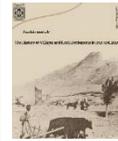




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## An Analysis of the Impacts of Oil Revenues on Rural Community Development in the Third to Fifth Development Plans (1962-1977)

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### ABSTRACT

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The oil industry was a pivotal phenomenon during the second Pahlavi era that influenced the economic and social structure of rural Iranian society. During this period, oil revenues, through development programs, had a great impact on various aspects of development in various fields. One of the areas affected by oil revenues was rural development. However, in the Third to Fifth Development Plans, due to the method of allocating oil revenues and differing priorities, it had a lower priority. This research aims to analyze the role and impact of the third to fifth development plans on the development and modernization of rural society, as well as to examine the share of allocations to this sector compared to others. Using a historical method with a descriptive-analytical approach and relying on historical sources, official documents, and statistics, the study seeks to answer the question of how oil revenues during the development plans have impacted the development of rural society. Research findings indicate that rural development programs in the field of civil engineering, compared to various dimensions of development in other fields, have failed to achieve their quantitative and qualitative objectives. Ambiguity in policies, reduced investment in the rural sector, a lack of facilities, and executive disharmony during the third to fifth Five-Year Development Plans led to a decline in rural production and employment, and consequently, an increase in the migration of villagers to cities.

**Keywords:** Oil revenues, Rural development, Development programs, Rural economy, Migration.

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## **Introduction**

During the Pahlavi era, oil revenue constituted one of the primary sources of government income. Therefore, development projects aimed at expanding infrastructure were designed, and the National Planning and Budget Organization was established to plan and oversee their implementation. Development programs initially sought extensive opportunities to enhance agricultural infrastructure and promote rural development. However, over time, the limitation of financial resources—arising from the unequal distribution of oil revenues in the implementation of development programs—alongside issues related to infrastructure and the provision of other necessary resources, became one of the most significant challenges to rural community development. On the other hand, Iran's rural society, which substantial a significant portion of the country's population and economy, was affected by these developments, and the expansion of the oil industry led to increased migration, population growth, and urbanization.

The primary objective of this study is to examine the extent of attention and resources allocated to rural infrastructure development, analyze the impact of these allocations on rural development indicators, and investigate the social and economic consequences of infrastructural programs on the lives of rural inhabitants. To achieve this objective, while providing a brief overview of each development plan, the study will analyze the share and role of the rural infrastructure sector in resource allocation. Ultimately, it will present a clear depiction of the role of oil revenues in the rural community development process during the period 1962 to 1977.

## **Materials & Method**

This study has been conducted using the historical method, employing a descriptive–analytical approach, and relying on historical sources, documents, and official statistics.

## **Discussion**

During the Pahlavi II era, the Shah pursued a land redistribution policy with the aim of strengthening the central government's authority. Meanwhile, during the 1950s, the government exerted little control over rural areas (Hoglund, 2013: 92). In the early stages of development planning, the rulers' attention was primarily focused on improving agricultural conditions through education, while infrastructural initiatives in rural areas were carried out on a very limited scale (Kadi, 1990: 200).

Development programs have been designed since 1327 / 1948, and the country's Plan and Budget Organization was established to plan and oversee

their implementation. The Third Development Plan (1963–1968 / 1341–1346) was approved with the objectives of promoting development in the agricultural and industrial sectors, with an emphasis on the energy and communications domains. (Ghaninejad, 2016: 331) This program highlighted the large population of poor and rural inhabitants and considered the creation of urban employment as a prerequisite for rapid economic growth, which was to be achieved through extensive industrial investments in cities (Sakuma, 2001: 1). The most significant achievements in the field of rural development during the Fourth Development Plan (1347–1351 / 1969–1973) were as follows: 1- Execution of construction works and public utility installations. 2- Rural Health Improvement and Development. 3- Establishment of approximately 8,700 branch roads between villages. 4- Development of approximately 4,500 programs, including family welfare training and the exhibition of rural women's handicrafts. 5- Rural Social Affairs Reform Operations. (Fourth Development Plan, 1968–1972: 213–214) The Fifth Development Plan (1974–1978 / 1352–1356) in the social sector encompassed education, housing provision, health care and nutrition, rural development and reconstruction; urban development; culture and the arts; physical education; and social welfare. (Ahmadyousefi & Saedinia, 2022: 13)

### **Results and Conclusion**

In the development programs of the Pahlavi era, efforts were made to improve the living standards of rural populations through the implementation of infrastructure projects, with the overarching goal of promoting rural development. However, in some cases, such as the lack of adequate facilities, rural construction and development faced significant challenges during the third to fifth development plans, including shortages of skilled personnel and technical equipment. Consequently, the quantitative and qualitative objectives of rural development programs during this period were not achieved. During the third, fourth, and fifth development plans, the rate of rural-to-urban migration exhibited an upward trend.

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