business and in his personal life continued to display his stubbornness. Mahmoud recalled that when he was seven and Hossein was fifteen: *“One day, Hossein told me that he was going to take some cargo to Tehran. He had noticed that the jobbers were not going to send anything to Tehran that day, and that was not acceptable to him. He told me to accompany him to Tehran, on the motorcycle. I told him that I was afraid, and he assured me that he would take care of everything. We departed in the morning; the motorcycle loaded with many packages. Middle of the way, I fell off the bike and he didn’t notice. After a few minutes, he noticed my absence, and came back for me. I was lucky enough to be alive and not hurt. Anyway, it was night when we reached Tehran, but Hossein was glad to be able to deliver his cargo the next morning.”*



#### PREMATURE MARRIAGE

Acting as a broker from the early stages of his life and engaging in transactions in both Isfahan and Tehran, allowed Hossein to establish a good reputation among the people in the Bazaars of both cities. In this way, he built up profitable relationships with carpet traders, with the goal of increasing his capital. He fairly quickly established a car rental business in Isfahan; to do so, he purchased ten cars. The money required to buy this number of cars represented a considerable investment. In those days, the 1960s, the price of a car in Iran was equal to the price of an apartment in Tehran. Despite his young age, he had accumulated sufficient capital.

According to social patterns of Iran at that time, he was of the age to be married. Custom suggested that boys found a job when they were young, and when entering

their 20s marriage and forming an independent life was expected of them. The single life was not common and was considered inappropriate. First, family bonds are valuable and important. Second, there was a belief that living single, would involve young people in social abnormalities such as addiction or indecency, resulting in the lack of credibility for the family. Hence, families did their best to facilitate the marriage of their boys on entering their 20s, whether having an income of their own or not. Thus, Hossein had to get married to abide by the unwritten law. Boys and girls were not allowed to have any relationship with each other before marriage. So, there was no way to get to know someone on one’s own. Frequently, mothers were responsible for finding a good wife for their sons.

Hossein married at the age of nineteen, as his family and acquaintances insisted; however, he wanted to run away after the first night of his marriage. Even so, as his mother and other close family members pressured him, he was forced to return; but he was not satisfied with his married life from the very first moment. Every night, he fought with his wife and did not spend his nights at home. He escaped from his home and his wife. So, he bought houses in different areas to live alone, using his carpet work as an excuse. In every region, he had a house and some servants, enjoying his life of independence. He basically was avoiding his wife. This type of arranged marriage still happens in Iran, and more specifically among traditional Bazaaris. Its frequency may have decreased as the society as a whole has modernized, but it is still considered the norm in many traditional communities.

Hossein was a relatively handsome guy, but he obviously took every opportunity to be away from home and his wife. As a person who always looked for a new professional challenges, he was not fond of his car rental business, because it involved monotonous and boring work. Therefore, he sold what had become one-hundred cars, as well as the rental business. He gathered a relatively large amount of money, and like so many other Iranians, began investing in real estate to prevent a decrease by inflation in the value of his money. Talking about his new idea to one of his clients in the car rental business, who was an army colonel; the client proposed his land for sale. The land was located in the rural part of Isfahan’s suburbs, and taking development in Isfahan into consideration, the land would soon become a part of the city and the value might be multiplied. Ahmad recalled: *“At twenty-four, Hossein bought a big piece of land in the vicinity of Isfahan, which nowadays is in the middle of town, with a tremendous increase in its value. The seller was an army colonel, and the house brought a great amount of profit to Hossein for many years. After some years, he was defrauded by some of his acquaintances, who bought his house at a price much less than what it was really worth. But this was the beginning of a new business era for him. Entering the village, he became familiar with villagers around Isfahan. He later took advantage of these relationships for his carpet business.”*



There were large opportunities to take advantage of professional and cheap rural labor for carpet weaving. Hossein had knowledge of the trade as well as the know-how in business in the Bazaar, which helped him find his place very soon. However, this time he started his career as a professional and not as a middleman. Mahmoud, having many years of experience in the carpet industry, remarked: *“Hossein’s carpets were of the best of quality and nobody else had the courage to produce such high quality carpets with such a high risk. Hossein was not willing to produce ordinary carpets and he aimed for something extraordinary, with additional value in comparison to all the others. Some of his carpets were of such a high quality, that nobody was willing and/or able to buy them. He tried his best to show his carpets to as many rich Iranians as he could, in hope of finding a buyer.”*

The carpets and rugs produced by Hossein’s staff were different from any others in many aspects. They were unique in the Iranian Bazaar because of the high-quality material used in their production as well as their big size. Raw materials, quality of production and dimensions, are the most important characteristics of a carpet in its assessment. Back then, carpets were mainly made in two sizes of 6 square meters (carpets) and 4 square meters (rugs). Due to the ease of production and lower price, rugs were easier to sell. Weaving a carpet or a rug takes 18 months. Thus the return on investment takes at least 18 months, which is considered to be a “short term investment.” A carpet is valued on the quality and density of knots, as well as its mode of weaving. If weavers had to be replaced during the production process, the carpet’s value decreased. Those carpets woven in Hossein’s workshop were about 24 square meters and their production process was much longer than that for ordinary carpets, taking approximately six years to produce. Therefore, his carpets had incredible value and not many people in Iran could afford them. Mahboubeh, Ahmad’s wife: *“I saw Hossein when he was 30; he was very successful and looking for every possible opportunity to sell his carpets. But he was not satisfied with the money he was making, so this made him take another step to try to sell his carpets overseas.”* Ahmad added: *“He had heard that the thing to do was to take some precious carpets with him. He was right. He succeeded to sell all of them to an Iranian residing in Germany, who had a carpet store there. This was the start of a new business era in his life.”* Hossein was eager to sell his Isfahan-made carpets in Germany and to use the money earned to import cars to Iran. In this way, he could take twice as much profit, securing a luxurious life style for himself in Germany. Later, he grew very fond of Germany and opened a carpet store of his own there.

Establishing a store in Germany, Hossein sent all his carpets to stock his store. He spent all his money on carpets and sent them to Germany. To get away from home and family, he considered exile as the best alternative. This was his main motive to live in Germany, though he did not have any knowledge of the German language. He just knew some basic words in English, but yet he was not willing to limit himself to Iran. Gathering all he had, except for his wife and three children, he left for Germany.

But knowing no other language but Farsi, Hossein faced problems in Germany. As a beginner in trading outside Iran, many details and important issues were unknown to him. He met an ex-Bazaari who had a carpet shop in one of the big hotels in Tehran. His name was Mohsen. He was one of Hossein’s customers in Tehran and they had engaged in transactions before. Hossein knew Mohsen as an old Bazaari with a good reputation, who had moved to Germany to improve his commercial position several years before. Mohsen had the information as well as the relationships Hossein needed to do business in Germany. They decided to form a partnership; Mohsen pledged to help Hossein to set up his carpet shop in Germany. Hossein returned to Iran to ship his most precious carpets to Germany. But after a few months, Hossein returned to Iran, having lost everything he had. Though being focused on his goal of making the most possible profit, he always had abundant confidence in people. He had given all his carpets to Mohsen, with whom he had worked only for a short time. He basically trusted him unconditionally and never signed a contract with him. Mohsen had left Germany before Hossein’s arrival back, and had transferred all the carpets to another country. Hossein looked for Mohsen for several months, and not being able to find him, came back to Iran, disappointed and empty-handed. He had to start all over again. However, you would not get a sense of his being a loser, when talking with him upon his return. He told us that this happens in business, and as he was young, he could start over again from scratch. He always had confidence in people and trusted all of those around him, even though having been hurt by them. As already described, business based on trust was practiced by most Bazaaris.

Returning from Germany, he went to Shiraz and met a girl there who he later married. They only had one child, Niloofar. This marriage also failed, when his second wife became aware of the first one. However, he always loved his daughter Niloofar, and took the best of care of her. Hossein was very happy when he married his second wife. She was a highly civilized lady. He always complained that his first wife was traditional and not open-minded. However, the second marriage fell apart after two years, when his attractive modern wife found out about his lies regarding his first marriage. Then Hossein returned to Germany, to live alone again, running away from both unsuccessful marriages. He chose to make himself busy with a new direction in his life.



## PERSONAL PROPERTIES

Unlike most Bazaaris, Hossein was not afraid of showing people how much he enjoyed life. He didn’t go to mosque and he didn’t attend Islamic ceremonies, or do a lot of other things Bazaaris normally do. In fact, he began to build a palace for himself

in the vicinity of Isfahan in an area called Baharestan, which today is a busy crowded city near Isfahan. In those days, Baharestan had no roads, electricity or water. Hossein made everything on his own and then moved there. It was sort of a resort for him and his friends, ranging from top authorities to smugglers. He had relationships with all kinds of people, making the best use of his relationships. For example, it was through top authorities he knew, that Hossein bought land all around his villa at a very low price. When you entered his villa in Baharestan, there were two eye-catching elements; first was a shotgun mounted on the wall of the hall, and the second was his collection of cars in the yard. He was in love with American cars; he had several GMC Blazers and Chevrolet Novas from the 1970s, and everywhere he went, he showed off his collection of cars, which at the time was something one didn't see often in Iran. However, there were no title deeds for the land around the villa, and the only document signed by both parties was a single piece of paper, which later became problematic for Hossein. He began construction on the land in the form of apartments and shops, and this became a source of income for him, which made him once again wealthy within a few years.

In the past, transactions involving any transferable property were done orally. Gradually, oral agreements were put into writing, and all the written conditions mutually agreed on became legally determined. This was referred to as the preliminary agreement, or "Gholnameh." In the written text, the seller transfers the deed of the property based on the conditions mentioned. In addition to both parties, two or three people are required to sign the agreement as witnesses. Thus, the seller ceases to be the owner of the premises, as the deed transfer is made legally and religiously complete. In case the seller does not follow these procedures, the buyer has the right to file a case with the legal authorities, claiming that he is legally the owner of the property, even if no money has been paid. In fact, any unofficial but written agreement means the transfer of ownership, and the only work remaining to be done involves the official procedures for transferring the title deed. This practice is still followed in certain cases.

Shortcomings in the rules and regulations set by Iranian law have been exploited by some opportunists to make money. One such case is found in the land and property laws. For several years, much of the land in the suburbs of Iran's big cities had no title deeds and the ownership of these lands depended solely on single pieces of paper. Therefore, if an opportunist became aware of lands with no title deeds, they could provide falsified evidence or a fake agreement (Gholnameh) to claim the lands. Many of the marginal areas of Iran's big cities have developed in this way. By having access to internal information within the government, some influential people have managed to spot lands long abandoned and have made handwritten Gholmanehs to take possession of large pieces of property at almost no cost.

Returning to the story of Hossein and the lawsuits brought by some people with regard to his land; the judge ruled against him, after reviewing the preliminary agreements presented by the plaintiffs. They had pre-dated their 'contracts' claiming to be the real owners. Hossein had claimed that he had bought the land from the 'original' owner. Therefore, Hossein's agreements were considered null and void. The rule of law is that in case something is sold to a number of people through a number of agreements, it is always the first agreement that is legally binding. In this case, the 'original' seller was considered guilty of a misdemeanor and had to fulfill his obligations to those claiming to be the legal buyers.



## CHANGE

In the 1980s the monarchy was replaced by the Islamic Republic, and the new government brought new social values to the political system. Many of Iran's previous international allies reconsidered their economic and political relationship with Iran. And the country was involved in a war with Iraq; pushing the country into unrest and upheaval. These fundamental events turned Iran into the most isolated country in the region. Although many Iranian businessmen left Iran after the Revolution and the war, still a few stayed due to their type of trade and the amount of capital they'd invested or their personal beliefs, imagining a brighter future for Iran. When the war ended in 1988, the people in favor of more foreign interaction were confronted with very few choices of countries willing to cooperate, considering the political and economic status of Iran.

Hossein's return from Germany coincided with commencement of the Iran-Iraq War. Most international trade and travel overseas was suspended during the war. After his first visit to Germany, Hossein was eager to start up a business there. However, because of the war, he had no choice but to continue his economic activities in Iran. This is when he decided to start construction work in Baharestan, which led to high profits in a short time. The reason for this success can be shortlisted to two main factors: a growing demand for new homes and an increase in the price of real estate.

Gaining money from his Baharestan projects, Hossein once again followed his dream of overseas trading, but this time he went to Dubai. At the time, Dubai's special trade condition, and its leap forward in turning into the region's business hub, made it an attractive place to invest in and to do trade. Because of Iran's exceptionally difficult commercial situation, many Iranians were eager to explore the business advantages of Dubai. Being very close, was another factor that resulted in a huge influx of Iran's big and small businessmen. Tax exemption, more lenient Islamic laws, and rela-

tively more freedom for residents in comparison to other Middle Eastern countries, are among Dubai's main characteristics. The city has a unique geographic location, with access to international waters and it is a short distance from Iran. This makes Dubai a desired spot for trans-shipment. Also, the sanctions imposed by Western governments against Iran, meant that Iranian businesses used Dubai to bypass the sanctions.

Buying carpets in Iran and exporting them to his store in Dubai, Hossain (again) made a fortune. Two-way trade was the strategy. He imported goods to Iran in exchange for the export of carpets from Iran. He again picked an Iranian man as his partner, repeating the mistake he once made with his partner in Germany by not securing a legal agreement for the partnership. One time, when Hossein was in Iran, the partner robbed the store and took all the carpets to Sweden, applying for asylum there. However, since Hossein had no proof of the robbery, he again lost everything. Hossein was always good at business, but he didn't want to be cautious, because he insisted on trusting people, and remained proud of himself. It did not seem to be important to him whether he was hurt on his way to prosperity. Being successful seems to have been more enjoyable to him than actually having the money, even if it meant losing everything, over and over.

After what happened in Dubai, he returned to Baharestan and his godfather-like lifestyle there. He did not want to talk about his failures and continued living on what he earned through his property business and rentals. Nobody really knows how much money he lost in Dubai, but it was surely no small amount. Unlike most of the Bazaaris, he didn't talk about his failures and he always wanted to show off his success, even when he had lost everything he had.

Having failed in Dubai, Hossein now focused more on his construction business in Baharestan. However, he confronted new problems. As his subordinates were aware of the legality issues involved in his construction work, they decided to blackmail him. They claimed ownership of the land with no title deeds, on which Hossein was constructing buildings. They were led by a man called Khosravi, who was once Hossein's most favored staff members. His subordinates intended to take possession of his properties through threats and intimidation. They threatened to expose everything about his real estate transactions, but Hossein didn't bow to the threat.

Shortcomings in the Iranian judicial and administrative system dissuade people from taking legal action to solve their problems. Because of long procedures and the low probability of success in legal actions, people bypass the law in matters such as tax claims. This is why Iranian traders employ someone to pursue such matters and to resolve problems at their own discretion, rather than going through official chan-

nels. In Persian, these people are called "Shar Khar," meaning "one who is looking for trouble." These people do a great deal of work by mainly relying on their physical ability to threaten, bully, and beat-up people. The secret to their success is that they prove to their bosses that they will not hesitate to act. They will try any means possible to achieve their goals, including violence. Even though they engage in everyday chores such as driving, body-guarding and running errands, their most frequent activity is so-called cashing clients' receivables.

Considering that many commercial transactions in Iran are based on the credibility of both parties and do not include a written legal agreement, a *postdated* check is given for goods and services to be provided in the future. This is basically a guarantee of payment of a certain amount of money on a certain date in the future, upon mutually agreed terms. Nonetheless, many times, these checks are not payable because of an insufficient amount of cash in the account, which means that the checks are "dishonored." Many people have fallen into the trap of holding such overdraft checks. The issuance of a *postdated* check depends on mutual trust and today its use in transactions has been reduced. In case of insufficient funds, people have two choices: they can take legal action against the debtor. This procedure has two problems: they need to attend court hearings, which takes a lot of time, and often the person who wrote the check is imprisoned with no money ever being paid to the creditor. The second solution is more common: the creditor does not sue the other party and gives the debtor an opportunity to settle the payment at a future agreed to date without any legal action. Businesses facing such situations more than once a month, or at multiple times a year, have no time or energy to settle with their debtors, and this is when "Shar khar" comes to play. Threatening debtors makes it inevitable that they pay through every means, so that they can live a safe and secure life. Should the debtor resist, the "Shar Khars" take legal action to recoup the debts. The interesting point is that the way the "Shar Khars" issue threats has changed over time, with the development of the legal system. They now tend to use their influence and network of people at the courts, or at other governmental organizations, to pressure debtors; rather than employing their old way of direct threats. In the case of my uncle, who had a large business network, there was a dire need to have "Shar Khars" around at all times to ensure his financial and personal safety.

Having had the experience of repeatedly trusting people and being betrayed by them, made Hossein decide to change his way of handling his commercial affairs. Thus, when he decided to start up another carpet shop in Dubai, he took responsibility for everything himself and did not take a partner. During the last years of his life, again he was in Dubai making his living there. Opening a carpet store there, he transferred a considerable amount of money to Dubai. He bought a number of shops and apartments. I remember one time he sold an apartment for a value of more than

US \$400,000. Hossein was sixty when he went to Dubai for the last time to live there. He established two carpet stores and began to do business buying and selling land and apartments. Nobody knows how much he invested, but he transferred a large amount of money from Iran. Only once a year did he come to Iran to check on his belongings. Some people began to threaten him during the last few months of his time in Dubai. These threats started with approaching his third wife in Iran and then himself in Dubai. Mahmoud: *"The last time I saw Hossein, he said that many times they had threatened to kill him unless he annulled pending court cases and gave them some of his land in Bahrestan. During the last years of his life, the Baharestan properties became very problematic, resulting in many court cases that he had to attend to defend himself."* Mahmoud also remembered: *"As far as I know, the 1,000 square meters of land in one of the best areas of Baharestan was so valuable that everybody was eager to have it. Those days, its value was equal to one million USD."*

Nobody knows why Khosravi or others went just for this piece of land, but it was evident that Hossein did not have enough documented evidence to prove his ownership. The land had no title deed and the only existing document was a handwritten paper signed fifteen years earlier. Since the land transaction was not official, the court had to decide the real ownership. Even though the verdict was not the final, the judge clearly favored Hossein. During the court case, which is still pending even until today, the plaintiffs never stopped their threats. Mahboubeh was not positive about the accuracy of Hossein's documents. She explained that maybe the documents were counterfeit or somebody knew something else regarding the transaction, which had resulted in the threats. However, that information and those documents were not verifiable in court, so that's when the threats started. Mahmoud did not believe his brother's documents were illegal. He believed that Hossein had enough proof not to be frightened by the threats: *"During our last visit, Hossein told me that a few months ago, on the same night of his arrival in Iran, some people entered his house after midnight. However, the security men and himself came out armed, which frightened the invaders to run away. Hossein was proud of himself to emphasize that nobody could threaten him."*

Mahmoud told me about the last night of Hossein's life: *"It was 9 p.m. and Hossein's first son from his first wife called and told me that twenty minutes ago his dad had been shot in one of the busiest streets of Isfahan. Ahmad and I went to Isfahan that same night, but he had died immediately after being shot. The day after, we were told that two men riding a motorcycle approached and shot him to death. So, we went to the police station to follow up on the case and there we were informed that his storekeeper had declared that on the same night the store was robbed. Like Hossein's other assets, nobody knew their real number or the value of the carpets and rugs that were stolen that night, but the storekeeper estimated the number of to be around 1,200 carpets and rugs."* As nobody knew the value of the carpets stolen, or of his other properties, there has never been an estimate of the damages

done, up to this day. No one was ever arrested and the police were not willing to disclose anything about their investigation. Ahmad: *"Some people were called to the police station for questioning, but nothing was declared in result. The investigators were changed many times and no one was responsible for following up the case."* Many believe that Hossein's murder is as strange and impenetrable as his legacy. None of his relatives have followed-up on his career. In terms of his own family, nobody was really aware of the details of his businesses and plans. None of us had any exact information about who he had communicated with in the last years of his life. After he left for Dubai for the second time, almost everybody was disconnected from him. His life was full of ups and downs in addition to the occasional quarrels, but everybody was shocked by his murder. Many years of working outside Iran had meant that he had lived alone, as if he had no family; and despite many people loving him as family, nobody ever really felt close to him. The closest person to him was Mahmoud, an uncle of mine. However, even their relationship was limited to short visits, now and then. His properties in Iran and abroad, like his life, remained unknown to all of us, and no clear point for beginning an investigation existed.

Hossein had four children from his first wife. He liked his first son, Ali, but had no interest in the other three children. He hated his family and did not like most of his children; he only paid for their subsistence, but did not act as a father to them, or as a husband to his first wife. The children grew up with no love for their father and always had problems with him. During all those years, Hossein hardly provided any financial help to his children from his first wife. This provoked many quarrels between husband and wife, and it was always Hossein's siblings who intervened. Eventually, all the disagreements resulted in a divorce from his first wife. The divorce of the first wife took place around the same time that he married for the third time. The third wife was a girl from the suburbs of Isfahan and this is when another phase in his life began.

Hossein had never wanted to participate in the marriage ceremonies of his children from his first wife, because he didn't consider them to be his children. After Hossein was murdered, no link was to be found between his three wives as he always managed them so that they never knew one another. Despite his successful business life, he never had a pleasant private life, and his weakest point was his inability to form and maintain a good family life. Family is considered a motive for business activity and success among many people in Iran; but in his case, business was important for its own sake. Even though he was not good to his family, they did not harm him, though they were negatively influenced by his inattention and irresponsibility.

To sum up the significance of the story of Uncle Hossein, he was quite different from the typical Bazaaris. He practiced trade within the Bazaar system for the most part,



but at a certain point, he made decisions contrary to its unwritten bylaws. In certain cases, he even tried to disrupt the traditional system; a great example of this is when he tried to bypass middlemen in the distribution of carpets. Later on, when he faced legal issues in the case of Baharestan, he avoided the sanctioned and more routine ways of solving problems, which would have been through reconciliation, negotiation and arbitration. Instead, he decided to fight back and take the case to court, which certainly had negative consequences for him. I see him as someone within the system of the traditional Bazaar, who tried to circumvent certain rules of business as practiced there. In the end, he paid the price for his “disobedience” with the loss of his fortune and ultimately of his life. Hossain was an insider/outsider; what can be more traditional than trading in carpets, and his story is all about the uses of trust in Iranian business. In his story, I see the Bazaar magnified and exaggerated in all its sociability and restrictions.



## CHAPTER 5

### SECOND STORY: AN UNSUCCESSFUL MARRIAGE



Case one displayed the principal of trust for the Bazaari almost to the point of absurdity. But we must remember that Hossein (as well as my grandfather) gained riches that way, even if Hossein lost them as well. In the second case I explain the theme of family in Bazaari culture further .

In 2010, I was working for FAR Co., an Iranian company that produces and distributes information technology (IT) products in Iran. At the time, the distribution of FAR Co. products in the Iranian Bazaar was accomplished by a small network of agents, and the company's activities were quite restricted. In comparison to today, the connection between the company and its distribution channels was close and personal. I worked in the sales and marketing department, and it was my responsibility to manage and interact with the network of agents. I knew each and every agent personally, being befriended with them put me in a position to know something about their personal lives. Each agent had strong points and weaknesses when it came to dealings in the Bazaar, and each had different reasons for choosing the line of work.

Mohammad was an agent who had worked with us for four years, and as I got to know him, I learned about his personal life. He is a good example of a traditional Bazaari, whose personal and business lives are interwoven, and when the one is unsuccessful it jeopardizes the other. This may be the case for many Bazaaris, but it is not easy to obtain detailed information, especially when it comes to their failures in economic, cultural, or social aspects of their lives. However, Mohammad shared his life story with me.

Mohammad was one of the sales agents of FAR Co. He had a distinct and unusual appearance that made him unique, such that almost everybody in the company knew him well. He was a muscular guy, who wore gold accessories; his gold necklace and watch were certainly a bold aspect to his appearance. Even his old Peugeot was painted a gold color. The impression one got from him was that he had a luxurious life style. It was almost impossible that his income came solely from the money he made at FAR Co.; he had to have other sources of income to maintain such a "luxurious looking" existence. His lifestyle, behavior and appearance, signaled a "looti," which is similar to a hoodlum in Western culture. But in Iranian culture, a "looti" is perceived as honest, modest, and loyal.

As a long-term agent, Mohammad had close contact with the company and we all trusted him. He participated in all corporate meetings, sharing his points of view freely, even when it came to policy making. After four years working with us, he suddenly disappeared. At that time, he owed the company between \$2,000 and \$3,000, but a few months later, he paid off most of his debt, and again disappeared. I was very curious to find out about his whereabouts, but he had cut contacts with al-

most everyone within the company. However, one day, a FAR Co. employee who knew Mohammad's father saw him at his dad's shop. Talking with him for a while, he realized that Mohammad was going through a tough time in both his personal and business life. He was actively looking for a job that paid well enough that he could pay off his debts. Willing to learn more about his problems, so as to be of help, I asked Mohammad to come to the office to talk through some business opportunities.

I was shocked when I first saw him after a year. He had lost nearly 30 pounds during this time and had changed a lot. He was not willing to talk much about what had happened to him, and just said that he was looking for a job to pay his debts. Since he had worked with us before, knew about our business processes, and was also familiar with our employees, he seemed like a good candidate to work for us again. When I offered him a sales position, he took the job right away.

In a short while, Mohammad easily fit into the workplace, and little by little he opened up about what had happened to him in the past year. However, he was still hesitant to tell me everything, which may have been because it was difficult for him to have to recall this terrible time in his life. It took nearly six months for him to feel sufficiently at ease with me to narrate the whole story of his marriage, work and divorce, all of which had gone wrong at the same time, the year before.

One afternoon in the fall of 2012, Mohammad and I were taking a smoking break in the backyard of FAR Co., when he began to tell me his story. Unlike before, this time he told me all the details. Mohammad started by talking about his father, who is a polygamist. He has been married twice and lives with both wives at the same time. This has created bitterness in the relationship between his parents, that has affected him as well. He pointed out, "I was mostly with my mother and rarely spent time with my father's side of the family. It was on an exceptional occasion when we attended a wedding of one of my dad's relatives. There, I met up with one of my cousins, Maryam, after a long time of not having seen her." Mohammad claimed that it was then and there that Maryam developed feelings for him, which he was not aware of. At that time, he was a senior in college studying business administration. His uncle, Sadegh, was very close with his dad. Sadegh was Maryam's father and had a very successful business in the iron industry. Mohammad started working with his uncle during the last years of his undergraduate studies. This was the first step that intertwined business and family relations and introduced complexity to them.

Mohammad recalled that the first time he talked with Maryam he had a feeling that dating her would certainly end in marriage. He resisted starting a relationship with her at the beginning, but later he gave in as Maryam insisted. One concern he had was that she was six years younger than Mohammad, aged only seventeen at that

time. He added, “I couldn’t convince her that the relationship was not a good idea in our case, but I tried to make my point clear that it would be simply dating and there would be no serious relationship.”

In traditional Iranian culture, the concept of dating is almost non-existent. Dating is a modern trend, which has made it possible for boys and girls to meet each on their own. Before almost all marriages were pre-arranged by the parents, and any sort of dating before marriage was condemned culturally. This is still an issue for many traditional families that do not approve of their children having any pre-marital relationships. In more modern families, the element of controlling the children is less practiced and the children act more on their own; but social arrangements are still not as free as in Western countries. One common and remaining belief is that almost all relationships should end in marriage, so this makes dating complicated for most traditional families, as in Mohammad’s case.

Mohammad added, “At that time, apart from being a university student, I started working at the iron shop that belonged to Sadegh. We were working with raw iron, converting it into doors and windows. The job was paying very well and I was quite happy with it.”

After the two had dated a short time, Sadegh, who had learned about the relationship through his daughter, approached Mohammad’s father about the possibility of their marriage. Sadegh’s justification for this was to arrange a marriage between two people who were in love, although this was more or less his assumption regarding the relationship, rather than a knowledge-based judgment. He easily convinced Mohammad’s father to join him to make the marriage happen. But Mohammad’s mother was against the marriage. Her logic involved both cultural and financial differences between the two families. She did not want Mohammad to get involved with a family of which she didn’t approve, and also the uncle was very wealthy, which meant their economic class difference was another complex issue in this union. Another issue she raised was age, both being too young to get married.

On the other hand, Mohammad’s father was very positive about the marriage and insisted upon it. He wanted Mohammad to marry Maryam mainly because of the benefits that it would create in doing business with the uncle. The father pushed the decision so much that at last the mother had to abide by it. Note that in traditional Iranian families, decisions of this nature are primarily made by the head of the family, mostly the father, and only then would the mother have anything to say. In most cases, the children have almost no power to change matters. So-called traditional parents are more concerned about social rules than any other factor, such as love, when arranging the marriage of their children. They mostly believe that romance

will happen later, in marital life, rather than be a necessity for marriage in the first place. Compatibility of socioeconomic factors is considered to be of the highest importance in situations similar to the case of the marriage of Mohammad.

Mohammad later added, “At first, I was not so interested in my cousin and I was not taking the relationship seriously. I was handsome and most of the girls around liked to be with me, but through time, I came to the point of trying to change my feelings and I so agreed to the marriage.” He was only twenty-five when he was engaged, and soon after, he started his military service of two years. Later, after military service, Mohammad and Maryam were officially married in a big ceremony. Military service is mandatory for boys in Iran, and since it is a relatively long period of time (almost two years), it has become a hurdle in the life of most Iranian young men. Boys must enter the service when they graduate from high school if they have not been accepted into college. Thus, basically, boys are exempted from service as long as they are studying in school. Other forms of exemption from military service exist, including medical reasons and being the only son of a family where the father is either dead or older than sixty years. However, apart from the exceptions to the rule, most young men enter service and during this time they are not permitted to leave the country. Thus, it is upon the completion of military service, or on receipt of an exemption, that they can apply for a passport. During military service, they are not allowed to work full time or to take part in financial transactions. This is one reason that the marriage of young couples is problematic; the husband who hasn’t entered military service is incapable of supporting a family financially.

In the case of Mohammad, he and Maryam got engaged, but the official marriage only happened when he came back from military service. It was then that he could work full time to financially support his newly wedded wife.

Being the son-in-law of a major player in the iron business in Tehran and also sharing the same family name, Mohammad could gain a great deal of success in business in a very short time. The uncle was established in business, and Mohammad made the best of his new position in the Bazaar. In Iran, one’s family is important, as it identifies one’s origin, religious beliefs, economic and social status. As mentioned earlier, for example, the family name “Saatchi” (“Saat” means clock or watch in Persian and “chi” is a suffix meaning related) belongs to a wealthy family that has traditionally been in the business of selling clocks and watches. Another popular family name is “Goharbin” (“Gohar” in Persian means jewelry and “Goharbin” is someone who trades in jewelry). People with these family names, are known to have a background in a certain business that adds to their credibility in the Bazaar and in society when the name is tied to a wealthy or noble family identity. On the other hand, in modern times, the correlation between family names and businesses has developed differ-

ently. Some people have entered business in recent years and become so successful that their family names have essentially become a brand representing a certain industry. For example, the name “Hakupian” has become a well-known brand in men’s apparel. The name was developed in recent years and has no trace of a traditional family business, but now it is associated with menswear as a brand. The proverb says that “money makes money,” which means that people who are wealthy, by the means of their wealth, attract economic opportunities and therefore gain more money. However, in the case of the Bazaar, the saying should be “credibility makes money,” as there are greater possibilities of making long-term financial gains when one has gained more credibility.

Mohammad recalled a business story of his father and his uncle Sadegh that went back decades. In 1989, his father and Sadegh did some business with the constructor of the Valiasr shopping center, which is a very popular IT center in Tehran. In return for the value of the iron they sold to the constructor of the mall, they received one store there, which was worth nearly 1,300,000 Tomans<sup>1</sup> at the time.

The way iron businesses work in Iran is that the business has a big lot called a “garage.” They rent out each part of their business property to a sub-contractor capable of completing a part of the work related to iron. This way, they all contribute to one another and as a whole cover a full range of iron-related services and products. The owners of the garages mostly are paid, based on a percentage of sales of each of the sub-businesses. Mohammad’s Uncle Sadegh was one of these iron business owners in Tehran. He had five companies of this kind. When Mohammad was twenty-three, he began to work in his uncle’s manufacturing business. This was a great opportunity for the young Mohammad to conduct business as it didn’t require any investment from him.

In 1999, nearly 10 years after taking possession of the Valiasr shop, the shopping center had become a very busy center for computer peripheral businesses. This was around the same time that Mohammad was in his military service, and was not allowed to have a full-time job. As his father suggested, he set up the Valiasr store to work in the computer field in the afternoons, when he was free from military service. He had no knowledge of computers. He was lacking the know-how to conduct business in the computer field, but he just jumped in. At the beginning, one of Mohammad’s friends sold him a large quantity of speakers; the sales were not good and he barely made a profit. However, since the shop was only a part-time job for him, he did not work all that hard to increase the profits. Then he became familiar with FAR Co., which was a well-known player in the IT industry. Mohammad began

selling FAR Co. products, which led to the growth of his business, and consequently, more profits. Soon, he became a top dealer of FAR Co. In the meantime, the shopping center was also becoming increasingly busy, which led to more success for Mohammad. He said, “It took me four or five years to reach an acceptable financial state. After finishing my military service, I was working both in iron and computer businesses to maximize my income. However, my financial success was less dependent on the computer business as I was making more money in the iron business, especially when I started trading iron.”

During the past fifty years, construction work has become one of the most lucrative businesses in Iran; thus, many people with financial resources entered this field to maximize their profits in a very short period of time. With construction business booming, related fields such as the building materials industry were also growing. However, this was not an easy business to enter, as it required a good reputation and credibility in the industry. In Iran, commodity prices are highly affected by political and economic changes and suffer from instability and turbulence. Changes that have been in favor or against certain players have resulted in a few making lots of money within a short period of time, and others experiencing bankruptcy.

According to Mohammad, his other uncle Behzad, was also very well off and had a successful trading company. Mohammad recalled a day when Behzad’s son had come to him and recommended that he not buy iron locally, but rather import it from overseas through their company. After doing some cost comparisons, Mohammad accepted his proposal and the first shipment of iron came from Russia. Besides handling the import side of the business, Mohammad was also in charge of manufacturing work at the iron factory: “There was a great deal of responsibility and work on my shoulders, but the money making side of it kept me running.”

Having completed a few shipments, both Uncle Behzad and Mohammad were making very good profits. In addition to raw iron, once or twice they also imported used train tracks from Pakistan. This resulted in large profits that consequently made Mohammad a wealthy man. Seeing the business gaining momentum, Mohammad also encouraged Maryam’s brother to invest in the business. At that time, Mohammad’s father and brother-in-law were both in the iron business making iron sheets. They had several workshops and iron docks. They already had significant fortunes and their partnership now expanded into the import business as well. Additional investment from their side allowed them to increase the number of shipments. The business expanded to the point that the in-laws decided to minimize their other business activities and invest more in the trading line.

<sup>1</sup> A ‘Toman’ is comparable to the ‘Guinea’ in the older UK system.

For every confirmed order, the transactions were planned in a way that half the payment was made by Mohammad in advance, and the balance was due upon receiving the shipment in Iran. Then the commodity was sold bit by bit. The ordering and purchasing phases were done by Mohammad, making him the only person that Uncle Behzad had to deal with. Being the face of the business, Mohammad had to gather the payments from his brother-in-law and later pay back Behzad.

Family businesses are complicated in that when it comes to problems, since boundaries are not defined and business duties are not determined in advance. Clashes are very difficult to resolve. Since such businesses are solely based on trust, no set rules or bylaws are in place, at least at the time of disagreement in this case. All arrangements were made orally by consensus. Oral consensus is so respected, that requiring a written agreement is considered disrespectful, especially if the requesting party is younger or lower in status. Mohammad added: “Being alone at first in this business, I began with a small investment, my first order was only worth \$20,000. By making high returns on my investment, I easily convinced my brother-in-law to invest in the business. With the capital he brought into the business, we managed to double or even triple our order values. The growth was at a very high pace, so that the order value of our eighth shipment was as high as \$1,200,000.” Considering Mohammad’s small capital investment in the business, and his family relationship with the partners, it was difficult for him to make transactions or contracts officially. Thus, basically, all agreements were made orally and none was ever documented, either among the partners or between them and the trading company. They did not see a major issue in their form of business as it was the norm among most of their peers within the Bazaar system. But in 2010, iron prices fell globally. At that time, they had a shipment worth \$1,200,000 in Iranian customs. Due to the drop in price of iron, the cargo overnight had no more value than \$300,000. This was a huge shock for those in the industry. It was so dramatic that a few traders had heart attacks upon hearing the news. Also, some importers and distributors declared bankruptcy or even fled. Mohammad and his partners also experienced this jolt.

According to the Iranian Constitution (Article 404&427, Commerce Law), in case of a bankruptcy, the court will determine whether the bankrupt is capable of paying his/her debts or not. If a court decides he/she is not capable of paying the debts, then it will assign a “Settlement Administrator” to make the necessary arrangements to sort out the debts and monitor any future transactions made within the probation period. The Settlement Administrator is the entity authorized to divide the remaining properties among the creditors. In the case of culpable bankruptcy, all of the company’s managers are held liable for paying the debts. However, their level of liability depends on their position within the organization.

The situation deteriorated to the point that there was no buyer for iron in the market, and almost no iron business was taking place at all. Mohammad suggested that the partners sell all shipments and not pay for transportation costs to minimize their losses. However, when discussing the idea, the in-laws tried to turn the situation around, to blame Mohammad for the loss. They claimed that they were simply investing in the business and not involved in the day-to-day transactions or decision-making. Essentially they claimed not to be part of the business, leaving Mohammad responsible for the entire loss. And Mohammad had no evidence to prove them wrong. He was frustrated about the financial loss, but more about the backstabbing of his in-laws. The problem became even worse, when the issue was brought to the attention of his wife, Maryam. The couple had a terrible fight over the family aspect of the business, to the point that she left the home.

In addition, Mohammad’s father also didn’t stay neutral, and got involved in the arguments. Initially, Mohammad thought the whole thing was temporary and everything would work out among them, but as time passed, he noticed that the issue was more serious than he had thought. He was made to sell everything he had to pay Uncle Behzad. With financial help from his father, he accumulated about \$500,000 to pay his debt, but this was much less than he needed. Unlike in traditional times, in which family support was a common aspect of the family businesses, this was not the case for Mohammad, as businesses were “modernizing.” Although people claimed to be supportive of one another if help was needed, it was a matter of dignity and there is no law covering the situation. Cases, such as Mohammad’s, demonstrate the opposite to helping.

Mohammad regretted fighting with his wife and tried to win her back to his side, but the more he talked with Maryam, the more he was convinced that she was taking the family’s side rather than his. She claimed to be very upset about Mohammad’s disrespect for her father and brothers. Not only did she not come back; she sued him for her dowry. Her dowry was 1,115 gold coins, which was a huge amount of money. The fact that Mohammad had accepted this large dowry is an interesting story in itself. He recalled that: “on the wedding day, Sadegh told me that a low amount of dowry is not common in our family and it’s disrespectful to the bride and her family. So, he convinced me to accept declaring 1,115 coins in public during the ceremony while actually committing to 115, in reality, to be mentioned in the marriage deed.” Mohammad simply accepted the proposal based on mutual trust between them; but, in fact, Sadegh failed to abide by the agreement and put 1,115 in the actual deed as well. It was during the wedding ceremony that Mohammad noticed this and objected, even in front of the guests. He said, “My father and a few other elder family members convinced me to keep calm and not to make a scene in front of the guests.” Their logic was that they were family and there was no way one betrays the other in



bad times. Also, since Sadegh was wealthy, they could easily convince Mohammad that this was not the kind of money Sadegh would need to go after. So, despite his bitterness about the betrayal of his trust, he finally signed the deed.

The marriage law in Iran has some relatively complex terms. The basis of the Iranian Constitution is Islamic doctrine that in most cases goes back 1400 years. A part in the marriage section of the law is about “*dowry*.” The term technically refers to a present from the husband to the wife at the time of marriage. The law was initially established to bring some financial security for married women throughout their time of marriage, and also in the case of divorce. Men were considered to be the only head of the household, the breadwinner of the family, and, basically, the only money-making person in the family. Having almost no income of their own, the dowry was considered a financial guarantee for the woman. However, even then, spouses had choices about this practice and could mutually determine the value of the dowry.

Regarding the amount of the dowry, note that neither party is bound to a limitation, so it can be as low as a single stem of a flower, or as high as a hundred thousand gold coins. However, the term of payment is extremely rigid. Based on the conditions agreed upon at the time of marriage, the woman can ask for the dowry at any time (*end-al-motalebeh*) and the man must pay it, even if he does not have the money at hand. The only exception is when the dowry is stipulated to be paid when able (*end-al-estetaa*); in this case, the man must pay the dowry upon request, if he is able to do so. If the woman is not willing to forego the dowry, the man must pay the amount when he is capable. A dowry is a right that can be transferred as an inheritance; thus, in case of the husband’s death, his heirs must pay it.

According to Islamic law, if somebody is legally ordered by a court to pay a debt to another person or persons, the judge will determine the schedule of payments by installment, either monthly or yearly. The plan is determined, based on the total amount due and the assets owned by the debtor. The dowry is subject to the same legal procedure and the man is obligated to pay the dowry in installments, depending on the amount of the dowry and the financial capability of the man.

Since the basic marriage law offers no equality of divorce rights, the dowry is considered a way for women to put pressure on their spouse to gain a divorce. According to Iran’s Constitution, the right to divorce is basically reserved for men unless the husband agrees to give the right to the spouse. In that case, an additional term is added to the marriage deed. Therefore, with no right to divorce, the dowry has always been a way for women to make up for their lack of the right to divorce. A huge number of divorce cases filed by women due to men failing to pay the dowry, has made the lawmakers pass a law that only up to a maximum of 200 gold coins, can be brought

to prosecution. Any number greater than that, even if stated in the marriage contract, would be null and void in a court of law. Thus a maximum of 200 gold coins can be granted to the woman, and in case the man can not afford to pay at one time, he could pay in installments. In the case of Mohammad, the dowry was used as a sort of guarantee for the business. The dowry was basically a means to make sure he kept his word regarding all the marriage conditions. As mentioned, the family of Mohammad’s wife used the dowry to put Mohammad under pressure so he would meet their demands, which in this particular instance involved him paying them back the money they had invested in the business.

Mohammad also got into major trouble with his divorce, and more specifically with paying back the dowry. He had been sued for the dowry as worth \$400,000. He had not only lost a lot of money in business, but, on top of that, he had to pay back the dowry. He had a nervous breakdown. Ultimately, he got financial help from his father and they had to sell most of their assets to pay the debt. At the divorce trial, the judge ruled that he had to pay fifty-five coins at once, and the remaining would be due as one coin every month. After a case review, the judge did not change his verdict, and Mohammad was responsible for paying the debt within the specified period of time. Two nights later, Mohammad faced another shock, going home to empty his safety-box, he found out that his wife and her family had taken everything from it, including all his cash, gold, the jewelry, and the deed to the car; even his ID card and passport were taken. Mohammad recalled: “Now talking to my father, he says they wanted to hurt me to an extent that I would apologize to them. The interesting point was the drastic change in the scope of the conflict that was no longer limited to the bankruptcy of the iron business. Nobody was even talking about the iron shipments any more, but the major dispute was over the divorce, dowry and how disrespectful I was to my father-in-law.” The elder members of the family tried to reconcile, but all attempts fell through. The business basis of the conflict no longer was claimed to be of primary importance; traditional family values were supposedly now the main concern. All of which seemed unfair to Mohammad.

Maryam’s family hired an attorney who was persistent in getting the dowry paid in the full amount, in the least time possible. They even tried to get the verdict of one coin per month changed, but they were not successful. According to the Islamic law of divorce, the man is authorized to not to divorce his wife, even if the entire dowry has been paid back. Knowing this right, Mohammad told the in-laws that he would pay the dowry, but that there would be no divorce granted. In this way, she would remain legally his wife, meaning that she would remain in his full control – not even being allowed to leave the house without his permission. Mohammad’s threats worked to the extent that Maryam’s family agreed to dispense with a major part of the dowry. This decreased the amount of debt for Mohammad to \$40,000, which he



paid in full. He also had to pay back the amount the in-laws' had invested in the iron import business. Having accepted these terms, the divorce was made official.

In Iranian culture, divorce is different for a man and a woman. During the past few years, the difference has grown smaller, but for a woman, divorce still has a negative impact on her social and personal life. A general belief within this traditional society is that the wife is responsible for making a marriage work. Therefore, in a divorce, the woman is the main target of scrutiny and is blamed for mishandling the marital life due to reasons such as infidelity or incapability to have children. In the case of Mohammad, it is strange that Maryam's relatively traditional family pushed for divorce, while they must also have been concerned about the cultural implications of the divorce. Mohammad is still not fully aware of the root causes, which led to the divorce; he had the impression that the situation had been too far out of control for both parties. Each may have thought that the other would compromise. However, in reality, both pushed the boundaries to the point that no reconciliation was possible.

In addition to his complicated divorce case, Mohammad also had to deal at the same time with his business losses. He partnered with his uncle, Behzad, to get some financial help to pay his debts. Uncle Behzad agreed to buy all of Mohammad's stock of iron at higher than the market price, so he would lose the smallest amount possible. With this help, he could pay back his in-laws in installments. The interesting point in this deal was that ultimately the payments were supposed to be made to Uncle Behzad, as the person who owned the logistical business, which still had to be paid. While under tremendous pressure from simultaneous divorce and bankruptcy, Mohammad also had to deal with many side issues. A rumor of his infidelity in marriage was spread about; while another time, he was accused of being a drug addict. Since he was under an extreme amount of stress, he lost a lot of weight during this period, which was considered confirmation that he was an addict. Many FAR Co. employees also wondered about his new appearance and were curious about why he looked so thin and tired, and depressed, all the time. Later, when we all learned about all the troubles that he had experienced, we truly felt the severity of the pressure that had been on him. Thus, his career move to re-join FAR Co. when we offered him a job, suddenly made sense.

During the days of divorce and financial loss, Mohammad had no option but to work in the computer shop, though it was owned by his father-in-law. Without his presence at that store, there was chaos because no one else was capable of running that business. An incident that accelerated the family war was the dispute between Mohammad and his brother-in-law. Soon after the first sitting of the family court: "At 9 a.m., my brother-in-law came to the Valiasr store, with a court order forcing me

to leave the shop. Since I had emptied the shop, and moved all goods to the warehouse the night before, he claimed that I had stolen all the goods, which belonged to my father-in-law. That sort of conflict made me even more agitated. Facing a theft accusation, I too was no longer able to consider the option of reconciliation."

It was an extreme challenge for Mohammad, to acknowledge the root causes of his problems were grounded in the family ties and conflicts. He remembered the days he had worked with his father and uncle with no conflict over money-related matters. They had shared everything. He believed that things had become more complicated as his brother-in-law got involved. Despite the close relationship of the fathers, the cousins had more challenges in defining their own financial positions and did not emphasize family ties.

Mohammad claimed that he had no direct interest in his uncles' money when he started dating Maryam. He had taken advantage of his uncle's reputation and credit when entering the iron industry. He confessed that Sadegh's good financial position, and more importantly his credit, were motives for him to go through with the arranged marriage. He was very young and saw potential for him to achieve his aggressive business goals within the shortest time possible. A traditional yet popular proverb in Iranian culture says, "*Try not to talk too much about your successes and good fortune, so as not to catch the attention of evil eyes.*" Traditionally, people believe in the notion of the evil eye, which refers to all the negative energies coming from envious people; that is, when somebody's life, work or health is going well, he or she should not let people know about it, and should avoid being in the spotlight, especially among envious people. You should protect yourself against all negativity. Mohammad believed that his life had been jinxed by envious people around him. He believed that he had to be careful to abide by the common rule of hiding his happiness and success to protect his life. Indeed, this is a common trait among Bazaaris. Although fear of the evil eye is now less frequently observed, it still has roots in the thought of the younger generation.

None of the problems had seemed really serious to Mohammad, until his in-laws decided to go after the dowry. This is what pushed both sides into a new phase of no possible escape. Neither party was ready to lose face, even at the expense of ruining their family ties; so they continued to the end (i.e., until the divorce was final). The divorce "war" lasted two years, ultimately ending a seven-year marriage. Mohammad added: "Recently, my father-in-law has been trying to make me remarry his daughter. I think there are two reasons for this. The first one is that he finds that having his only daughter divorced dishonors him, and second, he has noticed how badly they acted toward me."

Looking at it in retrospect, Mohammad did not blame only himself for the losses in the business, or the failure of the marriage. He insists that all decisions were made mutually and each party had his or her own share of the blame. It was unfair to hold him responsible for all the mistakes that had been made along the way. However, he blamed himself for not requiring documentation of all agreements made, rather than solely depending on oral agreement. On the other hand, he still believed that agreements should be based on trust. If he had simply been doing business with Sadegh, he would have been fine, as Sadegh is a man of his word, but this is not true in the case of his brother-in-law, who is not trustworthy. We are confronted here with the complexity of mixing family matters with business. The fact that Mohammad had committed to an arranged marriage to achieve a good business reputation in a short time, and consequently achieved financial gains, is not exceptional to traditional Iranian businessmen. However, that he didn't abide by all the rules of this commitment is where the problem starts. He was not fully aware of the importance of the role of his father-in-law in the entire relationship, as the man of power and money. So, he picked a semi-modern/traditional position in business that made it difficult for him to fit into either cultural environment. I think that if Mohammad had been more respectful to Sadegh, and had made him (at least in name) the head of the business, he would have been much better protected from mishap. In this way, he would have maintained a close and respectful status toward his uncle/in-law. He basically disrespected the "god father" role of the uncle, as both the father-in-law and the main investor in the business, which distorted the traditional bylaws of Bazaar business.



## CHAPTER 6

### THIRD STORY: AN EDUCATED BAZAARI

Having, in case one and two, focused on family and trust as Bazaaris “musts”; in case three I address modernization as the Bazaaris are drawn into more contemporary forms of business.

FAR Co. and its founder Ahmad A. is essential in my thesis, partly because I have been involved in this story and it has deeply influenced my thinking. Much of the information and details shared here are based on my own observations, while in the two previous cases the information came from sources close to the events. I find the personal and professional characteristics of Ahmad especially revelatory of Iran’s Bazaar system. Ahmad is an educated man who has travelled the world, rather different from the Bazaaris, who were the protagonists in the second story. However, he has also ran into problems when he tried to merge his education and experience of the modern world, with Iran’s Bazaar system in order to build a sustainable business. Thus, despite success for a short time, he experienced many cases of marginalization by traditional players, when he didn’t follow the unwritten principles of the Bazaar. In fact, he risked his position, ultimately putting him and his business at risk.

In the summer of 2000, when I first met Ahmad A., I never imagined that our working together would go on for more than fifteen years. Ahmad was a businessman in his forties, well-dressed, with a good deal of confidence. I was a twenty-year-old college student, looking for a summer job, who had been referred to FAR Co. through a family friend. Despite my interest in computers and information technology (IT), I was not familiar with the company. I met Ahmad at an old office on Felestin Street, in the old part of Tehran. The meeting, which was a job interview, was in fact my first experience of applying for a position. It lasted several hours. We mostly talked about me and I answered his questions about my life and my ideas for the future. In that meeting, Ahmad asked about everything he was curious about, and listened to me carefully, which encouraged me to talk even more. Although he obtained a lot of information about the details of my life, it took me quite a few years to get to know him. In the few hours of that first meeting, the difference between him and others in the IT business became obvious. In a market where everyone seeks opportunities to gain short-term benefits, he talked about the future and the long-term development of the company.

Later, when had I joined the company, one of the distribution agents, who had worked for the company for years, told me: “Ahmad is not that interested in money and actually he does not take home all that much pay. But he is always looking for ways to expand the company and this is his main goal. He likes to show off, and that is quite apparent from the way he conducts himself. But in Iran, one has to be careful and reserved and people should not get the impression that you are a powerful or successful person.” In a word, Ahmad was different from other people and in fact was

not one of them at all. This difference was obvious in his manner as well as his business dealings. This difference created a critical situation for him. On the one hand, customers were astonished by the very unique methods he used to realize the services the company offered; and, on the other hand, IT was really part of the traditional marketplace. Those who had no interest in becoming modern were hostile to the progressive ways of FAR Co. in the Bazaar. However, Ahmad had lived a challenging life and he did not consider the modernizers/anti-modernizers conflict to be a serious problem. He believed that businesses go through rocky times and this was just one of them; sooner or later he would overcome the barriers before him.

After a few years of working at FAR Co., I became one of its key members; I had gained Ahmad’s trust. Gradually he told me about his life. Ahmad had spent the first years of his life outside the capital. I discovered that, when I first noticed his interest in northern food, and later he confirmed it. One spring night in 2009, we had a business meeting with one of the company agents in a restaurant called “Gilak” in the Park De Prince Complex building. The purpose of the meeting was to check the possibility of attending the GITEX Exhibition. GITEX (Gulf Information Technology Exhibition) is an annual consumer computer and electronics trade show, exhibition and conference, that takes place in Dubai. We had taken part in the exhibition several times before. Ahmad believed that when the company was under close scrutiny by competitors and critics, attending the exhibition might not be in the best interest of the company, especially since he was being accused of having too many ties to Westerners. Mainstream Iranians believe that westernization leads to vacuous thought, bringing with it ignorance, dogmatism, and idiocy. Being infatuated with Western civilization and the Western way of life supposedly ends in disregard for Iranian traditions and values and a kind of alienation that is not desirable. After the dinner meeting about GITEX, I found that Ahmad was deeply absorbed in his own thoughts. I assumed regarding the problems ahead for the company. To break the ice and change the subject, I asked him why he had chosen that particular restaurant. Gilak is the name of people who live along the southwestern banks of the Caspian Sea in the Gilan province. This Gilak restaurant was one of the most luxurious in Iran that offered the traditional food of that area. Many believe that Gilak serves the best dishes in the Iranian culinary tradition, but I was sure that he hadn’t chosen the restaurant based only on taste. He said: “I was born and lived in Rasht, the capital city of Gilan Province, until I was fifteen. There was a tradition in our family that everyone of us --- my brothers and even my uncles --- moved to Tehran for higher education. I also came to Tehran at the age of fifteen, just before getting my high school diploma. Ahmad had attended Alborz High School, one of the best at the time. He had lived with his two brothers, Mohammad and Ali. Alborz High School was formerly known as the American College or Alborz College, and is still one of the most esteemed and well-known academic institutions in Tehran. It was one of the first academic centers in

Iran, located on the northwest of College Street crossing Alborz Avenue. It's a prominent center and is called Alborz because the Alborz Mountain range can be seen from the school. It was founded in 1871 as an American school in Tehran. In the past century, the middle class has viewed education as a way toward progress in life, so their children can aim for better and higher levels of success. Many families who might have trouble earning their daily keep, would do anything to provide for the expenses of their children's education in accredited schools. In recent years, the increase in Iranian universities' capacity to accept new students, and the development of higher education, has made it possible for many more students to continue their education. University is no longer a unique privilege of a few. On the other hand, with the increase in educational level, the age for Iranian youth to enter the job market has increased significantly, and many educated people enter the job market much later than before. In the past, people entered the job market right after acquiring their high school diploma, but now much less so.

When Ahmad moved to Tehran, it was at the time of one of the Islamic Revolution: *"My arrival in Tehran was simultaneous with the Islamic Revolution because of which, in addition to the political situation, the school was temporarily closed. The closure lasted for nearly five months. The school opened, finally, but having been much entangled with political activities, I was expelled. I had to go back to Rasht, to pass my last year of high school there. After that, I came back to Tehran, but the Cultural Revolution made for a long waiting period between my graduation from high school and my entering the university."* The Iranian Cultural Revolution consisted of a number of events after the Islamic Revolution, related to the higher education system from 1980 to 1982. It aimed at transferring and eliminating students, and faculty members, who had tendencies different from those of the revolutionaries. This phenomenon was called the "Islamization of the universities" ([www.imam-khomeini.ir](http://www.imam-khomeini.ir), 21 April 2012, Article # 30156).

Before the Cultural Revolution began, the universities formed the key centers for those opposed to the Islamic system. In late March 1980, the Revolutionary Council, with the approval of Ayatollah Ruhollah Khomeini, gave a three-day deadline to the political groups in universities to evacuate their offices. In those days of intensified conflict and violence in various universities, several people were killed and many were injured. The event marked the start of the "Cultural Revolution." The universities were closed for more than two years and hundreds of faculty members and thousands of students, especially those with liberal or leftist oppositional tendencies, were fired or expelled ([www.imam-khomeini.ir](http://www.imam-khomeini.ir), 21 April 2012, Article # 30156).

*"Before entering university, I had begun to work. The first year I worked with my older brother Ali and his business partner, Kambiz. They had also been suspended from university due to the Cultural Revolution, and had established a workshop called Elector to produce electronic*

*parts. That workshop was never a success and after their graduation, with the help of Ali's uncle Cyrus, they established another company with much better success, called PL Co."*

Cyrus has played a big part in the economic activities of the family. He was the first person in the family to move to Tehran. He was born in 1931 and studied engineering at Tehran University. He founded PL Co., in partnership with Ali and Kambiz, Ali's brother-in-law. As the primary capital owner, and due to his experience in business, Cyrus provided guidance and support to the younger members of the family, as well as financial support to help them to start their own businesses. Cyrus was a short stout man with an outspoken personality. In the beginning of my work at FAR Co., Cyrus regularly visited the new office on Africa Street and kept a personal office there. I had seen him before at Tehran University. As an alumnus of the university, he used to visit his old classmates, who were now professors.

The Cultural Revolution had discouraged many students and professors. However, Ahmad was among those who were lucky enough to finish his education. Ahmad: *"Two years after high school, I found a job during the Cultural Revolution and when the Revolution ended, I had the chance to take the university entrance exams. Since I hadn't studied for two years, I did not pass the exam to enter one of my favorite courses: i.e. electronics or computer science. I got in to maritime studies at Chabahar University. As I outranked the other students there on the entrance exam, they even gave me the chance of meeting the then president of Iran, Ayatollah Khameneiee (who later became the leader of the country). Rechecking my transcripts of the entrance exam, I discovered that I should have been accepted in Tehran, but my course choice had been the base of my rejection. Therefore, given another chance to make my degree selection, I chose architecture and was admitted to Tehran University."*

Tehran University was founded in 1934, with support from Reza Shah Pahlavi. It currently has twenty-five faculties, nine campuses, eleven research centers, and highly qualified professors in most fields. The university is one of the largest universities in the Middle East, with 32,000 students (David Menashri, 1992). Once Ahmad entered Tehran University, he was a successful student. He had spent time at Alborz High School and now he had entered the most prominent educational center in the country. The two were indications that Ahmad was intelligent.

Ahmad is different from traditional Bazaaris in many ways. His major decisions in both business and life have been very unlike those of other Bazaaris. Though he now works in a field unrelated to his educational background and professional expertise; that is common among people who have university degrees: *"In the first year after entering in university, I realized that I had no real interest in architecture, so I took the entrance exam offered by a data processing company (known as IBM Iran back then), to learn*



*computer science. I passed the exam and this was how I entered the world of computers. After 1983, and by finishing my computer courses, and because of the intensification of the war between Iran and Iraq, university students were called up for military service. I took part in the war in 1986, for about six months. Returning, I was employed at one of the five electronic and computer companies existing at that time."*

Since he had an interest in computers, he started working for Tehran Computer Company, which was one of the first computer companies in the country. Personal computers (PCs) were not commonly (as yet) in use. The company provided and implemented mainframes for large companies. Administrations such as the Census and Statistics Centre still use these computers. After two years of working at this company, Ahmad had gained enough knowledge and experience in the field to decide that there was a bright future in IT. He decided to start his own business. He rented an office at Ali and Kambiz's company, PL Co. Although the main funding of PL Co. was provided by Cyrus, it were his provision of business links that was his most important contribution to the company. Ahmad worked in that small office for a year, while still studying at the university. His most important work at that time was importing fax machines. Fax was a new technology at the time and was received well in the marketplace.

Ahmad encouraged Ali and Kambiz to invest in, and partner with him, in the founding of a bigger computer company. By the end of the Iran-Iraq War, in 1989, FAR Co. had been incorporated. Ahmad: *"After one year, I resigned from Tehran Computer Company, and I established FAR Co.. I was twenty-eight at the time. FAR Co. began with a primary investment of six million Tomans, equal to USD \$80,000 at the time. This capital was brought in by the three shareholders, each with equal shares. Since I did not have enough money to pay my share, I had to borrow from an acquaintance."* FAR Co. was established right after the war. It was a very fortuitous time to start a business. Many of the most successful businesses of the last two decades were begun in that same period. These were years of economic growth and Iran grew out of being a dead-end economy. The recession and seclusion that started with the revolution in 1979, and continued during the war in 1980-1988, did not give the economy a chance to grow. During these years the Iranian economy was controlled by the government. Trading in general was uncommon among mainstream Iranians. Essential goods were provided to people via governmental subsidies and everything was under governmental provision. No real business took place. The few who had enough money to invest had already left Iran to start life elsewhere. Some used their governmental connections to open small businesses. Most of these businesses were related to the construction industry, though housing prices were low and not comparable to today's prices. Building schools, hospitals and roads, during the war was one of the few healthy segments. However, there were no great financial benefits, since the government did

not have enough money to pay. The expenses of an eight-year war crippled the country for a whole decade.

After the war, and during Hashemi Rafsanjani's presidency, most industries received loans from the government to start production, which resulted in economic growth. Therefore, starting a business at the time did not carry any great risk, but was, according to the statistics, the perfect time and the logical path to take. Although IT might seem a much smaller line of business than the construction or auto industry, one must consider that IT was the newest industry of the time and experienced considerable growth. The beginning of an IT business was much easier, because not many had started to take interest in IT; and, therefore, the competition was significantly less. Also the necessary initial investment was less.

The company name did not become a real brand before 1995. Before that, FAR Co. products were produced by a Korean company, and only the packaging was carried out in Iran. The company had to decide if it wanted to present its products under an Iranian or a foreign name. Despite much internal opposition, Ahmad decided to present his products under an Iranian name. One reason for the eventual success of the company may actually have been its Iranian name, but at the time, there was no evident economic justification for the decision. Ahmad was an ambitious person and he wanted to enter the market with his own unique brand name. FAR Co. had also been in the marketplace as an agent for Viewsonic, a European manufacturer of computer monitors. However, that partnership didn't last very long. Another similar experience was repeated with a motherboard company. Learning from these experiences, Ahmad decided that acting as an agent for a foreign produced product would ruin the reputation of the brand in the local market. The name of FAR Co. posed difficulties in the beginning. Many FAR Co. distributors believed that if the products were presented with a foreign brand name that they would sell better. Many avoided the brand just because of its Iranian name. For instance, the same keyboard with even a fake Korean or European brand, sold better than one with the FAR Co. brand. At the time, I preferred to have a brand on my computer that was not in Farsi. Iranians had no experience with computer products, and having a Persian brand on computer peripheral, did not convey an image of good quality or durability. Since IT-related products were all first manufactured in foreign countries, the general belief was that foreign products were far better in quality than those made in Iran, and it did not matter so much where the product was manufactured, as long as it was foreign.

To provide a better understanding of the initial phases of the start-up business of FAR Co., it is necessary to attend to its finances in terms of the amounts and forms of investment. Ahmad described the beginning of FAR Co.: *"The first decision made by the shareholders was buying an apartment to locate the company which was on Felestin Street.*



*This took up nearly 80% of the primary capital, leaving us with USD \$10,000. With such a little amount of capital remaining, we had to work as a solutions provider. Purchases were made from Iranian part manufacturers, and the end products were supplied to the customer as turnkey solutions. After two years, we began importing assembled personal computers with the STILL brand, from South Korea. We had to borrow money again, but not from the banks. The board of directors made this decision, as they did not want the property of the company to be used as a bank guarantee for the loan. Thus, the money was borrowed from independent lenders." I also believe that another reason was that taking loans from a bank for small companies makes them especially susceptible to taxation. For a bank loan, one had to provide transparent sales, investment and tax papers, to the government. This was considered to bring huge (unnecessary) costs with it.*

From 1989 until 1994 (i.e., the first years after the Iran-Iraq War), the demand for imported goods was tremendous. But with a severe decrease in raw oil price, to as low as \$15 per barrel in 1994, the government applied intensive import controls (The Editor, BP Statistical Review of World Energy, 2014). The country was struggling at the time and even banks were not capable of paying their debts. Ahmad: *"Import restrictions left us with three possibilities: First, we close the company; Second we deal in illegal imports; and. Third we manufacture instead of importing."* The change to manufacturing, thus, was initiated in the mid-1990s, when the borders were closed, and there was a desperate need for IT products. In that era we experienced an enormous decrease in FAR Co. sales. Ahmad responded by manufacturing at CR. Company. CR. is owned by Ahmad's brother, Mohammad: *"Mohammad had founded a manufacturing facility nearly ten years earlier specializing in the production of plastic materials. The simplest goods for us to produce with our capabilities were computer keyboards. In order to do so, we visited a company in South Korea. We explained to them the great potential in the business, and we purchased plastic tooling equipment to begin production, and this was the start of our partnership with CR. Co."* At that time, the overall budget allocated to procurement of IT-related products by the government was about \$30 million. This total budget was divided among five IT purchasing companies to fulfill the government's overall need for products: *"These five purchasing companies declared their annual needs to local manufacturers and allocated related amounts of money them. In the case of keyboards, the number for our company was 5,000 per year. Having signed a contract for 5K keyboards a year, we gained the self-confidence necessary to begin our business. In those days, Iranian computers were only procured through the five governmental purchasing companies and there were only two companies manufacturing keyboards, and FAR Co. was one of them. But I have to say that one of the decisions that really helped us was having an Iranian name for our products, in addition to the guaranteed annual orders from of the five purchasing companies. This allowed FAR Co. to resolve the branding issues with a minimum of costs."* At the very beginning of the investment in and production of keyboards, discussion of the name 'FAR Co.' became a topic of disagreement between FAR Co.

and CR. The stakeholders from both sides attended a meeting to resolve the issue. CR., as a short-term investor that did not know the project well, was insisting on using a foreign brand name. In contrast, Ahmad insisted on using the FAR Co. brand and eventually his opinion won out. Having FAR Co. as the brand name, despite the great difficulties at the beginning, was one of the best strategic decisions made. In the long term, the Iranian trademark was considered a strong advantage of the FAR Co. group. Many Iranians manufactured their products under foreign brand names and gained market share more easily than FAR Co. in the beginning at a lower costs because they did not engage in any branding activity. But later they suffered from having created no brand loyalty.

Farzin, one of the oldest distributors of FAR Co. products, told me about the early days of the FAR Co.-CR. Partnership: *"I think Ahmad is a smart person. He made good decisions during the times that some things seemed to be insignificant, but in the long term they proved to be highly important and advantageous to FAR Co. The commencement of production was considered a very difficult period. A high percentage of the work was done at the CR. factory and then transferred to the FAR Co. factory to be assembled; and, this was troublesome. I remember that about 100 products were produced in a day, which was much less than market demand. Around 2002, I think, they reached the capability of more production and FAR Co. could meet market demand. Another important factor in the success of FAR Co. was Mohammad, the brother of Ahmad. Without his support, FAR Co. could never have gone into production. Mohammad put his factory and its experienced production personnel at the disposal of FAR Co. As far as I remember, Hossein, the production manager of FAR Co., would ask for help from CR. personnel when the production line confronted any problems; and all the time, the CR. people were helpful to FAR Co."*

The governmental purchasing companies that bought from FAR Co. were required to make control visits to the production facilities. CR. had very well equipped facilities at a much more advanced level than all the competitors. This was a winning factor for FAR Co. The close partnership made FAR Co. and CR. into one single company at the time. However, the partnership lasted only for five years and then FAR Co. had to set up its own factory, as CR. needed its own plant for its own activities. Until 2000, FAR Co. did not make much of a profit, as it had to pay for setting up and the running of the production; while also sharing whatever profits were made with CR. Even the little profit made at the time, seemed promising to Ahmad. Cooperation and support from CR. in production, in the early stages of FAR Co., had helped to grow the company much more rapidly than its competitors. The separation from CR. was a tough challenge for FAR Co. and Ahmad. FAR Co. had to fight tooth and nail for its survival, like an infant that now had to stand on its own feet. However as there was no other option, Ahmad gathered all his energy and creativity to make the transition as smooth as possible. They chose a piece of land that belonged to Uncle Cyrus, in one

of the western parts of Tehran, to set up their new manufacturing facility: *“At first, we rented a place to set up an assembly line. Continuing our production, we later purchased the place. For some years, we worked and manufactured there. But now the place is a warehouse. We were forced to move to Parand Industrial Town by the Ministry of Industry as they had decided to have all factories move to outside of the residential areas of town. Purchasing 12,000 square meters of land, there, we began to equip the latest manufacturing site.”*

Ahmad has always believed in offering value-added services to customers, rather than being limited purely to sales. In the case of FAR Co., he found that offering unique after-sales services to the end-user, to be a major advantage compared to the competition. The services he offered were quite unique and rare, not only in the IT industry, but in Iran as a whole. The investment of FAR Co. in after-sales services is considered a major reason for its rapid growth, which led to a sustainable position for the brand in the market. In the early days, FAR Co. had a high fault rate, which naturally hurt the brand. However, the company either repaired the product free of charge, or exchanged the defective item for a brand new one, which resulted in unbelievable good word-of-mouth buzz among users. Ahmad on the early days of this service: *“2002 was the start of this service. It was a new experience for Iranian customers. That was when we decided to use a weak point as a way of marketing. We turned too many product faults into a big advantage of our company, and gained trust of consumers in us. For consumers, who did not expect even minimum of after-sales service, receiving it, which was really their right, made them loyal customers of FAR Co.”* At that time, since imports were limited to a few products and a variety of goods was rarely found in the marketplace, the notion of a warranty or of a guarantee of quality, was unheard of. People were simply happy to find what they needed and anything coming after that was not of concern to them. It was the period of the ‘OKBAND’, stemming from “OK” written on the packaging of the goods. It basically meant that the goods in the packages had been controlled (somewhere) and were genuinely new. This assured buyers that they at least were buying a brand new product. However, the ‘OKBAND’ didn’t bring any after-sales services from the provider or the seller of the goods with it. Hereby Ahmad’s observation of the great potential to differentiate his brand from others, by offering real guarantees and aftersales service.

Ahmad believed that to do businesses in Iran, one must be agile enough to make decisions instantly, in reaction to change in the country’s situation or policies. Instability in the main factors of life mean that the flexibility necessary for businesses to adapt to change is extremely important. Many manufacturers and importers do not adjust to changed conditions rapidly enough, and this is a fundamental reason for their sudden losses, often within a short time. Recently separated from CR., there was a lot of uncertainty. FAR Co. did not have a clear profile. Was it a manufacturing company, an import/export company, or a trading brand? One had to define this for the govern-

ment purchasing companies. The change of location drew the wrong sort of attention. And government agencies often naively thought that manufacturers could manufacture their products 100% all by themselves. To create jobs and minimize the unemployment rate, the Iranian government tried to implement many policies that were not logical or practical. Home grown production may be the logical path to take, but what products are economically justified for production must also be taken into consideration. Support of production that had no economic justification created lots of problems. Government authorities assumed that if they were supporting a manufacturer, that he no longer had the right to change his product line or the nature of his activities. Government support came in the form of loans, and the dedication of land and/or facilities, as well as discounts on energy costs. But hereby, unfair competition was created as government intervention made production costs for the one company very different than for another. The value and results of investments became virtually uncontrollable. Furthermore, government monitoring of production often made product differentiation or change next to impossible. Often low-quality products resulted with very high production costs; all of which was economically disadvantageous. Imports would have been a lot more logical. Obvious economic laws were ignored and the importation from other countries, where goods were more economically produced, declined.

FAR Co. continued to operate as an importer and producer. The company manufactured products that were economically justified, and imported electronic parts that were more economically bought rather than produced on site. But this was the root of much criticism of the company. The manufacturing part of the company was not yet strong. It didn’t have the needed plastic injection machines, so it had to leave that part of the production process to other companies, and the plastic parts were the most important part of the products. Right at the beginning of production at FAR Co.’s new factory, in 1999, the borders opened up and imports increased. FAR Co.’s own production decreased and the company once again started to import finished, assembled keyboards. This went on for about ten years.

In early 2001, FAR Co. expanded its product range to include the mouse and LCD monitors. It became a company in which almost 90% of its products were manufactured outside of Iran. Only when a particular product, such as monitors, carried a very high import tax, did domestic production still make economic sense. To produce monitors, the electronic pieces were imported and then a production line inside Iran did the assembly and finishing. FAR Co. in this way did not have to pay a 50% import tax on its monitors, the final product had a lower price than its competitors, and that provided a great advantage in the market.

Ahmad always emphasized the importance of business relations and cooperation with colleagues in other companies. One reason for that, was that in the field of IT and computers, the number of competitors was limited. Each company was mainly involved in only one segment of the market. And competition was not so fierce. Each company had a specialty and therefore because of the size of the market and the limited number of the competitors, there was enough space for everyone. Importing keyboards was limited to one company, while importing motherboards was solely the business of another. Some others only acted as solution providers. In fact, one might say that business relations were close and strong. Ahmad believes that one reason for the rapid progress in the IT field was exactly this harmony between firms. However, he was one of a kind among the people in the industry. He was ambitious and far more willing to take risks than others. He stood out among his peers, but not everyone liked or favored him because he confronted practices that were contrary to those he believed in.

In the 1990s, the IT industry founded a society called “the society of informatics companies,” with the oldest and biggest computer companies as its main members. This society expanded tremendously from 2001 to 2008, and at the same time, the “Iranian computer trade union” was licensed by parliament. This trade union was supposed to include both software and hardware companies. After 2008, the members of the computer trade union held elections to appoint a board of directors. Ahmad, as a well-known person in the field, was elected as a member of this board. One reason for this victory was surely the reputation of FAR Co.’s brand. In a meeting, at which almost 600 companies were present, and each was trying to elect a board member, gaining victory over all the others was not an easy task. FAR Co. had the prestige needed to succeed. The first time Ahmad addressed the union, he began his speech by saying: “Hi, I am Ahmad A., the founder of FAR Co.”; showing how strong ‘FAR Co.’ had become as a brand.

A major investment of FAR Co. was buying an office on Africa Street in Tehran. In co-operation with Uncle Cyrus, FAR Co. decided to build an office complex. Moving to the Africa Street complex, opened a new chapter in the company’s history. Africa Street is a prominent business street in Tehran and many companies have moved to it in recent years. At the same time as the move from Felestin Street to Africa Street, other changes were occurring. The financial situation changed for the better. A rise in oil prices increased imports and caused an increase in demand for products and services. According to computer market experts, during a five-year time span, the consumption rate increased fifteen times. The growth was significant and FAR Co., even if it did nothing and only held its share of the market, would see incredible growth. Since FAR Co. was one of the oldest companies in the market and had started its work long before others, it was in many ways far ahead of its competitors. This

guaranteed its success. The company was in the right place at the right time. The focus of FAR Co. was on product added value, with three major strategic approaches. The first priority was on branding: including the choice of product, its functionality and product presentation. The next priority was on the method of distribution. And then came after-sales and services, which was one of the main characteristics of FAR Co. in Iran.

Ahmad’s ambition was to turn FAR Co. from a domestic brand into an international one in the Middle East region. FAR Co. never reached top development and industrial design levels. Production done by FAR Co. consisted of physical manufacturing and assembly. Much happened inside Iran and was done directly by FAR Co., but sometimes manufacturing was left to others in and sometimes outside of Iran. In 2006 and 2005, Ahmad’s main priority was to expand the company locally and regionally as quickly as possible. At that time, many products similar to those of FAR Co. started to enter Iran from Dubai. Therefore, FAR Co. needed to match this competition to save its position and to maintain its strong position in the region. Primarily, FAR Co.’s expansion strategy required maintaining a strong presence in exhibitions such as GITEX. Visibility at such exhibitions had many advantages for us. First, having a presence outside of Iran gave FAR Co. increased credibility among Iranian consumers. And FAR Co. representatives could meet potential foreign partners from across the world. Therefore, from 2005 to 2009, FAR Co. took part in all GITEX exhibitions, even though we did not have enough representatives to actually sell effectively throughout the region. Iranian visitors were by and large excited to see an Iranian brand represented at an international exhibition. The advertising advantages of the exhibitions were so great, that quickly the brand gained a reputation for being international.

The distribution of FAR Co. products in the marketplace, except for big companies that purchased their products directly from us, was until 2001 limited to only one person named Farzin. In 2001, when I joined the company, distribution channel management was a strategic responsibility carried out by only one person. The company was developing rapidly, and the computer market was also expanding. Demand was on the rise, so FAR Co. faced severe challenges in managing its distribution still through only one outlet. To expand the channel of distribution, Ahmad took a great deal of care and sensitivity in choosing new representatives, and always looked for ways to establish better rapport with them. The expansion was so selective, that even today FAR Co. representatives remain very loyal to the company. I remember a man named Babazadeh came to us offering to work as a FAR Co. representative. However, he was rejected so he wrote us a check for 50 million Rials to buy products (more than \$7,000 at the time). He left the check with us, so we could decide whether we would sell to him or not. The monopoly among FAR Co. representatives

was so strict that someone outside the circle found it very difficult to become part of our distribution channel. After hiring twenty sales reps, no new representatives were accepted. This continued until 2007, when the company began again to take on new sales representatives.

Once the need for new sales representatives was apparent, issues of cooperation and competition arose. As mentioned earlier, information is the most crucial asset of any Bazaar. In Iran, almost no dealer ever gives out the list of his/her buyers or customers, because the list is considered to be the dealer's principal capital, and sharing it might cut into the dealer's financial position and result in gains for his/her competitors. Ahmad initiated monthly meetings in which the representatives felt safe to discuss their sales channels. By discussing their trade with one another, they could protect their buyers from being contacted by second representative. Thus, basically, the representatives established their boundary lines so they wouldn't be inconvenienced by competitors. FAR Co. essentially had a "judge and jury" position in the meetings, guaranteeing a healthy business environment among the sales representatives.

Hereby, the distribution system became a little bit more transparent. But, to manage and control the distribution network, FAR Co. needed a system to store and manage all relevant information about the representatives and their customers. This led to a sales channel management system called the "Sales and Points System" (S&P). In this system, vouchers with serial numbers were issued for FAR Co. products and after a product was sold, the voucher was sent back to the company to be redeemed for a cash reward of 5% of the product price. With this system, it was fairly easy to monitor the distribution network and to track each product or customer. The competition amongst representatives to get cash prizes led to a considerable increase in sales. S&P is still considered to be a major winning point of FAR Co. by many observers.

FAR Co. later provided another benefit to its representatives by publicizing them in the most popular IT magazines of the country. These advertisements for them increased their sales and numbers of customers, while also boosting their confidence in their business, and in FAR Co. In the beginning, the S&P system was quite simple, and only a hundred members were involved; there were twenty main dealers and eighty sales reps connected to the twenty. In 2006, S&P went on-line. The online S&P platform gave the management system better and larger coverage. It was designed for subscribers to enter the website and to enter the serial numbers of the products they had sold, in order to win prizes. The incentives motivated almost all sales representatives to disclose their lists of customers and to take part in the system. Prizes were worth approximately the monthly income of an average employee. This strategy increased the number of active members from 800 to 1,500 in one year, and to 2,500 in the next year.

One of the most important of FAR Co. sales representatives was Mozafar G. He owned a company linked to Sepah (the Revolutionary Guard of Iran) and managed a large part of FAR Co.'s product distribution. Sepah is a military organization formed after the Islamic Revolution under the direct orders of Ayatollah Khomeini. In April 1979, in an official order to the revolutionary council, it was established. Sepah is meant to guard the Islamic system (Article 150 of the Iranian Constitution). After the Iran-Iraq War, President Hashemi changed the direction of Sepah from being a military organization in becoming a major construction firm charged with rebuilding the country. Sepah was given the task of undertaking projects that the private sector could not fund.

Ahmad built up good relations with Sepah and gained their trust. It was most definitely in the company's best interests in terms of finances and sustainability to work with them. Farzin: *"In fact, the support of many people as well as Ahmad's skills led to the success of FAR Co. and without Sepah it could not have happened. Ahmad cleverly made use of all the sources available to him, and because of his strong public relations, he was always popular and many people offered to help him. His good temperament was an advantage for him, even in the Bazaar, and he was always regarded as a good person."* Everything was fine, until Mozafar died in an accident. The story was that he parked his car but forgot to engage the brakes, and the car started to move and crushed him against a wall. With his death, FAR Co. lost one of its key representatives, and the company's tendency to network among government entities was jeopardized. Since FAR Co.'s business with him and with all other sales agents was based on mutual trust, and not a written contract, the company was suddenly at high risk of losing money that was nearly impossible to claim. Farzin clarified: *"At first, FAR Co. sold products through sales representatives and every order was referred to a single sales rep. At that time, it was just me, and later on there were a few others; being a FAR Co. representative was considered to be very beneficial because there were considerable profits to be gained by selling FAR Co. products. Gradually, the number of representatives increased, although for many years there were still very few distributors in Tehran working with FAR Co. The number grew to seven or eight distributors, but we still had pretty tight control over sales. But after the establishment of S&P, in 2008-2009, and the increase in the number of distributors, some problems in sales arose. The death of Mozafar, one of the biggest distributors of FAR Co., made Ahmad anxious, because a major portion of FAR Co.'s working capital was actually in Mozafar's hands. Because of the debt of Mozafar's company to FAR Co., Ahmad realized that it would be safer to sell the products through more representatives to reduce the risk of a big loss of FAR Co. capital."* Farzin thought this was one of the main reasons that FAR Co. changed its distribution system. Sales had been done through a consignment system rather than one based on cash or involving (pre-dated) checks. So, basically, the sales rep's credit was the key determining factor, which made the system highly dependent on the sales representatives. The system was really quite fragile, since the company did not pos-



sess any documents or guarantees to enforce future (re-)payment for the goods. FAR Co. thus practiced sales by consignment, until it faced a major crisis when Mozafar's heirs owed the company. Thus, Ahmad tried to increase the number of representatives, to lower the risk of large contracts with only one person, while also changing the payment terms. With an increase in the number of sales representatives, FAR Co. took a step away from traditional Bazaar business and ended the limited and monopolized number of sales representatives. This brought dissatisfaction among the sales reps and many even opposed Ahmad's new approach. A few sales representatives were not willing to continue working with the company and the company lost pieces of its strong distribution network, and had to re-build a new one.

Ahmad believed that FAR Co. should gradually turn away from its wholesale and monopolistic distribution system, and move toward using more distributors. As was his habit, he hastily planned for change in the sales system and soon after translated his plan into reality. The traditional way of doing business is not compatible with sudden change; change supposedly should be done slowly and through gradual stages, so that the others do not lose their trust in you. And in that way, FAR Co. could have prevented a headlong war with its distributors and sales reps. Ahmad believed that competition still did not exist in the same way in Iran as in Europe or in the USA, but that it was about to come. Business in Iran is pretty much determined by the macro policies of the government and the Bazaar system, both of which thwart competition. For this reason, many concepts like marketing and advertising have not been developed. But Ahmad thought that the trend was changing towards a more open market, based on real rules of competition, and he wanted to be ready for the new situation. The Bazaar is still defined by monopoly and non-competition, and this can be seen among the players in the economy, from the smallest to the biggest. Ahmad: *"it is new in Iran. It is a new concept because of the long delays in providing the supplies to meet the demand."* That is, those who have the products are gods, as long as excess demand exists. When supply is lower than demand, businesses inevitably become monopolistic, because competition is irrelevant. Such a closed system does not allow for competition. Monopolies are controlled through licenses, granted by the government to certain people, according to rules specified by the government. With closer ties to the government, businesses become more aware of the rules, policies and regulations, and in this way, make use of them for their own benefit. An example of this is "Iran Khodro," which is one of the major businesses in Iran closely tied to the government, gaining extreme benefits from its links. Iran Khodro (the biggest car manufacturer in the Middle East) is a bureaucratic company (Iran Chamber of Commerce, 2008). Until almost five years ago, people had to wait for nearly two years to receive a car, and then there was always the possibility of the sales representative giving priority to his family members instead.

Ahmad: *"I think carpet sales still follow a traditional Bazaar logic like before. The reason may be the method of production, which is still handmade and traditional; however, in prevailing modern economics, the demand side controls the supply side. In the case of machine-made rugs, the supply is more than the demand and to sell them, you need to have advertising and a place to exhibit them."* If there is more demand than supply, and there is monopoly control of supply, this increases one's power in negotiating, buying, and selling; so it brings in more money for the business. It may be very bad for quality control, aftersales service and the economy as a whole; but it is very good for those who are in control of the monopolies. In recent years, the Iranian monopolies have been highly protected by both politicians and businessmen. To preserve their prominent position, the Bazaaris tend to be highly involved in political as well as economic matters. Issues such as changes in customs duties and importation taxes, or the demonizing of another nation with the goal of keeping Iran's borders closed to imports, play themselves out in the Bazaar. For the past forty years, Iran has been like an island with limited trade with the rest of the world. This has established a safe position for the Bazaar. They believe that if the borders were to open up, that they would lose power. Almost no Bazaar is hesitant to shout slogans like "Down with USA," because, in this way, the borders remain closed and supply remains (indirectly) controlled by the Bazaaris themselves.

Bazaar power depends on monopoly control, in which the power to buy and sell is limited. For this reason, Bazaar always disagree with an open market, and foreign or even domestic investment, as a way of protecting their own profits. Ahmad: *"The power of the traditional Bazaar results from the lack of clarity in the system and the Bazaar certainly gain more profit, due to the lack of sufficient supply. The Bazaar is so powerful because of its high volume of income and its strong interaction with the government."*

In 2008, a series of events caused FAR Co. to change its business strategy. This affected its relationships with its competitors as well. One of these events was a change in the sales policy-system of FAR Co. As the company was expanding in both size and the range of its product offerings, the sales system tended to move toward a larger range of marketing channels, which could support the expansion.

In a meeting with Ahmad about the future prospects of the company, the decision was made that FAR Co. needed to move forward in its marketing by not being limited to a small number of sales representatives. FAR Co. was looking to establish a sales network across the country to sell its product. We had been kicking around new marketing concepts since 2006, when the company began its operations in Dubai. When FAR Co. entered the Dubai market, it was clear that the chances of success were very low. In Dubai, things were different than in Iran, and therefore FAR Co. struggled to find its place in the market. One retailer targeted for cooperation was



Carrefour Dubai, but its representatives were not willing to work or even talk to FAR Co. sales reps because we were too small a company for them. The gain from our Dubai experience was that the decision-making team came to realize that retailing was becoming more important in the new business era than production or the branding of products. With the expansion and opening doors of the Iranian market, the competitive advantages of FAR Co. were decreasing and retailers were coming more and more to hold the power. They could choose what they wanted to present to their customers and our ability to reach the end user was diminishing. FAR Co. decided that we needed a direct selling channel that allowed us to reach the end user. But while we had ideas on how to proceed, FAR Co. did not have enough capital to make it happen. A plan was made to create a franchise system. At the time, there were no laws in Iran for that type of business, and getting the necessary licenses was quite a problem. But finally, in 2007, FAR Co. established its L3C chain stores. The idea was that some manufacturers and suppliers of IT-related products would provide their products to the stores that were franchises falling under the L3C brand. FAR Co. owned the brand and did the wholesale purchasing and distribution to the franchisees. Although the benefits were not significant, FAR Co. was looking to future market conditions. To strengthen its position, FAR Co. aimed to gain 1% of the market, which was not limited to the IT market, but also included electronics and mobile phones. With nearly twenty retailers, the L3C project was launched. The retailers were L3C outlets, which were all connected to an online enterprise resource planning (ERP) platform. Contracts were concluded with a few suppliers to procure the products needed for the L3C stores. After several months, a public meeting was held for everyone involved in L3C. This meeting received a lot of attention from the media because it was an exceptional event in Iranian IT. The L3C project and FAR Co.'s attempts to change the traditional framework of the market, created opposition, as expected. This was the first time FAR Co. had stepped outside of the Bazaar structure and basically gone outside of the territory in which it traditionally functioned. The anticipated end of monopoly selling had brought FAR Co. to create a new distribution system. It was no longer following the traditional ways of the Bazaar. L3C provided products with much lower prices and better warranty terms than did the Bazaar. The products were delivered to the consumer directly from the manufacturer and there were no low-quality products. Selling and buying prices were transparent for franchisees and L3C worked with fixed prices for the consumer. This was a radical move in a market with low-quality products and a 'what-the-customer-will bear' pricing system. Competitors saw this move by FAR Co. as a threat. There was fear of change in society towards modernization. FAR Co. was challenging the rules of the traditional markets. L3C resembled what FAR Co. had found in Dubai, and we thought it was evident that such changes would soon arrive in Iran. However anger was directed toward L3C and the competitors believed that if they stopped L3C, no one else would dare to step again into their territory. Therefore, the competitors

lobbied the IT professional association to put pressure on FAR Co. and its representatives. In many computer stores, cooperation with FAR Co. was frowned upon or banned, and the products were taken off the display shelves. These actions had so much influence that the FAR Co. dealers did not dare to confront them, and so decided to follow the lead of dropping FAR Co. sales, rather than to stand and fight back. The sales in FAR Co. decreased by 50% in only a few months. Economic conditions may not have been very favorable, but the boycott was very costly for FAR Co. The L3C project in the first year resulted in a 300 million Tomans loss; that is equal to US \$300,000. This is the actual loss encountered for L3C --- there is no solid number for the company's losses as a whole, which include the decrease in FAR Co.'s market share, due to the opposition the company faced. Since L3C was committed to transparency, it had to observe the tax laws, and many suppliers refused to work with it, to avoid paying taxes. L3C followed a very transparent sales system, so any business willing to work with L3C was required to do likewise. Most IT businesses then, and even today, are not willing to conduct business in this way; they make their profits by not declaring their actual sales, and consequently not being obligated to pay tax.

While FAR Co. was dealing with the L3C distribution channel issues, another incident added to the company's problems. The tax administration can send controllers to companies to monitor their financial activities at any time. The tax audit team analyzes the company's financial information and documents. Then they transfer the documents to the tax administration offices if they deem it necessary. Obviously, refusing to work with the administration, which is similar to the Internal Revenue Service in United States, has consequences. Farzin pointed out: "Once one has been inspected by the Department of Taxation, all FAR Co. activities become transparent and subject to taxation. This reduces the flexibility of the company and Ahmad could thus no longer act as freely as before. All sales accounts of FAR Co. became transparent and subject to taxation, and because of this, many sales agents terminated their business with FAR Co., since they routinely avoided paying taxes." FAR Co. seems to have been picked to be inspected from among all the other possible players because a small company, growing within a very short period of time, was suspicious to many. The competitors were trying to demonize the company, and Ahmad's way of doing business. Not only L3C, but FAR Co. in general, seemed to have become an object of suspicion and jealousy. This type of tax inspection happens rarely in Iran and is mostly restricted to huge companies. Indeed, FAR Co.'s financial records were closely inspected. This appeared to have been triggered by the competition in order to put the company in a weaker position. It was a morning in the fall of 2008, when several agents, some armed, entered the offices of FAR Co. and closed down the company. The agents inspected every single document, even papers in trashcans and took everything with them. The computers were confiscated and every file was copied and taken for investigation. At the time, I was in a meeting with

Ahmad and our meeting had just begun when Ali (Ahmad's partner) entered the room and whispered something to him. He took a few moments to think and told me: "There are tax inspectors in the company, please go along and cooperate with them." The agents took all the financial files and documents. However, they did not find any flaws so the problem was resolved. FAR Co., like most other companies, did not declare all data of its sales, but the evidence the audit team retrieved did not show this. That is the main reason FAR Co. could escape the severe consequences of wrongdoing, but still this incidence triggered a conservative attitude in the company, which was unlike our prior business attitude. From that time on, FAR Co. continued by abiding by the law, while most other companies did otherwise. This meant losing a good part of its market share, because it affected not only FAR Co., but also its customers who now came under the monitoring of the authorities. Nobody wanted a product that could be traced, so they would rather buy from sources that did not disclose customer information to the tax administration. Some representatives who had worked a great deal with FAR Co. and were key partners, ended their business with the company, because they knew that taxes would have to be applied to the final costs. Many tried to prevent this by not registering their stores and refusing to provide names and addresses. However, with the spread of tax regulation in recent years, other large companies have also been forced to comply. Ahmad: *"After the Revolution and during the Iran-Iraq War, the Iranian economy was strongly inclined toward a governmentally controlled economy and there was practically no private investment; the whole economy was managed by the government. But after the war, and the appearance of politicians who encouraged modernity, again we had economic improvement. At the time that Hashemi Rafsanjani and Khatami were at the helm, the Iranian economy moved from government control to modernity, and this led to the growth of factories and industries with the support of the government. Small businesses and those from before the Revolution became bigger. According to Ahmad, it was during the eight years (2006-2013) of Ahmadinejad's presidency, that short-term investments were strongly encouraged by the government. At that time, government support for capitalism was reduced, and the economy moved toward small businesses and importation, resulting in the bankruptcy of many large (industrial) companies. In this period, the government tried to support so-called small industries and granted small loans to them, which increased inflation and directed investment toward short-term gain. Quick returns on working capital and opportunistic profit-taking dominated.*

In the Bazaar, most businesses are small or at least they seem so. Most are not inclined towards modern systems of business. A key reason for this is uncertainty about the safety of capital. Going all the way back to ancient history, Iranian businesses have feared warfare and looting. During the Revolution, and even after it, insecurity continued among businessmen, resulting in a tendency for businesspeople to hide their capital. For example, when working in the Bazaar, a merchant may have an annual

trading volume of hundreds of millions of dollars, but the merchant always tries to portray the scope of his business as a hundred dollars or less. The main reason has to do with fear of the political powers that be. Regime changes over the centuries have resulted in changes in economic power. Being less in the spotlight means being under less scrutiny. So, Iranians by and large, tend to manage their business lives as privately as possible, to maintain a safe nondescript position in the Bazaar. Most businessmen maintain an attitude of trying not to catch attention, even though they may now handle million-dollar businesses, simply to be on the safe side.

A Bazaari goes for a minimum of long-term investment. In the Bazaar, people want a better result for today. Their attitude is rooted in the political, economic, and cultural situation of Iran, which has always been filled with tensions and has experienced many ups and downs. That is why no one trusts the notion of long-term investment. Ahmad: *"One prefers to put his assets in various companies or businesses, so that his risk and also his payable taxes are lower. The names of the people are made public instead of the company names, because everyone is doing different short-term business, under the names of different companies, to remain as non-transparent as possible."* Zirak in the Iranian language means "smart" in English. The term refers to someone clever and successful. "Zirak" is a combination of "ZIR" (beneath) and "KAR" (work), asserting that a successful businessman in Iran works without clarity, and does not show anyone what he is doing. It is essentially a cultural belief that someone being smart and successful in business is necessarily someone not willing to share information about him/herself or his/her business.

Ahmad is an educated entrepreneur who entered business in the beginning as part of the Bazaar system, and established a successful business on that foundation. Later he launched the L3C project, which did not follow the unwritten rules and regulations of the Bazaar. The complication with L3C was that it clearly disturbed the old distribution system. Until that point, Ahmad had not put the well-being and existence of the old system at stake, and as a result, he and FAR Co., were not targets for marginalization by the Bazaaris. But by disregarding the rules of the game, which ensured the profit of the main players and the system as a whole, Ahmad could no longer maintain his business position.

Having had the experience of trying to change the Bazaar system and being pushed out of the market, Ahmad decided to change his business environment. He left to start up a new business in Dubai, while he kept his position as a shareholder and board member in FAR Co. Ahmad also moved his business activity to Dubai commencing a new life in the newly urbanized desert, by opening a chain of Baby Garment stores. He transferred a considerable amount of money, in order to rent a number of shops, and for the purchase of various apartments. He established four

retail stores and began to do business in a very different professional environment; a more open and modern one, in comparison to the Bazaar.



## CHAPTER 7

### MY (AUTO-) ETHNOGRAPHY

The three cases I have presented reveal how trust and the abuse of trust, family and family feuds, ambition and conformity, play a defining role in the Bazaar. The Bazaar is not just another capitalist as understood in the European tradition. The mixture of monopoly, religion, an informal banking system, and very powerful social control is indeed different from free market capitalism. I now want to ask (myself), how am I well (or not) a Bazaari?

I was born in the autumn of 1980 in Isfahan. My father was a clerk at Saderat Bank and my mother worked as a teacher for the Ministry of Education. My early years coincided with the Iran-Iraq War. The early period of the war consisted of Iraqi air raids and Iran's efforts to deflect them. The bombardment of cities changed everything and many people had to leave their homes in search of safety. All the secondary schools were closed. On TV there were some broadcast of educational programs to make up for the lost classes. This was the only solution available to mitigate the negative effect of school closure. Starting elementary school in such a chaotic situation made me little interested in my lessons. At the same time, the grading system was not very fair, in the first years of elementary school. In a system where the highest grade point average (GPA) is 20, equal to the 4.0 common in other countries, almost no one received a grade lower than 18. So, it was discouraging to see a not-too-solid system making unfair evaluations of students' performance. In the last years of my elementary school, we moved to Tehran. Even during junior high school, I did not care very much about my education. My GPA was around 15 and I was considered an ordinary or low-achieving student. When I was in the third year of junior high, one of my cousins, Reza, who was five years older than I, ranked 80th among about 1 million participants in the entrance exam for university. He gained admission to Sharif University, one of the best institutions in Iran. This achievement brought Reza renown in the family, while before this, he was just an ordinary kid like me. Others, including me, saw the change of opinion as a worthy opportunity and concluded that working hard and studying more would help me to find what I really desired.

Highly influenced by Reza's success, I worked hard during the first trimester of that year to improve my GPA to 17.85 (equal to 3.6). Nothing much had changed and it was only through my effort that I accomplished this. The second trimester was of utmost importance because a high grade was one of the requirements to enter a good high school, even prior to taking the entrance exams. I had to increase my GPA to at least 19. I worked really hard and improved my GPA to 18.90; luckily, the last fraction was provided by my art teacher. I begged for a better grade and he finally agreed. I was really happy with the results and that motivated me to achieve a GPA of 19.60 in my last trimester of junior high school. I even became the valedictorian.

My good performance in the last year of junior high, got me into Roshd High School in Qeytariéh, which was in our neighborhood in Tehran. This was a pivotal point in my educational career. Nearly all the students were from highly educated and affluent families. This made the environment of the school a good place for those interested in pursuing higher education. During my last year of high school, I took the entrance exam for university, which is similar to the SAT in the US, but more difficult and competitive. Since more than a million students apply, the exam is considered one of the main challenges in the life of an Iranian teenager. Students go to cram schools or take mock exams to guarantee their success. However, I was confident enough to study with no additional help. I prepared a study room for myself in the basement of my parents' home, where I could dedicate all my time to my preparations. My goal was to get either into Tehran University or Sharif University, as I thought these two had the highest standards in the country. I believed this would secure my possibilities for post-graduate studies as well. In 1998, I took the entrance exam, which was given in two parts, each happening within a few months. At the second part of the exam, I ranked amongst the first 1000 among 1.2 million participants across the country. My first choice was to study architecture at Tehran University; my second choice was civil engineering at Sharif. Actually, I got into civil engineering at Tehran University, which was among my top ten choices. It is worth mentioning here, that higher education in Iran differs from that in many other countries. In Iran, state-funded universities have a much higher level of scholarship and prestige than private universities. However, they are very difficult to get into, as the government pays the full costs for students in these programs, and the budget is restricted. The limitation on the number of students who enter these universities, versus the large number of applicants, makes these schools highly competitive; and to get in requires a very high score on the entrance exams.

During my early years of high school, religious diversity was one of the first things to catch my attention. My family was not overly religious, but my grandfather, who worked in the Bazaar, tended to be more religious than the others. On my father's side of the family, my grandmother and younger uncle were religious. However, the rest of the family was more traditional than religious. I used to be invited to religious ceremonies by my grandfather, although these occasions happened only once or twice a year. My mother's uncle had a great impact on my way of thinking about religion, as I used to think of him as a role model. He was an educated person who had received a PhD from the University of Manchester. He had studied at Tehran University for his bachelor's and was among the first graduates of the school almost seventy years ago. We had a close relationship, and after I went to Tehran University we became even closer. He liked to recount memories from his years in school, stories I found quite interesting. He was a bright but easygoing person, and talking with him was always pleasant. He was a secular person and disapproved of how religion was



practiced in Iran. He always discussed his point of view with others. A fixed part of family get-togethers was the discussion between him and my grandfather about topics like Hijab, and the beliefs of other religions. The majority of the family disagreed with his beliefs, but I admit that his point of view fascinated me.

I never liked political activity and always took an observer's role rather than participating. But my second semester at university coincided with the political upheavals of 1999; the chaos at Tehran University dormitories was one of the happenings after the Revolution that involved universities. I was a conservative student and never took part in the political events, but just observing and experiencing them alongside more active members, was a major experience. Most of the students and professors turned into activists; some were arrested and sent to prison. This helped me to put behind my "happy days," and come to see the reality of life. From the early days at university, I was eager to work. I liked the idea of becoming independent, as soon as possible, to manage my own life. My father did not help me much financially. When he did, it was more of an occasional kindness than a constant thing. Supporting children until they marry is common amongst almost all Iranian parents. Most children live with their parents until they get married, and during this whole time, they receive financial support. Thus, my father's departed from the norm of supporting me, where was indeed not a common behavior. My dad's parenting seemed a little bit strange to me at the time, but later, I appreciated his letting me become more independent than all my peers. A good thing about him was that he didn't make me feel left out. He always tried to assure me that he was there for me, but that I had to take the initiative and then he would stand by me. Thus, in response to my requests for things, he used to say, "I will match what you earn yourself." It was like this from the very early days of my studentship. In those years, cell phones had just come to Iran and I stubbornly wanted to buy one. However, a SIM card was around \$2,000, which was a huge amount for almost anyone. My father had made his point clear, so I tried to earn money on my own. My first career experience was teaching in a cram school managed by my cousin. I worked there for a few months, but he did not pay me much. I simply considered it an opportunity, to work as a private tutor. I started by teaching chemistry to a young boy with a defective hand; he suffered from severe depression and had no motivation at all to study. I worked to try and motivate him, because I thought he needed to get out of his situation. I do not know whether my efforts worked or not; I just know that he got a 16 mark on the exam, which he had failed before, and I took this as a sign of success.

After this brief period, I worked for four months at a construction company, which was related to my field of study at the university. The money was not much, and my job was to do drawings with AutoCAD software. I worked there for a very short period. I was hired by the manager's son, while the father was on a trip. When the father

came back, he fired me with no clear justification, but simply due to a minor disagreement between them.

I entered the information technology (IT) field in the summer of that year. I was interested in hardware and computers in general. As my first experience, I was put in charge of buying and maintaining several computers for the company of my best friend's father. I earned really good money from this job, something equal three times as much as at my previous job. That motivated me to do more. With my best friend, we decided to start a computer company. My father had a vacant 50m<sup>2</sup> apartment and I wanted to start the company there. My father was shocked and furious, but in the end he did not hold us back, and said, "If you want, you can use this apartment, but do not expect any monetary help from my side." All we had was two desks and 100,000 Tomans, which my friend's father had given us to buy computers. Nonetheless, we wanted to make it big. Around this time, I met someone at a family gathering, and after talking about computers and my plan for work, I realized that he knew someone at FAR Co. I asked him to talk with his friend to see whether we could act as sales representatives of that company. After long discussions and with the help of my friend, I got an appointment with Ahmad, the founder and chief executive officer (CEO) of FAR Co.

It was 2000, late summer, when first I went to Felestin Street to meet with Ahmad. I explained why I wanted to be a sales representative for FAR Co.. He asked me about my experience. He said that FAR Co. had a limited number of sales representatives, all of which had certain requirements to be met. So, basically, he made it clear that I needed more knowledge and experience to become the company's agent, and did not accept my offer. Before the meeting, my father had advised me to ask for an internship at the company if the sales plan fell through. Therefore, I asked Ahmad if I could work for a month as an intern and he accepted. I started my job the next day. At the time, FAR Co. was a very small company with only six employees. I was assigned to be the intern for someone named Farid, the manager of the hardware department. I learned about assembling computer systems and networks. Sales of the keyboards was increasing at the time, so the percentage of returned keyboards for maintenance and replacement was also on the rise. Being the only people in FAR Co. with hardware knowledge, we were in charge of repairing the defective units. At the same time, I did the job of customer service for the companies to which we sold computers. In the beginning of the fall, I went to Ahmad to tell him that I could no longer continue the internship at FAR Co., since my classes were starting. In response, he asked me to come in on my days off from school. I was happy with this offer and what amazed me more was that he gave me an envelope in appreciation of my work for my month of internship. The envelope had \$80 in it. I hadn't expected to receive any money as an intern. This gesture persuaded me to carry on with FAR Co. and to spend all my free time there.



The more I worked at FAR Co., the more important the job became to me, and on the other hand, I lost interest in my university studies. Throughout the first two years of my bachelor's program, the courses were all part of the general core program. However, in the third and fourth years the courses were more specialized, but I had lost my interest in studying. I tended to go less to class and spend more time at FAR Co. During the second and third year of my BA studies, I found the demands of my studies unbearable. I was fully involved with IT, and following Ahmad's suggestions, in all sorts of ways and directions. I got involved in the nitty-gritty of currency exchange. Course work practicums involving building design and going to construction sites just did not interest me any longer. FAR Co. and the way of life there was fascinating to me. Even though I was skipping most of my classes, I knew that I had to finish my studies with good grades. Despite my weak performance during the last two years of study, I finished my bachelor's degree with average results with the help of my strong GPA during the first two years.

Towards the end of my undergraduate studies, I realized that I did not like my major, which caused me much pain and depression. I felt that my hard work was pointless and I could not achieve anything worthwhile in my studies. This feeling of disappointment, led me to consider pursuing graduate studies in order to enter a program that really was of interest to me. I also had another reason to continue my studies --- obligatory military service. As long as I was in school, I was exempt from service. And as the only son of the family, I could be fully exempted if my father was older 60 years. To be eligible for this exemption I had to wait two more years, until my father reached the age of sixty. These rationales motivated me to think that graduate school was essential for me. After consultation with the father of a friend, I decided to choose 'Economic and Social System Planning' as my major. I had three weeks to study for the entrance exam, so I gathered all my energy, to try to make the best of those three weeks. In the end, I was accepted into Isfahan University, which is among the best in Iran.

FAR Co.'s business was booming and we changed location from Felestin Street to Jordan. The number of employees increased. During my two years of study in Isfahan, FAR Co. increased from twenty to forty employees. It was a well-managed, rapidly expanding company. Projects were successful. Each year brought a 100% increase in sales. The country's good economic situation, and a thriving computer industry helped.

Like many other young people in Iran, I was unsure whether to stay or to go abroad. Almost all of my classmates from high school, undergraduate and graduate studies, had left. Staying or leaving is one of the biggest challenges of my generation. We were all uncertain whether it was better to live in Iran or to leave. We were constantly re-

viewing the pros and cons. We thought about it almost every day. I thought a lot about it during my studies, and changed my opinion almost daily. I wanted to go to Europe or the United States, and to create a new life for myself. The problem was so common, that even Ahmad asked me about it. In our first meeting, he asked: "*Do you intend to leave the country?*" I had not decided, so I said: "*I am not sure.*" Ahmad replied: "*If you ever decide to leave, leave Iran only on the day you are actually leaving.*" I did not understand what he was saying and asked him to clarify. He explained: "*I mean that you do not have to cancel all your plans three years before going, just because you are planning to leave. So make all your preparations, but live in the present. When you are actually at the airport ready to take off, then you can consider it 'leaving'. But before you actuate a definite decision, live your life here, as if you are not going to go anywhere. Do not let the dream of leaving ruin the best years of your life.*" I found his advice to be very smart and true. I had seen many people trapped in a long process of staying or leaving, and their dream of starting a new life somewhere else, had resulted in they losing many good opportunities. Ahmad's advice helped me take a more serious look at my life, so that I would not repeat everybody else's mistakes. He believed that if one takes life in Iran seriously enough, by gaining knowledge and expertise about the way its financial system works, that no opportunity elsewhere would seem attractive enough to leave.

After being accepted into Isfahan University, I went to register, and found that I had to spend four days a week in Isfahan. Considering that Isfahan is a six-hour drive from Tehran, I could not see how I could be a full-time student there, while also working at FAR Co. I decided to leave FAR Co., but never discussed the matter in detail with Ahmad. One day, I showed up to pick-up my things and say goodbye. Seeing me decisive about my choice to leave FAR Co. and to move to Isfahan, he simply posed a question: "*Why are you taking everything?*" I answered, "*Isn't it what we agreed on?*" He said: "*Can you come in just for an hour a week? No matter which hour and what day it is, just come here whenever you get a chance.*" I was really happy at this proposition and I accepted. Ahmad said that even an hour a week made me entitled to a desk and to have my personal belongings in the office. His offer encouraged me to keep coming back. Because of Ahmad's suggestion, I decided to spend the least amount of time possible in Isfahan. I went three days to the university, then came back to Tehran, and spent the rest of my time, even the weekends, at FAR Co. This continued for two years.

During the last semester of my graduate studies, FAR Co. was expanding at a much faster pace than before, and we were extremely busy. Participating in international exhibitions and opening up a new office in Dubai were all very exciting. I was getting the chance to experience working somewhere outside Iran. Traveling to Taiwan and China for work was extremely valuable for me and I was truly enjoying my work life.

After finishing my graduate studies, my career accelerated. I started working full-time at FAR Co. and my responsibilities increased over time. At the time, FAR Co. had established solid personnel policies and everyone was assigned performance targets. Within the company, sales and marketing was the major driver. I was the head of the sales department at the Iran and Dubai offices. Since Dubai was solely a sales subsidiary, I was considered to be the general manager there. Later we hired a sales manager for the Dubai branch, and then I just had to monitor his work. I was in charge of a wide scope of tasks, including analyzing the financials, strategy development, setting pricing levels, handling the credit system, choosing the product line-up, participating in national and international fairs, and organizing our marketing. Ahmad defined the overall strategy and I attended to implementation. Major sales, maintaining the sales network, and pricing decisions, all had to be approved by Ahmad. And other major processes were also under his indirect supervision.

It bothered me that I had a bachelor's degree in civil engineering from Tehran University, which I was not making any use of. My university experience had been worthwhile because I had gained precious social, political and cultural, awareness. My further education in economics and social sciences had more affinity with my job at FAR Co.. But I had spent very little time at the university during my post-graduate studies. I had not been very school-focused in like the rest of my classmates. The students and professors had known about my work and this had had a negative impact on my professors. They saw me as a rich kid from Tehran, who was just coming to Isfahan in his free-time. They often asked: "*Why do you want to study? Why don't you just do your work?*" The students of Isfahan University were mainly from lower income families and the horizon of their ambition was to find a decent job in the future. They were all hard-working and bright. But they lacked any real job experience. They were good at academics, but knew nothing about the business world outside the university. The university, its students and professors, were all very different from those of Tehran University. At Tehran University, the first thing we learned was to be critical thinkers and to speak our minds. In Isfahan, almost all the students followed the professors obediently. It was more like a high school, where people rather blindly carry out their responsibilities and did not challenge the mainstream. My work experience along with the education I had had at Tehran University, made me a better communicator than the others.

"Systems Thinking" was a key core course in my MA curriculum. Each student had to make a class presentation. The course focus was on how human intelligence differs from artificial intelligence, and what the main characteristics were of each. I chose poker as my topic. I believed that it was an appropriate topic, but it was a challenging one too. According to Islam, gambling is forbidden, and poker is a forbidden practice. At the start to my presentation, the professor, who was among the most open minded

at Isfahan University, interrupted me. He objected that none of the students knew the rules of the game and asked me to continue my presentation in the next session. I had to provide more basic information. In the next session, I started by giving a brief introduction to the game. Thus, a 15-minute presentation turned into three consecutive sessions, as I explained the game. I started with the rules, gave examples from a computer-simulation of the game, and showed how (and when) the computer loses to a human opponent. The professor was young and among the few who accepted me. Most of the faculty were older and more traditional; and they did not approve of me. The opportunity to present my ideas to the class triggered me; I liked teaching.

I chose "Knowledge Management" as my thesis topic. This was basically an aspect of what we had learned in the "Technology Management" course, wherein we had discussed knowledge management and sharing. These topics were very relevant to FAR Co. where knowledge management was practiced on a small scale via our information sharing. We all knew who the suppliers were, what the main mission of the company was, what our main problems were, how the pricing was done, how we were threatened by the competitors, and what the future plans were. FAR Co. was characterized by an open flow of information. Everyone knew everything, and more importantly, everyone was consulted. Though the consultation meetings were more for the purpose of information sharing than decision-making, they still had a positive impact on employees. The average employee age at FAR Co. was so young that at twenty-three I was among the oldest. It made sense not to consult such an inexperienced group and simply to inform them about the latest news within the company. Information sharing gave confidence to people, and at the same time, made them more committed to the company. Most developed from simple operators to experienced and skilled personnel. For my thesis topic I was motivated to learn more about Knowledge Management. I wanted to know what they thought and did in other countries. I wondered if KM was really only possible in small and young companies. I wondered if one can manage a bigger company with KM processes. I discovered that according to the literature that many companies seemed to make a much more advanced use of KM than what I had experienced. However, I was not satisfied because I could not link the business world I knew to the articles and books I read. There were no real people, no unexpected emergencies, no political crises, no failures of command in the literature. It all seemed so idealized and unreal.

When I think about my working life at FAR Co., I realize that my main motivation was that I saw the potential of being able to work for a creative entrepreneur with a vision. At first, I thought that I simply enjoyed working at FAR Co., but after a while, I came to realize that it was Ahmad's approach to business that had triggered me. I was learning how to achieve one's professional goals in life.

Working at FAR Co. allowed me to think bigger and this excited me beyond anything I had ever previously experienced. My mother recalls that from childhood, when I wanted to do a simple thing like crossing the street, I examined the road carefully and then decided to proceed or to come back. I do not know whether my cautiousness is inherited or simply a result of the way I was brought up to pursue conservative choices in life, rather than being abrupt or a big risk taker. Ahmad's ambition and his adventurous plans created a kind of power inside of me that I had never been able to bring forth on my own. I am a cautious person, never risking much, avoiding excitement and unpredictability.

My mixed feelings toward conservatism and ambition were also an issue when I started to consider doing a PhD. As a cautious person, studying has always been a rewarding choice. Academic success is admired by most traditional families, including mine. And I knew, as long as I worked hard at it, that I could succeed as a student. But studying abroad is not now considered to be a safe choice from the traditionalist point of view. I once again decided to take a middle path, merging the safety of doing my job with being in school; and combining the riskier choice of registering abroad with living in Tehran. Thus, I went for a part-time PhD in Europe. Paying for overseas studies is not an easy thing for me, considering the high cost. When I made the decision, I knew I would have to spend all my savings. I talked about this with Ahmad and he encouraged me to go ahead; although he did not help me financially, his encouragement was enough for me to continue.

One of my motivations for continuing my education abroad was to avoid feeling being left behind, as all my classmates were one after the other leaving. I decided to search for an appropriate program abroad. I wanted to continue my work at FAR Co., keep close contact with my country, and complete a foreign PhD. I wanted a part-time study program, whereby I could work and study at the same time. I found universities in Malaysia and England which were suitable for what I had in mind. At the same time, a friend of mine who was studying at Utrecht University, suggested that I explore the UvH in the Netherlands. I sent an email to the university and explained my interest. The program coordinator replied with some (for me) incomprehensible excuses and rejected my application. This depressed me, because I had not even yet sent in my completed application. I wrote a protest email, attaching my resume and describing my educational background; asking for an explanation for the dismissing of my application, without even having given me a chance to introduce myself. In response, I was invited for a phone interview that lasted 45 minutes. I explained my educational and work background. Soon after, my application was accepted, and I just had to send in copies of my degrees. Since I was predominantly working at the Dubai branch at the time, I could not do this myself, so my parents gathered up everything and sent the required photocopies to Utrecht. I started my PhD studies in

January 2009. I was quite concerned that I hadn't found a good link between the business world and the academic texts I had studied. I was left with the feeling that I had wasted my time studying. This time, I wanted to experience studying outside Iran, in the hope of finding the missing link. I felt that the models I had learned at the universities almost always seemed to fundamentally differ from what I experienced at work. And this belief was becoming stronger and stronger, every day. Courses from my MA curriculum, like "Multi-Criteria Decision-Making," which was about predicting and deciding, based on formulas and measurements, never worked in practice. I felt that the university should be better equipped to present more practical solutions. I believed that the knowledge I had gained in university was not helpful in my work. I could see no difference between me and people who had never gone to university, but had gained experience through work.

My hope was that I would find more emphasis on descriptive and humanistic awareness at the UvH. I knew that Iran's economic situation was mostly not presentable through formulas, but could qualitative data be more useful in developing a better understanding of the system and its future? Once I arrived in Utrecht, I discovered that the initial dismissal had been because my undergraduate degree was in engineering. However, as my master thesis was on "Knowledge Management" with more emphasis on social aspects, they had accepted me.

Starting on my PhD, made me think more about Iran's traditional Bazaar, and the contradictions with modern markets and the global economy. I wanted to describe the Bazaar, linking traditional approaches with modern practices. The research would be based on the real-life experience I had had with traditional merchants in the Bazaar, and, on the other hand, on the modernizers. I had always assumed that the traditional Bazaar system worked successfully. If I was a 'fish in water' it was as a 'Bazaari in the Bazaar'. In the cases presented here, I have shown that the Bazaar differs greatly from mainstream capitalist economic theory. The Bazaar works more like a community economy, than like globalized capitalism.

The huge difference between what I had learned at the university and what I had seen in the market-place had made me wonder if the gap between experience and social science could be filled. My self-pride was deeply injured by the idea that all my hard work in university had been a waste of time. I rarely made any use of my taught knowledge and only used the jargon I had learned to show off; using terms like 'macroeconomics', 'government expenses', and 'organizations in a microeconomic perspective' to impress people. But I hoped that my PhD studies could help me to address the theory/practice dilemma. I have discovered at the UvH that the problem was even more serious than I thought it was, and that the only way out (for me) was to analyze the Bazaar in what is for me (and as far as I can see from the literature also

for others) a new and unprecedented way. This was the only option left to me, to reconcile research with practice, and academics with the marketplace. The two strata do not contenance each other in Iran. Bazaaris never trust academics, claiming that researchers only talk grandly with no real tangible results. On the other hand, the academics accuse the Bazaar of commercial trickery and cheating. This mistrust is so great, that the two groups do not even want to listen to each other.

I have wanted financial success and I have not wanted to turn into a theoretician who just talks and never shows practical results. I believe that most of the theoreticians in Iran are not willing to acknowledge the actual working processes of the Bazaar and cannot grasp its changing nature. Their ideas are most often borrowed from American text books and have really very little to do with our economic or political reality. For the Bazaar, I am convinced, remains the dominant paradigm of the Iranian economy. For my research, I tried to find people who had challenged the status quo, because I believed that the best way to understand a system is to try to see what happens when one tries to change it. By trying to change the system and observing the outcome, one can analyze the system thoroughly. And one avoids repeating mere social talk, wherein everything is always 'excellent' or 'awesome'. But instead of trying to initiate an experiment of my own, I wanted to find people who had tried to innovate, thereby challenging the dominant system and had faced the consequences. Hereby I could be more the researcher than the innovator; a role that better suited me. Also I could keep more distance from the events I reported. I chose examples that I believe give a powerful picture of Iranian reality and display the unicity of the Bazaar. In my opinion, there is a huge difference between Western Hyper-capitalism and the Bazaar system. Perhaps Iran's closed borders are in part responsible for the wide gap between the Bazaar and the rest of the world. Of course, economic anthropologists have performed similar analyses in other countries. But these have often been about very local, more provincial or rural economies. These studies have been focused on small communities, like villages and tribes in Africa, and one can see the huge difference with Western countries. However, these communities are only villages, with very small levels of economic demand and even smaller supply chains. Iran has a population of eighty million and the major part of its economy is in the hands of the Bazaaris in the Bazaar. I have wanted to illuminate Iran's real economy, to see what a realistic but critical perspective would reveal. Since the post-nuclear agreement of July 2015, Iran has tried to enter the global marketplace, and after many years of economic sanctions, wants to mend its relations with the world. But the election of Donald Trump may force Iran back into being America's whipping-boy, making it impossible for Iran and the world to reconcile their differences.

Businessmen do not really care very much about economic systems, and follow the circumstantial micro-logics of their situation. Successful cooperation with Bazaaris requires a sound understanding of their assumptions and practices, respecting their beliefs and values. This is undoubtedly important at the start of any business relationship, and cooperation demands being familiar with the other side; the need is heightened in a country with a large population that is pessimistic about dealing with even the nearest neighboring countries, and whose previous dealing with foreigners has left a bad taste and memories behind. Iran earns a huge amount of money by selling its oil, and many parties want to partake of the potential profits, using any means imaginable.

What I studied Knowledge Management, in specific, and business in general, all the ideas came from America or Europe. At once we were told that organizational culture is a key to success, and the ideas about mores and values that were presented to us had nothing to do with our culture or surroundings. We lack a reflexive or academic language to see or understand our own practices. The last thing I ever learned at an Iranian university was to talk intelligently about our own way of doing business and the rule(s) that our culture imposes on local economic success and failure. Is it not bizarre that I had to go to Europe to think these things? I had to undergo European research supervision to learn to really write about Iran and its Bazaar. As I stated early on in this thesis, economic anthropology gave me the push I needed to examine our circumstances. But of course I am not an anthropologist or even an organizational ethnographer looking from the outside in. I have approached my theme from the inside out. I am convinced that we in Iran need to speak more clearly from our situation in what we write, conceptualize and problematize. Thus this thesis problematizes the Bazaar and Bazaari, as a case of a particular organizational order that differs from the dominant Hyper-capitalist order. My goal is to pinpoint essential qualities of the Bazaar system and to reveal what sort of habitus (see the next chapter) it is.

Academics too often even regard businessmen (or, here, Bazaari) as shallow and uneducated. This is not an attitude that produces observant or informed research. As I have said, I was attracted to the Bazaar because it is our reality and it seems to be unpredictable and almost impossible to define with the named academic formulas and theories I have been taught. Being part of the Bazaar, I have experienced it firsthand. This experience differed enormously from what I had learned at university. Understanding requires more than the economic theories I learned in university. All the actual players (Bazaari) know this, and insist on the difference.

As already stated, I did not choose to do 'action research' and to try and make change in the Bazaar. But the L3C chain stores which I have already mentioned, have been a crucial 'experiment' for me. Although Ahmad and FAR Co. did their best and used all



their knowledge, networks and creativity, the project failed. I am still unclear about the reason for failure. Did Ahmad choose the wrong business model? Did a managerial mistake cause this failure? Was time simply against us? Or was it an innovation too far? As the L3C project proved to be unsuccessful, Ahmad became less involved in the company. He took the failure of the L3C project extremely hard, and was increasingly demotivated. After nearly six years of struggle, the L3C project was called off, but it took about a year for all L3C activity to be closed down. Ahmad's dream of creating a modern market system for IT and of changing the flow of Iran's Bazaar faded.

I do not believe that judgment about the success or failure of the L3C project is easy, but certain points resulted in the failure. One reason may have been that, because of the over-cautious management of FAR Co., L3C was conducted completely legally, abiding by all kinds of (tax) laws. Buying and selling was done legally, with receipts including the value-added tax (VAT), which is not a common practice in the IT industry. This meant losing 95% of the market, because only 5% of businesses are willing to follow the tax regulations. Most electronic and computer products are smuggled into the country, and there is no information regarding the seller and customer alternatively; the products are imported legally, but sold right out of customs with no receipts, making tracking impossible. In a market full of non-transparent dealings, designed to avoid tax regulations, striving to be completely legal, meant losing customers, which ultimately resulted in L3C's failure. But the timing of the project may have been wrong. Three years after its start, Iran went through a terrible economic crisis. An unsteady economy created an inflation rate of more than 30%. The purchase and sale of IT products was highly affected as mostly imported goods are involved. Lastly, I believe that the IT distribution channel, which was highly dominated by Bazaaris, found the emergence of L3C's new retail system threatening to their profit making and their survival. They fought back by reducing their transactions with FAR Co. because as they had lost faith in the company and no longer saw FAR Co. as their own, as they once did. Considering the high dependence of FAR Co. on the distribution channel of small retailers, the sales of FAR Co. dropped drastically. This jeopardized the company as a whole, and forced us to drop L3C.

With the failure of the L3C project, Ahmad distanced himself from FAR Co. Kambiz, one of Ahmad's partners, who had helped to set up the production line and to organize the post-production, and Ali who had helped with the financial and accounting aspects of the business, took over. They had never taken part in the everyday business of the company; but now they stepped in as Ahmad became less and less involved. Ahmad's vision and way of doing business was different from those of Ali and Kambiz. Ahmad was an ambitious person with long-term goals. Ali and Kambiz were more cautious, less willing to take risks, and had less experience in the IT business.

Ahmad was always concerned about long-term objectives; that short-term goals, expenses and even profits were never his primary concern. In contrast, Kambiz and Ali preferred a more detailed analysis of budgets and focused more on profit making. As someone who had worked alongside Ahmad, I was more comfortable with his way of managing and it was quite a challenge for me to narrow my vision to meet that of the new top management. Furthermore, Kambiz and Ali had to react in 2011 and 2012, to sharp fluctuations in the dollar exchange rate. Due to the turbulent economic situation and difficulties in importation, FAR Co. froze many projects and decided to focus on the sales of the "safest" products, such as the mouse and keyboard. While under Ahmad we had continuously explored the potential of new products. We had been out, to turn FAR Co. into a pioneer in the field of electronic and computer products in Iran, and if possible in neighboring countries in the Middle East. Ahmad withdrew from FAR Co., and I too distanced myself from the company. I started paying attention to Lavan Marketing Agency, an entity within the FAR Co. group, initially created in 2008 to provide marketing and advertising services to the L3C chain stores. Gradually, FAR Co. has started many other sub-units. Lavan Marketing is a spin-off from FAR Co. It has become an independent entity, offering services not only to the companies within the group, but also to others.

Three years ago, in a talk with Ahmad, I explained that I felt that I needed a new challenge to use my knowledge and experience; although being a manager in FAR Co. was an attractive position, I needed something to challenge my potential. I wanted to turn the Lavan agency into a consulting firm, so that I could use my experience to offer professional business services to other companies. I suggested that Ahmad make me a partner in the agency. Ahmad replied: "Do it if you believe you will be successful. Just tell me what makes you certain that this will be a success." I: "I think that the future of this entity will be prosperous, considering the international trends towards more knowledge-based services. And I can use my academic knowledge and experience in business to make it successful." I assured him of my commitment, and that's how my work at Lavan Marketing Agency began. I have come to understand that my academic knowledge and past business experience are not worth much in this field. I was very new to the business. I had always sat on the client side of the table, and had little knowledge and experience of the agency side. However, I did not want to simply give up, and gradually, as more people came to Lavan, it has grown and it has started to mature.





## SECTION THREE:

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# Endings



# CHAPTER 8

ANALYSIS & CONCLUSIONS

## ANALYSIS

As I promised, before the presenting the cases, I now turn to Pierre Bourdieu's categorizations to analyze the case material. Bourdieu's most widely known work, *Distinction*, was published in 1984. It showed how taste is established by class hierarchy, rather than merely being a form of self-expression. For Bourdieu, contemporary society's "'taste [is] taken for granted as the natural domain of aesthetes who supposedly possessed a cultivated eye for assessing beauty;" this narrative omits the social context and the ways in which taste is a performance of class hierarchies (Woodward, 2007, p. 119). For Bourdieu, taste is "a system of classificatory schemes, which may only partially become conscious, as one rises in the social hierarchy" (Woodward, 2007, p. 119). Bourdieu sees taste as "the basis of the mutual adjustment of all the features associated with a person," and as such as a constituent element of self "self-definition". In 1986, Bourdieu set out to highlight the limited nature of a solely economic based notion of capital. In *The Forms of Capital*, he showed that capital needed a fuller definition, which could account for the ways class hierarchy was constructed, with particular attention to academics, accumulation, and heredity. Bourdieu would later reiterate these notions in *The Social Structures of the Economy* in 2005, by saying that "the science called 'economics' is based on an initial act of abstraction that consists in dissociating a particular category of practices, or a particular dimension of all practice, from the social order in which all human practice is immersed" (Bourdieu 2005, 1 as quoted in Dufour p. 182). Bourdieu's work strives to contextualize and deconstruct any limited notion of economic determinism.

Bourdieu builds his argument, starting with his definition of "capital," and develops where he wants to take that notion. He starts with capital as accumulated labor, which can be appropriated by individuals and entities to gather social energy (Bourdieu 1986, 1). He sees capital as one of the most influential factors to society and also as a point of confusion or of misreading. Economic theory sees capital in a uniform way, in terms of tangibles that can be easily quantified, such as profits and losses. Because capital is initially an economic phenomenon, economic theory is given the credit for the historical invention of our knowledge of capitalism, though Bourdieu argues that capitalism is more far reaching than that. Reducing all awareness of value to what economics discusses, or to economism, reduces the universe of exchange to mercantile exchange, which also "limit(s) the reach of capitalism to mercantile exchange and the realm of profit maximization, you also (thereby) define the parameter of what is economic and relegate all other forms of exchange as non-economic" (Bourdieu, 1986, p. 2). Hereby, there is an omission of the economic value of non-mercantile forms of exchange, and of non-mercantile forms of capital. Bourdieu points to a class of practices whose purpose still entails profit maximization, in line with capitalism in general, but whose nature is cultural and/or social;

wherein, in "the world of bourgeois man", processes lead to the building of non-material capital (Bourdieu, 1986, p. 2).

A "just the numbers" look at capital, would be akin to "Roulette, which holds out the opportunity of winning a lot of money in a short space of time, and therefore of changing one's social status quasi-instantaneously, and in which the winning of the previous spin of the wheel can be staked, and lost, at every new spin" (Bourdieu, 1986, p. 1). This is what Bourdieu calls an "imaginary universe of perfect competition or perfect equality of opportunity" (Bourdieu, 1986, p. 1). It is a view that omits accumulation, inertia and heredity. In a world without inertia, without accumulation, and without heredity, "every prize can be attained, instantaneously, by everyone, so that at each moment anyone can become anything" (Bourdieu, 1986, p. 1). This is the fallacy of the American dream. If everyone was truly starting at the same point, on equal ground, individual talent, will and effort, would drive success, both economic and otherwise, making everyone, no matter the social system around them, able to win (i.e. be successful, and accumulate wealth). Being that the accumulation of wealth is possible, and heredity allows this accumulation to be transferred to desired selected parties, everyone does not start the game at zero, but at a specific place in an elaborate social network. The starting place has great economic consequences. From generation to generation, person to person, the acquisition of capital is not equally attainable; there is no level playing field. This is what Bourdieu looks to shed light on, "the structure of the distribution of the different types and subtypes of capital [that] at a given moment in time represent the immanent structure of the social world" (Bourdieu, 1986, p. 2).

For Bourdieu, capital can present itself in three ways: economic capital, which can be immediately monetized, cultural capital, which can be paid for but is not immediately transferable, and social capital, which is based on interpersonal connectedness.

Bourdieu goes on to further qualify each type of capital, starting with cultural capital. Cultural capital can take on three forms. The first is the embodied state, where the capital is intrinsically linked to the person that owns it. Bourdieu explains that he came to the notion of cultural capital through a further understanding of academia and how different people within the class hierarchy invest in education. For him, cultural capital "made it possible to explain the unequal scholastic achievement of children originating from the different social classes" and their academic success (Bourdieu, 1986, p. 4). In this way, Bourdieu subscribes to a cultural component to academic success, which separates his argument from the common sense idea that academic success is the byproduct of natural aptitudes and effort. He bolsters his argument by noting the previous failings of economists to explain the ways in which people from differing social classes invest in education, both academic and cultural,

in contrast with each other. The failing to account for this difference, according to Bourdieu, is the result of the failure to recognize the building and passing along of cultural capital. When one generation values and invests in the education of the next, that generation is investing in the “hereditary transmission of social capital,” which maintains the class for the second generation that was achieved by the first one (Bourdieu, 1986, p. 4). This sets the table for the notion that “the scholastic yield from educational action depends on the cultural capital previously invested by the family” (Bourdieu, 1986, p. 4). Here, Bourdieu highlights the previous familial context that allows one to be a better student. He notes that education creates cultural capital, but one also can benefit from prior cultural capital to be academically more successful.

The essential distinction for the type of cultural capital that Bourdieu defines as the embodied state is that this type of cultural capital must be created in the first person, and is tied to the body of the investor. This type of investment primarily takes the form of time, put to work on oneself (on *paie de sa personne*) (5). The key to embodied capital is “external wealth converted into an integral part of the person, into a *habitus*.” It “cannot be transmitted instantaneously (unlike money, property rights, or even titles of nobility) by gift or by bequest, purchase or exchange” (5). Embodied capital is intrinsically linked to the biology of the agent and therefore is influenced by his/her capacities. The cultural and economic passing on of capital does have physical limitations based on the biology of who it is passed to. Cultural capital is something that one can start accumulating through one’s family from the time of birth. The ways in which some people are raised imparts them with monetizable skills and/or skills that can be used to garnish further cultural capital later in life.

In terms of gaining cultural capital, the acquisition process is intrinsically linked to both the cultural capital and economic capital of one’s family. If one’s family has the wherewithal and the means to increase the length of time one can spend growing one’s cultural capital, one can increase accumulation, and exchange the acquired cultural capital for economic capital. The objectified state of cultural capital is related to the aforementioned definition of cultural capital, but it can only be used in conjunction with an object. In this sense, the objectified state of cultural capital entails the consumption of certain objects. One can inherit a sewing machine, but one cannot inherit, without the effort of time on the part of the person inheriting, how to use a sewing machine. In the same sense, one can inherit art, like a painting, but cannot inherit the means of consuming and thusly appropriately appreciating art. (8) Bourdieu furthers this argument with a distinction in regard to executives and engineers. According to the argument, they are not necessarily the economic owners of the means of production they use, nor do they sell an economic good, but rather they sell their embodied capital in the form of their knowledge and savvy.

Bourdieu continues this argument by noting the role of institutions, such as schools, that create standards of embeddable cultural capital. This is to say, a certification, such as a college degree, contains cultural capital autonomous from the recipient. The degree has a value that exists outside of the holder. In most cases, the agent is judged for his or her capabilities, but in the case of a degree or certification, the value of the degree stands regardless of the holder. This is the difference between “the officially recognized, guaranteed competence, and simple cultural capital, which is constantly required to prove itself” (9). This also enables the establishment of “conversion rates between cultural capital and economic capital by guaranteeing the monetary value of a given (article of) academic capital” (10). In this sense, certification allows for a monetization of cultural capital and thusly defines a worth value.

Bourdieu defines social capital as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition” (Bourdieu, 1986, p. 10). Social capital takes the form of membership in a group based on exclusivity, and points to the benefits of being in a recognized social group. Bourdieu goes on to note that this type of capital is primarily used in the form of exchange. In this sense, though social capital cannot be fully quantified in terms of cultural or economic capital, because each exchange involves its own valuation process, it also does not exist separately and apart from cultural and economic capital, since it only can be leveraged in exchange. Bourdieu sees the creation of the social group not as self-evident or “natural”; it is an occurrence “the product of an endless effort at institution” (Bourdieu, 1986, p. 11). In other words, people create the concentration of social capital artificially through the creation of exclusion and social distinctions (Bourdieu, 1982). In this sense, “the network of relationships is the product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly usable in the short or long term.” He uses this argument to further comment on marriages and the ways in which a marriage, as an addition to a group or a furthering of group boundaries, is more the concern of the group than the individuals marrying. Since the marriage changes the definition of the whole group, the group therefore, in some form or another, often decides together.

Social capital is reproduced through economic and cultural capital. In order to maintain social relationships, the members of the group must spend time and money on exchanges within the group, which serves to affirm and reaffirm group participation. This entails the expenditure of economic capital. In order to properly execute these exchanges with the right people, the members of the group must leverage their cultural capital, in the form of their knowledge of both the boundaries of the group and the rituals of the group. Network size and ability to leverage one’s social connections determines the social capital a person has.

The ultimate link between Bourdieu's forms of capital lies in their concentration. The time and effort needed to accrue social capital comes from having an increased amount of economic and cultural capital that frees up your time to spend socializing. Once you have that time, you also need more money and need to know how to leverage that time to have access to more exclusive social circles that will further guarantee your economic and cultural capital. This is a self-fulfilling cycle. The best example of the concentration of social capital is nobility, or "the people who are known" (Bourdieu, 1986, p. 14). They have the highest concentration of social capital within their own circles, as they are the figureheads of their societies as a whole. "The noble is the group personified" (Bourdieu, 1986, p. 14). The goal is the reproduction of capital, as is the case for the capitalist system as a whole. Bourdieu sees a simultaneity between reproduction strategies and legitimation strategies "aimed at consecrating both an exclusive appropriation and its reproduction" (Bourdieu, 1986, p. 17). As he mentions in the beginning of his writings, "as everyone knows, priceless things have their price" and his goal in this writing has been to explicate some of those things in relation to their prices.

A significant number of other scholars have used Bourdieu's theoretical framework, which extends past just the forms of capital, to an understanding of how capital plays with concepts of the field and habitus, creating social capital and social change. One of these scholars is Frédérick Guillaume Dufour, a professor from the Département de Sociologie at the Université du Québec à Montréal. Dufour's work is twofold. He first contextualizes Bourdieu's various writings and his life in what Dufour calls a "concise survey of [Bourdieu's] intellectual itinerary." This is of particular note because through his cataloging of the outside influences on Bourdieu, both in terms of physical place and in terms of the contemporaneous intellectual landscape, Dufour tremendously aids one in coming to terms with Bourdieu; i.e. he helps us to see what Bourdieu sees and the way he sees it, and thus allow for the application of the ideas. For example, it is germane to note that Bourdieu was part of the French army in the 1960's and this is where he became an autodidact in the field of ethnography, an experience that laid the foundation for his conceptual framework (Dufour, 2010, p. 178). To study a system or habitus and formulate ideas about the definition of the social-economic system, Bourdieu started with the raw data of those fresh from the post-colonial struggle for independence, but from the side of the colonizer. This provides a key context from which to view how Bourdieu came to his conclusions. Dufour explains how Bourdieu's work on the concept of habitus is "an attempt to account for the practices of men and women who found themselves thrown into a strange and foreign economic cosmos, imported and imposed by colonialism, with cultural equipment and dispositions – particularly economic dispositions – acquired in a pre-capitalist world." Bourdieu saw society through his fieldwork in Kabylia, Algeria (Bourdieu 2005, 2 as qtd. in Dufour, 2010, p. 181). Dufour goes on to provide

a window into Bourdieu's *The Social Structures of the Economy*, before providing a critique of Bourdieu's theories of the economic field.

There are several key takeaways from Dufour's work that simplify the study of Bourdieu's *Forms of Capital*. First, Dufour elaborates on Bourdieu's ideas of "field" and "habitus":

A field consists of a set of objective, historical relations between positions anchored in certain forms of power (or capital), while habitus consists of a set of historical relations 'deposited' within individual bodies in the form of mental and corporeal schemata of perception, appreciation and action. (Dufour, 2010, p. 18)

Field and habitus, couple with capital to form the key concepts in the Bourdieusian theoretical framework. Fields are social spaces that are the realms of different individuals, groups and institutions, whereby the positioning of agents is predetermined by the distribution and possession of capital. I think of the journalism field, the religious field, or the political field, as examples. Habitus consists of ways of the society that are structurally ingrained in its inhabitants. As Hanna-Mari Husu points out, "habitus stresses that the objective structures, such as institutions, social relations and resources, become embodied and internalized in the cognitive structure of agents" (p. 266). This also means that habitus has the ability to influence thought and emotion in a way that can be so imperceptible to the agent as the agent feels as if these are his/her own thoughts and emotions, being that they have been influenced through living in the same habitus.

Hanna-Mari Husu applies a Bourdieusian theoretical framework to identity movements and struggles in academia for greater rights. In studying these movements, in this way, Husu shows the ways in which social movements need to be understood as their own evolving spaces in the same ways as fields are. Per Husu: "if it is possible to consider social movements as phenomena with their own laws of functioning, then the next approach is to think of movements themselves as fields" (Husu, 2013, p. 267). This is an important distinction to make, particularly when attempting to classify the Bazaari, who in their own right are a social movement and thus a field. The question then becomes, how do you evaluate a social movement after it has successfully imposed itself, be it through revolution or other means. As Husu points out, "for Bourdieu, fields are arenas of ongoing struggle in which each agent aims to either improve or conserve his or her own position," which makes the considerations of social movements particularly interesting as moving spaces, with moving agents within them (p. 267). Thusly, the overall progression of a social movement is in itself a byproduct of the individual leanings of the agents and the progression of the median view or the most vocal view of the players. For Bourdieu, identity movements



look to change the habitus by “legitimat[ing] the principles of construction of social reality” that best fit their own identities and agendas (Bourdieu, 2000, 187 as qtd in Husu p. 268). Though this makes social movements sound self-serving, the ultimate goal may be a more equal habitus for the larger society as a whole, at least in the minds of those in the movement. If this process is successful, the residual agents of the social movement would still be looked to as shapers of the habitus, though the population would not call it that in those words. As such, what becomes of the movement for change, when its agents are now in charge, is an undecided issue. The mix of elements that can allow for a “successful” identity change, is a combination of the attributes of the agent and of the socio-political scene the agent is working in. As Husu points out, “to be able to make visible and change identity-related social constructs, and to take advantage of the possibilities that exist in the fields, agents need not only to be qualified and able to carry out certain types of position-taking, but also to have legitimacy based on the possession of capital and habitus that indicates their class position in the society” (Husu, 2013, p. 275). Forever intertwined field and habitus are crucial to successful identity change, which is why such successes take so long to take root.

To apply these ideas: Iran today is an unstable habitus --- a place where the current alignment between social, cultural and economic capitals is in (international) conflict and thereby problematic. My goal has been to describe and understand the role of the Bazaar in Iran. I am trying to answer the question: “What are the key sources and uses of capital/power of the Bazaar and what sort of a crucial role do they play?” I started the research realizing that the Bazaar system differed from the dominant social economic systems I had read about and studied in Eurocentric management books. Further study has only strengthened me in that belief.

In order to analyze the four cases depicted in my research, I will focus on belonging and deviance. In the cases there are roles fulfilled and persons who fail to fulfill roles expected of them. That dynamic defines the persons’ inside or outside position to the Bazaar. The Bazaar fulfills required roles. Failure to fulfill these is heavily sanctioned. In the cases we see this process. In each case I will evaluate the social-economic-cultural capital(s) involved and how they operate.

Stemming from his book *The Presentation of Self in Everyday Life* (1959), Erving Goffman’s twin concepts of “front stage” and “back stage” behaviors, suggest that we have two different modes of presenting ourselves: one when we are “on” for others (front stage) and another when we let down our guard (back stage). These concepts are visible in the context of the Bazaar and among Bazaaris. Much “back stage” communications isn’t meant to become “front stage” in the Bazaar.

For instance, the type of cars my uncle had, shows the difference between front stage and back stage behaviors in his case. Hossein had 2 Chevrolet Blazers produced in 1975-76 and imported before the revolution. While a normal Bazaar in public, will typically drive what the other Bazaaris would accept, a medium level Iranian car; but if you ask them about their ideal car, they would go for a high-end German or American car. The reason for not driving their ideal car is not that they cannot afford it, but they don’t want their back-stage life to be shown on the front stage to the public. This is in line with Goffman, who contends that each performance is a presentation of self and that everyone seeks to create specific impressions in the minds of others. The discrepancy in a Bazaar’s ideal and actual car is an expected meaning of impressions from him and not something inexplicable.

But, my uncle Hossein failed to perform the roles expected of him in the Bazaar, thus he was considered as an outsider. His death as a result of disregarding the traditional system of the Bazaar was though a very harsh consequence of his position as an ‘outsider’. He was expected to follow the rules and principles of the Iranian carpet market. He had to respect the power distance in the Bazaar, respect the religious beliefs, and attend the expected social events. Ignoring all these expectations resulted in not being trusted by the inner circle of Bazaar. When he refused to perform the duties expected of him; others felt free to ignore his rights as well. And ultimately, he was perceived as a disruption to the system. This was the starting point for his opponents to dig up all the dirt they could about his life and to find flaws in his way of life and business. The main result was a refusal on both sides to honor their roles. The process began in the first place because of him; but his suppliers and debtors felt free to do whatever they wanted. And they realized that in case of default that the Bazaar would not step in to cover the losses. He was on his own confronting a system of collective relationships and group support. If you cheated him, there would probably be no repercussions.

He had always been an outsider. He was a typical self-made man who was always looking to prove himself. He wanted to gain tremendous economic capital, while ignoring social and cultural capital, which ultimately, led to his failure. There was a sense of uncertainty about the people around him. He had few friends and was barely trusted in the Bazaar. He not only lacked social capital in the Bazaar, but also in his own family. But this never bothered him as he was solely focused on gaining economic power. By emigrating and becoming a “modern businessman” outside of Iran, he may have wanted to gain cultural capital, but it did not work out that way. His actions actually had very little impact on his professional reputation in the Bazaar, since he had almost no social capital there anyway. By expanding his business outside of Iran, he actually weakened his social capital even more, by violating one of the basic principles of the Bazaar, which is to protect profitability and the wellbeing of

the Bazaar by thwarting all open competition. As I have stressed, the Bazaar is a monopolistic system. The benefits of trade are divvied up between the insiders. The other Bazaaris could hardly tolerate that a peer was independently exporting Persian rugs to be sold directly to foreigners, with no financial gains for the Bazaari community. His economic success at an early age had given him the confidence that he could always be successful. He assumed that social and cultural capital, although these three forms have very different natures, would just follow upon his economic prowess.

Maintaining a balanced status of the three forms of capital is extremely important in the Bazaar. A Bazaari is expected to participate in national and religious celebrations; he must attend trade meetings, join religious councils and adhere to the right social groups, to gain social capital. My uncle failed to gain anything but economic capital. His one sided perspective was even applied to his personal life; he never really cared for his family, friends or children, and did not see them as part of his social capital.

There are a lot of frames in the Bazaar that serve as mechanisms of social regulation and social control. These frames regulate Bazaaris to undertake the required normative actions. These frames prevent them from “letting loose”, “being themselves”, or acting in any way they choose. By regulating the presentation of self, a Bazaari acts as a member of the Bazaar, which makes one less at risk to lose face, or to be seen as acting inappropriately. Once the frames are legitimated or accepted, they become commonsense, and they are taken for granted as the definition of social reality. In my uncle’s case, this didn’t happen. For instance, an Islamic symbol used by the Bazaaris is to be found on the sign at the entrance of most shops or houses saying: “In the name of God” or “Vanyakad”- which is basically a part of Quran meant to secure people from bad omens, but at my uncle’s house there was a Shotgun instead of “Vanyakad,” which clearly showed the huge gap between him and other Bazaaris, and how he couldn’t keep his “front stage” and “back stage” separate as it is supposed to be. A habitus as traditional as the system of the Bazaar does not allow for such behavior. A Bazaari behaves according to the principles of the community. Thus, the Bazaar countered my uncle by using all means possible to block his way to further economic success. His story depicts the sad ending of someone who failed to maintain the three forms of capital in equilibrium. Perhaps, if he had lived somewhere else in the world, he wouldn’t have had to face the same problems, ending with his murder. Lack of social and cultural capital, left my uncle unprotected in a community that was once his origin, yet later developed to be his greatest enemy.

Contrastingly, there is the story of my grandfather, who, unlike my uncle, was a person who fully adhered to the principles of the Bazaar. He acted according to the rules and expectations of the community. He played the role that was expected from

a Bazaari. He participated in religious ceremonies. He spent a great deal of his leisure time with his peers in the Bazaar. He socialized with the other Bazaaris, not necessarily seeking economic capital, but this was rather a great source of social capital for him. He kept relations with Mr. Mofid, Mr. Zahedi and Mr. Ketabi who were considered to be people of high social capital. Mr. Mofid was the owner of a factory with a large number of employees. Mr. Ketabi was a reputable clergyman at a mosque in Seyyed-Khandan and enjoyed good relations with the public and especially with religious businessmen. The relationship with Mr. Norouzzadeh made up for his weaknesses in Economical Capital. A remarkable thing about my grandfather was that despite his lack of cultural capital, he managed to gain enough economic capital through his social capital, to achieve an undeniably powerful role in the Bazaar. For years, he did business with people he trusted, some of which he never met in person. His good reputation worked as a shield in the Bazaar, so that no one ever betrayed his trust or hurt him financially. Trusting other peers was his first priority in business, as he considered that his investment in social capital would ultimately lead to economic gain. His social capital was primarily built upon trustworthy mutual relationships.

My uncle was from the beginning not a ‘good little boy’. He was never a good student. In fact, he dropped out of school after six years of education to start working in the Bazaar. Even at such a young age, he was, it seems, more interested in economic capital than in cultural. He tried various businesses but ultimately chose the carpet business that was the family business as well. He essentially wanted to use the social capital of his father to build up his business. However, his negligence of the social and cultural elements of doing business in the Bazaar, actually harmed the family business, and more importantly, the reputation of his father. My uncle Hossein used all means to gain profit, even by violating the principles of the Bazaar system. He started working as a middleman in the market for buying and selling carpets, and after a while, he became more involved in weaving and carpet manufacturing. This brought dissatisfaction to many because he was independent, ambitious and did things in his own way. Instead staying a distributor of carpets, he founded a carpet workshop and got involved in manufacturing. He went a step further in the next phase, and went to Tehran to sell his products there, and therefore offended the rug distributors and distribution hierarchy in his hometown. He also broke another unwritten rule and got involved in the businesses of financial and working credit. But none of this satisfied his ambition. Therefore, he decided to pursue his trade abroad.

Uncle Hossein repeatedly violated the boundaries defined within the system of the Bazaar; however, his next move in the export business, marred his popularity among his people even furthermore. The anger of other Bazaaris got worse, to a point that they started taking sever measures to stop him. At the time, none of his peers was willing to support him. His violations of the rules of the Bazaar, had taken the sup-

port of the group from him, and so the jobbers started to conspire against him, without fear of facing others or possible consequences. No one considered him as a member of the Bazaar any more; he was the total outsider. He had a very similar situation in his family life. He was barely considered to be the father, husband, brother or uncle to any family members, and this was simply because he never took any of these roles seriously. He failed to realize that assuming such roles is a fundamental factor of identity, and thus he gradually lost his identity.

Leaving Iran and starting a business in Dubai was another indication of his changing, uncertain and unconventional identity. Since he was no longer able to do business in Iran, due to his lack of credibility and social capital in the Bazaar, he tried to take advantage of his economic capital outside of Iran, and to establish a new and strong identity there. However, his inability to achieve social capital along with his economic losses, related to being the victim of fraud, put him at an even more vulnerable position. None of his former peers were willing to help or trust him. And the people he employed hurt him the most. In multiple cases, he was robbed by his employees or his properties were ransacked by people close to him. Ultimately, his lack of social capital worked so strongly against him that his economic capital was lost as well.

In my study, there are examples of Bazaaris who were expected to play particular roles in the social structure. But, these expected roles are not clearly visible until one fails to follow up on them. These expected roles are revealed, once a person doing business in Bazaar doesn't cope with his expected role and falls out of it. The outsider reveals things that are not supposed to become explicit, which should be self-evidently maintained. It is crucial for social cohesion and stability that the roles are played as real --- that the representations are truthful. If not, social order and cohesion are threatened. As you can see in the case of Mohammad, he couldn't play his role as a Bazaari's son-in-law, and therefore he threatened the social cohesion of everyone concerned. In most of the Iranian traditional families, the father or the father in law, is a "god-father" you have to respect and you must play your expected role in order to keep everything in order. This is even more evident in a Bazaari family.

Mohammad was known as an educated person to his family and friends. He had gone to college and had better cultural capital in comparison to his work colleagues. Yet he was another case of a Bazaari who failed to comply with the rules of the system and consequently, lost his economic capital. He married his cousin who was from a very wealthy yet traditional family. In a family like this, he was more expected to respect the in-laws, than to run a successful business. The father-in-law had a very prominent role in the family. He gave Mohammad social and economic capital, and in return, he expected him to be trustworthy and obedient to his system of doing business. Mohammad was under a lot of pressure to comply with family rules, as well

as those of the Bazaar. However, Mohammad did not pay a lot of attention to either of these communities. He did not really realize that his economic capital depended upon social acceptance, and in effect, on obedience to his father-in-law and in-laws. He was, at first, an economic success and did not realize how fragile his position in the Bazaar really was. When his economic success failed him, his social position collapsed. His weakened status in one facet, led to the destruction of his status in the other; his business position was really closely linked to his marriage. Both the social and economic capital he had gained when he married his cousin simultaneously came to be at stake.

Having a university degree, Mohammad was confident about having relatively good cultural capital, but he knew this alone was not sufficient to gain economic capital in the Bazaar. Thus, in order to secure his social and ultimately economic capital, he wedded his cousin whose family was wealthy and well-known. As a result, he gained the credibility he needed within a very short period of time, which would have been impossible for him to achieve if it wasn't for the marriage. Well aware of the importance of the role of his in-laws, he played his roles well enough for a while to guarantee his financial success. During the first years of the marriage, he worked in the IT market. He had a relatively successful business, but it was not as satisfying as he had expected. Therefore, he started to do business in the iron market, in hope for much larger economic returns. The business initially went very well, leading him to gain both in social and economic capital in a short time. But drastic change in the price of iron put his business into (near) bankruptcy. He managed to pay off his debts eventually but was never able to get back to where he had been. The only glimmer of commercial hope for him was to return to the IT market and to exploit the credibility he still had in that field.

It was a bad time for Mohammad as he had lost both his financial support and consequently, his marriage was jeopardized. However, his social position was still to come under more intense attack. His in-laws were quite influential in the Bazaar and they used their power to hurt him to the most, financially and non-financially. Both sides had not realized that the marriage would disintegrate into a full-scale war and finally, they both came to the realization that the conflict was in no one's interest. Divorce from his wife eventually ended the clashes. However, this meant the end of his presence in the iron market, as he was banned by the in-laws from any activity in that field. But his ex-wife lost much of her social capital, as being a divorcee in a traditional family is no sinecure.

Mohammad got back on his feet soon after the divorce and started a business in the IT market, where he had some social capital left. This was the start of his work with FAR co.. Later on, he pursued a graduate degree, in order to recover lost status and to

somehow distinguish himself from his former colleagues in the iron market. Mohammad, by passing a difficult time, had realized that none of the three forms of capital is reliable by itself, and that he had to strive to enhance and maintain them in balance.

What is necessary and normally hidden from view to make the role of the Bazaari possible? Every backstage reveals the costs of maintaining its front stage; I believe you saw in the case of the Ahmad that the costs are very high both individually and for the society. Ahmad abided by the frames of the Bazaar until he tried to change the traditional distribution system of the Bazaar, and by trying to change the social order he didn't play the role he was supposed to play anymore. The similarity of Ahmad's story to the stories of my uncle and Mohammad is that these persons failed to play the role expected of them in order to maintain themselves within their habitus. Goffman believed that each community we belong to, imposes a set of expectations and rules on us, which essentially becomes the basis of the role we play in that arena. This is illustrated by what happened to Ahmad; for him as a modernizer, the situation provided an important arena within which he was expected to consistently renew his interactional commitments; something that he could no longer do or decided not to do.

A crucial lesson that I learned after working 15 years in the Bazaar, is that if you are a member of the Bazaar, that means your team, your clients, and almost everyone else, expects you to behave in a certain way; and if you don't do so, everyone will be disappointed with you. The ultimate penalties for breaking the rules and not playing the roles that you are supposed to, are harsh. The Bazaaris are supposed to maintain the cohesion and smooth operation of the group. Otherwise, they have to deal with the tough and in some cases cruel consequences.

Ahmad never acted based on the traditional obligations, owed as a Bazaari to the group. In fact, in some cases, he was literally working against the Bazaari. But the interesting thing about Ahmad's story is that he never faced the severe negative consequences the other two were confronted with. This was due to Ahmad's intelligence and his ability to reign in opposition and to prevent the escalation of the situation. There wasn't much retribution against him following his withdrawal to Dubai. In fact, it may be better to claim that by relocating to Dubai, he willingly left the group to avoid more conflict and discord.

Ahmad was more known to be a modernizer rather than an outsider. He was trying to reform business and social practices. In all groups, some are more strictly bound by tradition, and some are counted as the reformers, who are willing to move forward. Ahmad, from the very beginning, was always encouraging people to move forward.

However, some reforms he intended were beyond the tolerance of the Bazaar, and so his actions led to a great deal of conflict between him and most other Bazaaris.

Referring to Bourdieu's theory of capital, Ahmad's biggest investment was in cultural capital, which went beyond the normal scope of the Iranian businessman. He utilized this advantage from a very early age to develop his business. Unlike most of his peer Bazaaris, he was an educated person. He was born in Rasht, which historically and socially counts as one of the most modern and intellectual cities of Iran. He grew up in a family where education and cultural capital were important. He was fluent in English and had studied art and architecture. He was cultivated and sophisticated; not very common characteristics in the gung-ho IT market of the period. His constant trips abroad helped Ahmad to know more about the modern world than others and boosted his cultural capital.

Ahmad used his knowledge and cultural capital to become socially powerful. He began his career by being active in all the trade guilds and associations, and due to his tendency to reform things, he became an influential player where ever he came. He was sharp and could analyze the behavior of other Bazaaris. Hereby he could play his role much more as he desired than others could. For instance, he went into the IT business in order to strengthen his contacts with modernization and the future. But on the other hand, he selected a Persian name for his brand name in order to appeal to those individuals with more traditional lifestyles.

Ahmad's economic activity began with a very small loan provided by his partners. He then accessed his social capital. His extensive activity in trade groups and commercial forums was designed to achieve his business goals. He was well aware of the fact that this could help him to achieve financial gain. He actively took part in the Informatics Society to establish business relationships with all the main players in the field. He was committed to the principles of the habitus of the IT market. That is why he was present at religious and cultural ceremonies in order to be acknowledged and recognized as an active figure. His modern and revolutionary business actions were (just) within the borders of the Bazaar system. That's why he wasn't a pariah to his associates, even when he got involved in international business. His reputation was so good that his attending of international trade fairs was perceived as an act to expand the IT market for all, rather than as something only for his personal gain.

He abided by the laws of the Bazaar until he tried to change the traditional distribution system of the Bazaar. He wanted to set up a more modern and transparent system of distribution and sales, which was against the system of the Bazaar. The Bazaar is based upon a large role for multiple middlemen. Thus, any direct sales from supplier to end-user jeopardizes the profitability of the system of middlemen. Moreover, the



“non-transparent” system of the Bazaar, allows the players to avoid paying taxes. Transparency and official invoicing were among the first principles of Ahmad’s use of modern business channels. This resulted in strong opposition to his plans by the non-transparent dealer based system of the Bazaar. This may not be much of an issue in modern distribution systems in most of the world, but in Iran, given the undeniable role of the social capital of Bazaaris, it wasn’t easy to cut out the many layers of middlemen.

Ahmad tried to create a system of distribution of his IT products that could operate parallel with the traditional market. The Bazaaris had no problem with modernization within their principles and frameworks, but any action that would threaten their economic gain realized by imposing layers of middlemen between the producer and end user, which is at the heart of the system of the Bazaar, was strongly opposed. Confident about his social, economic and cultural capital, Ahmad was under the impression that change was feasible. However, the Bazaaris perceived Ahmad’s plans as beyond the pale and as in direct opposition to their interests and principles.

But the question that arises here is that why a person in the position of Ahmad, whose economic, social and cultural conditions were good, tried to set up a distribution system that could undermine his achievements? Why did he risk everything to the extent of losing his position in the Bazaar? Being strong in his cultural capital, Ahmad was dissatisfied with what he knew was the (unnaturally) slow growth of the IT market. He wanted to disrupt the conservative system of the Bazaar to expedite change towards a more modern society. The contradiction between Ahmad’s way of thinking and the Bazaar’s habitus resulted in his loss of major part of his social capital. The Bazaaris threatened Ahmad to boycott FAR co. products. They even urged the tax authorities to audit the company for tax evasion. The Bazaar was aggressive enough to take all possible measures to discourage Ahmad’s implementing a modern system of distribution. Although these efforts didn’t lead to the bankruptcy of Ahmad’s business, he ultimately failed to achieve his goals and abandoned the project. Then he relocated abroad to start a new business away from Iran. This can be considered as a case of the Bazaar’s success in protecting its habitus against any plan that might hurt the profitability of the Bazaar system and its community as a whole. Business efficiency and economic development are the victims.

About myself, I have to say that I was born into a family that had limited social capital. This was perhaps an unconscious reason for me, after having moved from Isfahan to Tehran, to become more serious in my education as a way to establish a better status for myself. My grandfather died while I was a child and my father wasn’t an active figure in the Bazaar. I witnessed the fact that my family was unable to maintain their strong economic position and gradually lost their social status as well. Even though

my family was not very wealthy, we were considered to be above average. Unhappy with the financial status of my family, I decided to pursue cultural capital by focusing on my education. I was determined to enter a top university and all my efforts paid off once I got accepted to Tehran University.

By joining FAR co., and during the first days of the company, I became close to Ahmad. I realized the importance of social capital. With the popularity of Ahmad and FAR co.’s name in the field of information technology, I managed to benefit from Ahmad’s social capital to establish my own. This may be the most important factor that has motivated me to continue to work at FAR Co. Throughout these years, in various ways and cases, I continuously learned about the unquestionable importance of cultural and social capital. On the other hand, I have been motivated to gain economic capital, but I knew that this could only be viable by achieving cultural and social capital as well. After fifteen years of working at FAR co., I have recently become a shareholder. And I have improved my cultural capital by pursuing an academic path to learn more about Iran. And I have also improved my social capital through all these years that I worked in the IT industry and the Bazaar. I know that social and cultural capital can be leveraged to strengthen my economic success by maintaining/achieving a balance between the different factors.

I do my best to achieve social and cultural capital. Setting up the Lavan Marketing Agency is also an attempt to achieve economic capital through my social contacts and reputation. Lavan is based only on human capital --- it has next to no economic capital behind it. But having more experience of the rest of the Middle East, and of Asia, and of Europe, than most of my peers, I have a cultural advantage that makes it easier for me to work with foreign companies seeking marketing advice in Iran. What I sell in Lavan is really my social and cultural capital. But to leverage my international perspective into economic success takes lots of time and effort. And Lavan is mainly outside the Bazaar. It sells market knowhow to foreign companies looking to enter the (now more open) Iranian market. Thus the awareness developed in doing my research is marketable. I can explain to foreigners what the problems are they will encounter if they decide to enter the Iranian market. I am not in opposition to the Bazaar, but I realize that most big international companies will want to bypass the Bazaar if they set-up business in Iran. They are not willing to be held enslaved to a myriad of small middlemen. Thus I know full well that if foreign businesses actually start massively to enter Iran, that globalization will put the Bazaar system under enormous pressure. Whether the Bazaaris have enough political clout to keep Iran economically isolated; benefiting themselves but slowing down economic growth, I do not know. As I have explained, the Bazaaris have significant political power and the backing of (I think most of) the clerics. Thus there is insufficient social-cultural capital willing to choose for economic modernization. But Iran’s future is very uncer-



tain. It is still now an oil-based economy and we all know that within the foreseeable future that oil supplies and revenues will start to diminish. Currently oil prices are low and world production rates are high. At some point Iran will have to live more on what it produces in goods and services and will have to become less dependent on oil. The Bazaar system is an import/distribution system where middlemen gain enormously and the end user pays. Either an Iran that is more self-sustaining in goods and services or one that is economically and politically more globalized would not match with the Bazaar system. But will such an Iran develop, soon?

There seems to be a fundamental danger to Iran's status quo from other factors. Climate change seems to be leading to Iran becoming dryer and dryer. We may be threatened in our ability to feed ourselves by severe draught. And everyone knows that the political situation in the region is very unstable. Iran borders on Afghanistan, Iraq, Pakistan, Turkey, Azerbaijan and across the Persian Gulf with Saudi Arabia. The external factors that may indeed disrupt the social-cultural stability of our Bazaar system are numerous. What social-cultural capital is needed to survive in the next years is uncertain.



## CONCLUSIONS

This research began with the idea that a study of the Iranian Bazaar informed by economic anthropology could reveal a cultural system significantly different from the dominant economic paradigm of globalized Hyper-capitalism. As an Iranian, who had worked in the Bazaar for 15 years, I had hoped that I could convince readers that the Bazaar system really differed from capitalist hegemony. And hereby I intended to take a critical position towards globalization theory, which suggests that the spread of international capitalism and culture was producing a single homogenized social and economic system all around the world. And, I believe that I have at least in part been successful. The Bazaar is not ruled solely by a logic of financial or economic capital as focused in multinational business environments. The cultural factor is indeed very powerful in the Bazaar. A logic of community does play a crucial role in the Bazaar, in a way that you do not find in international business. But I have also discovered that all these aspects of Bazaari uniqueness have their downsides.

I have studied the culture of doing business in the Iranian Bazaar in order to describe and understand how the system of the Bazaar hangs together. What are the unwritten laws or social codes that govern the system? But ultimately, what I wanted to demonstrate was that the Bazaar was more human, open, socially just, free, and ethically driven than Western capitalism was. My ethnographic and exploratory research approach was meant to put the sociability of the Bazaar on display. And here again, I feel

that I have succeeded. The Bazaar as a socially cohesive system that makes many demands on its insiders has revealed itself in my case study. The Bazaar indeed demands its brand of sociability as its badge of membership. And expulsion from the community is its punishment for deviance. My data has clearly shown this. You have to uphold the rules of respect, allegiance and propriety to survive in the Bazaar. But does the socially cohesive front-stage of the Bazaar, produce a socially desirable back-stage? The Bazaari's display of loyalty, trust and solidarity appears to be very different from globalized capitalism's opportunism and social indifference. But I have also discovered that the melting of social, cultural and economic capital into one institutional structure leaves no room for opposition. There are not multiple elites in this system but one. The hegemony of global capitalism may bring deskilling, extreme exploitation and excessive power to a rich elite; but is the Bazaar the antidote?

Thus my research project was born from a desire to prove that there is economic difference; international capitalism may not be a universal all-powerful system. An economic system may demonstrably exist which is significantly different from the dominant Northwestern European / American Hyper-capitalist model. And after the research, I can say that Iran is indeed social-economically different from the textbook international capitalist model. The Iranian Bazaar does have fundamentally different characteristics than those revealed by mainstream economics, organizational studies and social science. From the global capitalist perspective, the Bazaar is irrational --- the Bazaari do not compete for immediate profit maximization. Deals are not necessarily profit driven.

In my research, I let myself be inspired by Gudeman's (2001) cross-cultural approach that enables a contextual view of the economy. Gudeman asserts that economic actors are embedded --- that they function in a specific cultural logic that has its own unique traits. Thus Gudeman legitimized my research question; he supported me in my desire to look at the Bazaar as something specific and unique. He made it possible to pursue the line of investigation of cultural specificity. And indeed, as Gudeman leads you to expect, the Bazaar is a cultural construct that makes business happen in its rather special way.

While my study focuses on the Bazaar, I am very aware that the entire Iranian economy is implied in what I have examined. On one level, the Bazaar is economically very important in Iran; but on another level, how the Bazaar is organized is representative of how many other things are organized in Iran. The country is impacted by the cultural logic I have examined. Politics, university culture and the Army all share in the emphasis on communal values and the strict demand of public adherence to the norms. Thus I never saw the Bazaar as an isolated case, but as representative of the nation. But my research focused solely on the Bazaar.

The cases I have presented all confirm how social/cultural norms of trust, propriety and community mores, are crucial to Iranian society. Gudeman talks about two parts to economies: the market economy and community economy. Western economists tend to focus only on the market economy with little awareness of the specific, local, particular or unique. But specific groups of people enact business. The marketplace is not just an abstraction; it entails real people interacting with one another. The economists reduce the real people into monetary interactions wherein there is money but no longer any people. Gudeman works to rescue the real actants from their abstract banishment. He wants us to see real people with behavior, values and rules as crucial to the concrete working of the economy. And I have followed Gudeman insofar as I have portrayed real life histories and personal stories, and not trends, figures and depersonalized business concepts.

Of course the market economy and the community economy are related. Gudeman's issue is that, in the thinking of too many Western economists, the market economy is all powerful and there is no attention at all for the community economy; in fact, Western 'economism' often denies its import and/or existence. In their core, the two must be aligned somehow or one is addressing a totally unstable situation. In the case of the Bazaar, outings of community in the fore stage overwhelm the backstage aspects of economic rationality. The Bazaari as a group, are powerful and rich, though they are not supposed to make garish shows of wealth. Their political clout has been demonstrated when the government has tried to enforce taxation (such as VAT) on the Bazaar and the Bazaari's have de facto simply refused to pay, and have gotten away with it. Furthermore, the Bazaari's played a major role in the fall of the Shah; they saw his modernization policies as not in their best interest. Thus, behind the show of community and of strong social-religious bonds; there are issues of economic power and wealth. In Western financial capitalism, the banks have proved to be 'too big to fail' --- key outing of power. And in the Anglo-Saxon nations, up to recently, any critique of the economically powerful was disparaged as 'communist' and hereby not taken seriously. But, for instance, Western hedge-fund owners have legitimized themselves purely in terms of the market economy and have had little religious, political or cultural legitimacy. The Bazaari have very little market legitimacy; their rhetoric and authority is almost entirely drawn from the social-religious values that they claim to represent. Their market role comes, explicitly, almost as an afterthought. As I have maintained, this may be because the market economy role of the Bazaari is not in the best interest of the market at all. Though one could make the same claim for Anglo-American bankers. But the characteristic segmentation of different elites in Europe --- where religious, political and intellectual figures live in fairly separate realms; is not the case in Iran. The lack of segmentation requires the leadership to appeal to religious and secular values all at once. One is --- and has to be -- at once market-leader and a devout model Muslim. Since different functions are

weakly differentiated, and elites are little segmented, the 'power elite' is a much tighter and more homogeneous group than in Europe. Thus the community is strong; but at the cost that all economic, intellectual, theological and political opposition is kept weak. The 'power elite' do not accept the legitimacy of the opposition. The 'power elite' represent the ethical good as well as the secularly powerful --- both dimensions are rolled up into one. This leave very little space for a legitimate opposition. An opposition will quickly be branded as 'bad people' given that the 'power elite' are supposedly 'good people'.

Euro-American social science has often defined power purely in economic terms. It is as if economic capital is the sole defining factor in society. Ownership and control of the means of production is claimed to be all determinant. But in Iran, by combining their social and economic power, the Bazaaris are a crucial and very powerful social group, though they are more middlemen than capitalists. The Bazaari do not own the means of production; they control the means of distribution. In the Marxist tradition, capital has everything to do with production and with the ownership of the means of production (Massey, 1995). Distribution is thought of as a secondary nonessential aspect of the economy. But things do not work that way at all in Iran. For one thing, there are next to no means of production in Iran; the wealth almost solely comes from oil, which is owned by the government. The Bazaari control trade and are crucial in providing commercial credit. They make the marketplace work. The government has one absolutely crucial power over the Bazaari; the government grants the trade monopolies that the Bazaari exploit. The government gives a particular trading house the right to import so much (for instance) rice or sugar per year. That right is proportioned so that there is more demand than supply. If you get the right to import some goods, you have in effect gotten guaranteed profits. Thus the political-commercial interests that rule over import rights is all powerful and is a matter of the government as well as of the Bazaari. The government cannot function without the Bazaari and the Bazaari cannot function without the government. The market --- in the sense of supply and demand --- is close to powerless. The politico-economic power-elite has a very tight grip on the market as well as on the community.

When I started the research, I was hoping to come to conclusions as such as championed by Hardt and Negri (2001) and their theory of Empire. Empire sounded very familiar to me; it was pretty much what in Iran the leadership said the United States and Europe were. The complaint against globalized Hyper-capitalism was that economic capital totally overwhelms and dominates cultural and social capital, and globalized Hyper-capitalism is a monster out of control. Critical European intellectuals have seemed very interested in alternatives to hyper-capitalist hegemony, but have also seemed to lack examples or alternatives. My goal was to show that the Bazaar is an alternative to the hyper-capitalist system, and indeed it is something

different from multinational hegemony. But what I had not counted on was that my alternative is at least as restrictive as Empire. The Bazaar in fact is a sort of Empire all of its own. In Hardt and Negri, Empire is really a pretty loose metaphor. Supposedly there is a power-elite who rule Empire and there is the multitude who have been shut out. Nowhere in my research have the multitude played any role. There are several reasons for this. In Hardt and Negri, in the tradition of Italian Marxism stretching right back to Gramsci, there is an effort to replace the industrial proletariat with the people, or here the multitude. For us in Iran, this makes the theory more accessible as we have little or no industrial proletariat. But the tightly knit Iranian power-elite operates with few interventions from the masses. For one thing, the largest portion of the masses are religiously and politically very conservative and support the power-elite's self-representation as religiously legitimated. The Bazaari have mass legitimacy; the masses in the villages or small urban areas are in agreement with the expressed values and embrace wholeheartedly the front stage, as it is presented. Opposition comes from the urban middle class, who mostly live in the five major cities of Iran. Demands for reform and modernization come not from the multitude but from the middle class. It is the middle class that feels that Iranian economic development lags behind what it could and should be. It is the middle class that believes that the Bazaari form a break on development. The masses, or the multitude, do not form a dangerous boundary for the Bazaar. Quite the opposite the Bazaari count of the masses or multitude to maintain their hegemony and to keep the current power-elite in its position. Many goods are exaggeratedly expensive thanks to the high margins the middlemen impose in the Bazaar. But the masses do not see this, nor do they protest against it. There is no mass protest against economic inefficiencies or weak economic development. Everything I studied plays itself off in the five million population that is educated and form the middle class; the other seventy-five million Iranians just accept the status quo and its ideological defense.

At first, I saw signs of a less alienated and inhuman system of doing business in the Bazaar system, as it is primarily built on trust, wherein credit and relationship factors play a big role. This personalized community economy indeed is very different from the dominant global Hyper-capitalism. But social ostracism to anyone who is out of step, showed up very early in my research. Was the trust trustworthy? Was the community inclusive or really very exclusive? As I focused on boundary behavior – on who or what is inside and who or what is outside of the Bazaar --- I saw more and more how restrictive and even repressive the Bazaari order was. To stay inside you had to conform to quite strict behavioral rules and display the required ideological convictions. Neither in business, nor in questions of belief or politics, was there room for individuality. Furthermore, the Bazaar's stranglehold on trade via the import licenses, only served to make goods unnecessarily expensive and scarce. Western market economies may be hideously impersonal and profit driven; but the Bazaar is

economically inefficient and exploits the shortage of goods. The sanctions, of course, strengthened the system. Due to the sanctions there were real difficulties in importing goods and services. Thus one could blame the sanctions for all the inefficiencies and exaggerated prices, rather than acknowledging that the internal economic order was also a cause for the pecuniary situation.

Now that the sanctions seem to have been lifted in name, but not in practice, the question of our exposure to global Hyper-capitalism will almost inevitably reemerge. Will Carrefour move in big and use their Carrefour brand instead of Hyperstar? Will all sorts of international companies try to directly enter the Iranian market, threatening to destroy the Bazaar system? Certainly the Bazaari will do everything possible to keep control of distribution and to maintain their stranglehold on the Iranian economy. And they will defend their model with culturalism --- i.e. the claim that we have to defend Iranian particularity or unicity. Thus the Bazaar system will be used as an ideological communitarian principle to shut out foreign competition. But this will mean less goods and services at higher prices for the population.

Is an economically inefficient system that protects the position of a power-elite, more or less alienating? It is very difficult question to answer. The Bazaar defines an Iranian particularity and you can defend it as representative of the long embedded culture of the nation. But you can also claim that modern comforts, longer life, and increased well-being are very important. Certainly in systems of segmented elites, more people have more to say about different aspects of society and the economy. The Iranian power-elite is rather narrow and a segmented culture would provide more opportunities for more people to take initiative. But segmented power-elites exist in societies of divisions, disagreements and with no clear hegemony of conviction(s).

If I had to make a prediction, I'd guess that modernization is becoming a necessity. Iran is today almost the only stable country in the region. Look at our neighbors: Iraq and Afghanistan are in endless civil war, Turkey has its conflict with the Kurds and all sorts of political issues, Pakistan is widely seen as a failed-state, across the Persian Gulf there is Saudi Arabia which makes no secret of its hostility towards Iran. Will Iran have to choose for a more performative economy in order to defend itself against all the chaos and its enemies? And of course, the historical limits to our oil based economy loom --- the oil will run out and many developed countries are turning to alternative sources of energy. Realpolitik considerations may well be determinant, but that was not the theme of my research. My research has shown that in the Bazaar, a system with tightly integrated, social, cultural and economic capital, produces a relatively small power-elite with absolutely enormous power. And as I have noted, the power of the Bazaaris has been stronger than that of the governments; though they both ultimately have to cooperate to exist. Economic development theory has

often claimed that modernization leads to social-economic complexity, whereby a loosening up of control becomes necessary. Successful countries in Asia like Singapore, South Korea or Taiwan are certainly less democratic than what is found in Europe, but much more pluriform and segmented than Iran. One could argue for economic determinism. Our weak economy is the cause of the Bazaari hegemony; if the economy develops and grows, a looser more diverse economic system will emerge. But such an argument rolls right over the cultural perspective that I have investigated.

Thus what can I say? Yes, the Bazaar is a community form of social organization that is explicitly value laden. Yes, the Bazaar operates on informal trust. But the Bazaari defend one another at the cost of enormous inefficiencies, and form a drag on our economic development. What seems so very desirable --- a community market where beliefs and moral attitudes are very important in the economy, actually has a very dark side to it. It is and must be exclusive, repressive and very limiting in freedoms.

The habitus is very strong, but very limiting. The current tight integration between social, cultural and economic capitals is problematic. By combining the Social, Cultural and Economic capital in one social elite, the power-elite is very small in comparison to a segmented elite structure where three groups representing three forms of capital operate semi-independently of one another. The Bazaaris' are bonded together based on the unwritten rules of their social system. Any member of the Bazaar who does not play the role expected of him, faces adverse consequences of their "disobedience," regardless of their age, position, success level, etc.

Existence in the Bazaar is tightly framed. What you are supposed to do is on display constantly. Bazaaris have to continually undertake required normative actions. The frames prevent Bazaaris from "letting loose," "being themselves" or acting in any way they choose. In another words, the frames don't let them be creative, free and independent. The Bazaari regulates his presentation of self, always acting as a member of the Bazaar whereby one is not at risk of loosing face or of being seen as acting inappropriately. The penalties for breaking the rules are harsh. The Bazaaris are charged at all times with maintaining the cohesion and smooth operation of the group.

I am not in opposition to the Bazaari or its social-economic group, but I know very well that if international businesses start to enter Iran that the move towards globalization will put the Bazaar system under enormous pressure. Whether the Bazaari have enough social or political power to keep Iran economically isolated; benefiting themselves, but slowing down economic growth, I do not know. As I have explained,

the Bazaari have significant political and economic power. Iran's future is very uncertain, It is an oil-based economy. At some point Iran will have to live more on what it produces in goods and services and will have to become less dependent on oil. The Bazaar system is a chain of middlemen who have gained a lot from Iran's isolation. There seem to be fundamental dangers to Iran. We may be threatened in our ability to feed ourselves and self-sufficiency propaganda won't help a country feed more than 80 million mouths. Based on the political situation of Iran, in one region with Turkey, Syria, Afghanistan, Iraq, Pakistan, Azerbaijan and, on the other side of the Persian Gulf Saudi Arabia and Qatar, the external factors that may disrupt the social-cultural and economic stability of our Bazaar system are numerous. The social-cultural capital, the Bazaar needs to survive in the next years, is very much dependent on the political situation of Iran and its openness (or closedness) for international trade.

Thus what has my research produced? Clearly I believe I have answered my research question. The Bazaar is different from globalized Hyper-capitalism. And that difference has shown up (some) (anti-)globalization theory. But the intensely integrated habitus of the Bazaar poses at least as many problems as it solves. Gudeman (2001), of course, is right; how community is organized makes a big difference, and in the case of Iran, it is fairly determinant. Inspired by Goffman (1959), we see the crisis between the ideology driven front stage and the very problematic back-stage. And Bourdieu (1958; 1986) opens our eyes to the dangers of a tight habitus where religion, politics and trade are all centered on the same small elite. The desire for community as a good (pun intended) is the pitfall revealed here. I have shown that communitarianism is not unproblematic. A belief driven society is in danger of becoming rigid, corrupt and repressive. Modernization may destroy embeddedness and lead to anomie; but communitarianism can exert a stranglehold on creativity and development. Given that I have written a social studies thesis about the Bazaar, I am to some degree (now) an outsider. No insider would ever write such a document. My effort to explicitly know the Bazaar places me on the sidelines of a culture that is unquestioningly belief driven. Research performatively makes me into someone who questions, examines and doubts. Am I endangered by my own research? Not as long as the Bazaaris see it as exotic and irrelevant to their own interests. A small, much more innocent article, I wrote in a local newspaper earned me a few telephone calls from Bazaari, warning me to step gently. I am operating in a habitus where research is not innocent. The will to describe, know and reflect is hard won, precious, and much more explosive a good, than my European contacts realize. The Bazaar is my community, but I cannot really live in it. Thus is the dilemma of an Iranian in the midst of (quasi) modernization.



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