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THE ADMINISTRATION OF IRANIAN STATE RAILWAY

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Preface

The purpose of this paper is to acquaint the reader with the administration of Iranian State Railway (I.S.R.), a state owned corporation with legal personality and financial independence which carries on the business of rail transportation in Iran. The subject is treated in eight chapters. As introduction to the administration of Iranian State Railway, the first two chapters deal with the social, economic, and political value of the railway for Iran and the history of railway development in the country. The rest of the chapters are devoted exclusively to the administration of I.S.R. wherein the organization, personnel and financial administration are discussed.

While there are many documents both in Persian and English that deal with the history of railways in Iran, the literature dealing with the administration is much less abundant. To the author's knowledge, there is no single book devoted exclusively to the administration of I.S.R. One or two books that have so far appeared are mostly of no administrative value and deal with the general descriptive character of the railway mixing railway organizational structure with biographical adventures of the railway officials. Therefore, it was difficult for the writer to use such materials without due care and thorough analysis of facts for ensuring their validity.

The author derived his information from five sources. These were mainly : (1) laws, decrees, regulations corresponding to the administration and organization of the railway; (2) the available books

and publications both in English and Persian covering history and organization of the I.S.R.; (3) the statistical data published by the I.S.R. and the International Union of Railways; (4) the information received through correspondence with the informed railway officials; (5) and finally the author's personal observations and experiences resulting from sixteen years service in the I.S.R.

I wish to express my gratitude to his excellency Major-General Ansari, the Minister of Roads, and to Eng. Guerowgan, the Director General of the I.S.R., for the grant of leave which enabled me to study at the American University of Beirut and consequently to complete this work. My thanks are due to Professor George Grassmuck, the former chairman of the Department of Public Administration, for accepting the subject, reading the first draft, and for his valuable suggestions. I am also indebted deeply to Dr. William S. Flash, the new chairman and Professor of Public Administration, for his wonderful suggestions and help which enabled me to complete this work. Several friends, both within and without the railway, have sent me useful information concerning the railway administration. I am obliged to all of them.

Responsibility for accuracy in statement of fact, and for expression of opinion or conclusion, rests with myself alone.

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Abstract

The Iranian State Railway (I.S.R.) is a public corporation under the Ministry of Roads with legal personality and financial independence. It is a large-scale organization with more than 28000 staff who at present are responsible to conduct the business of rail transportation on a total line of 3350 kms.

Being the subject of political rivalries between Great Britain and Russia in the nineteenth century, the construction of effective railway system in Iran was actually realized in 1928. In 1935 the I.S.R. was established and the railway has ever since been expanded. The I.S.R. contributed greatly to the victory of the Allied in World War II. It is an organization which contributes effectively to the social, economic, and political development of the country.

The organization of the I.S.R. consists of central bureaus and regional divisions. At the top of the organization is the Director General and his assistants (Directors of Technical, Administrative, and Financial Affairs), who form the Board of Directors. The Director General in his principal task of laying down the broad line of policy is assisted by the Supreme Technical Council and the Financial Supervisory Board. The latter being a body to ensure financial honesty in the railway, recommends ways and methods for the improvement of railway financial efficiency. The former ensures technical and administrative efficiency and advises the management on the application of technological progress.

The central bureaus of the I.S.R. are divided according to the nature of their functions into administrative, financial, and technical units. These units are under the direction of the directors of the specialized functions. The specialization of functions are based on the functional division of work as opposed to geographical division. The functional division of work being the responsibility of the central bureaus, the regional divisions perform the functions of transportation and maintenance in specified territories. Thus the geographical division is for the convenience of operation in an area of several hundred kilometres of line. At present there are nine regions in the I.S.R.

The railway employees form three categories of staff : that is, permanent staff, railway officials, and civil servants in the railway service. The management of personnel is the responsibility of the Director of Administrative Affairs through the Bureau of Personnel. The railway has its own personnel regulations with regard to position classification, employees compensation, and promotion. The railway retirement system and pension is same as that of the state for civil servants. The technical training of the staff is the business of the Bureau of Technical Training. As for the administrative and in-service training programs, the railway needs further plans and consideration of its importance for the efficiency of administration. The several employee organizations provide stability and solidarity in the relations of their members and, as informal organizations, have real effect on the administration of I.S.R.

Since the I.S.R. is a self-financed organization, it uses the procedures employed by commercial enterprises. However, the I.S. R. like many foreign railway systems is not completely a profit-making undertaking. This is because the organization is bound to observe government regulations corresponding to the economic situation of the state in charging its service. In preparation of its annual budget, estimations are made on the basis of the revenues and expenses of the previous year. The railway management in planning the railway activities has discretion to adjust the budget prepared by the subordinate units. If there is any deficit, a grant in aid is available for the railway by the approval of the Council of Ministers.

The effectiveness of the administration of I.S.R. will be improved by reviewing its organization and methods constantly. The use of modern technological progress will provide for the railway better quality of service. It will enable the management of the railway to reduce organizational dimensions and to use better the manpower in the railway service. The establishment of a "consultation program" with a sound communication method, and improvement of the employees welfare will increase the efficiency in the administration of I.S.R.

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CHAPTER I

Socio-economic and Political Value of the I.S.R.

At the foundation of our system of communication is the railroad web. It is the most important single element in our social and economical life... The railroad system must be continued and its efficiency preserved because of National necessity - economic, social and defensive.¹

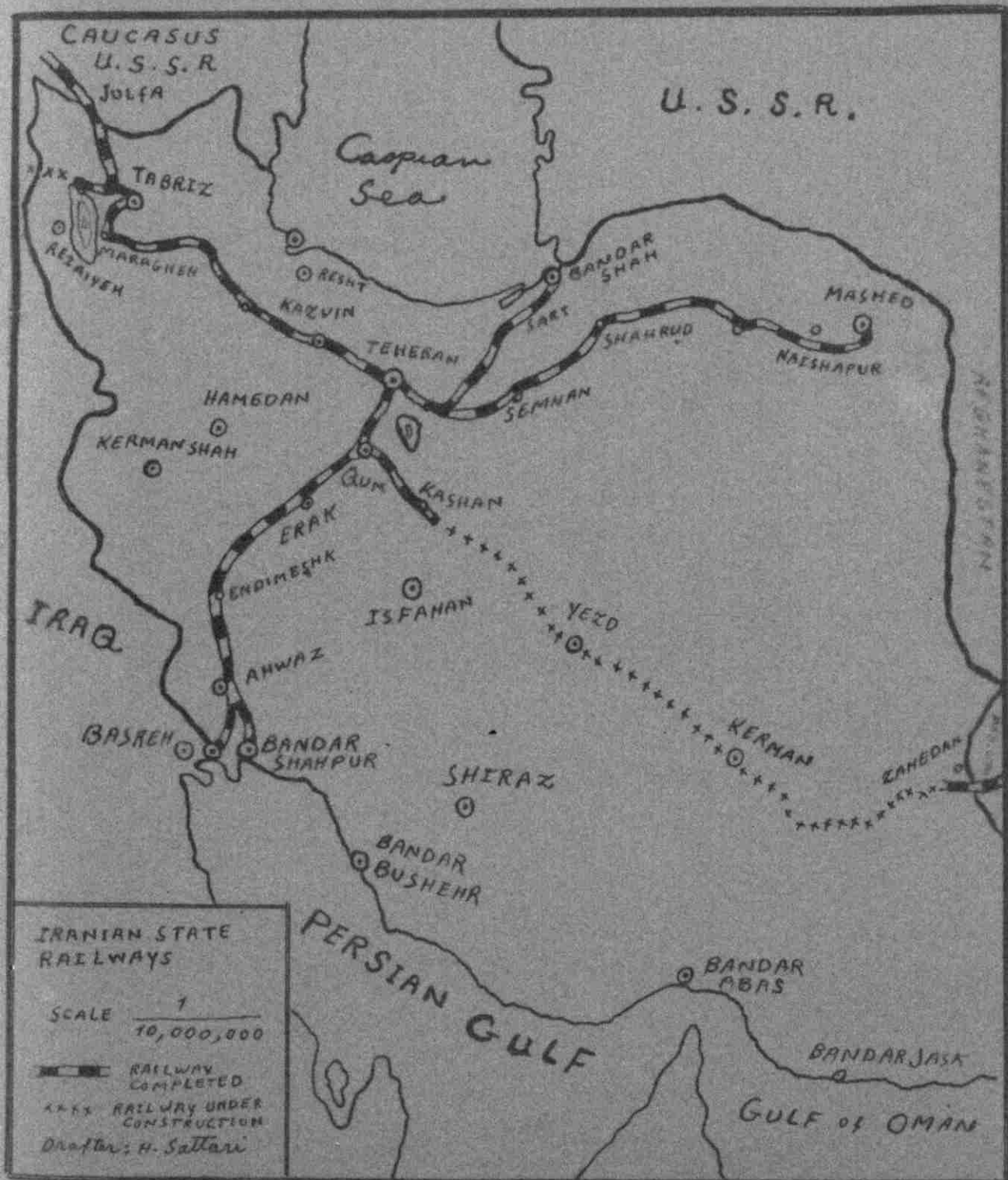
A typical " man on the street " is apt to think of a railway in terms of transportation of passengers and freight. The intangible parts which railways play in the development of the social, economic and political life of a country are often ignored.

The Trans-Iranian Railway with its main line connecting the Persian Gulf with the Caspian Sea, and its far-flung branch lines linking Mashed, in the northeastern province of Khorasan, to Tabriz, in the northwestern province of Azarbaijan, consists at present of a total length of 3350 kms.² These railways and their future extension are of the greatest value to the social ,economic, and political development of Iran - a country which has suffered more than other parts of the Middle East from the inaccessibility of its territory, traversed as it is in all directions by the high mountain ranges and other

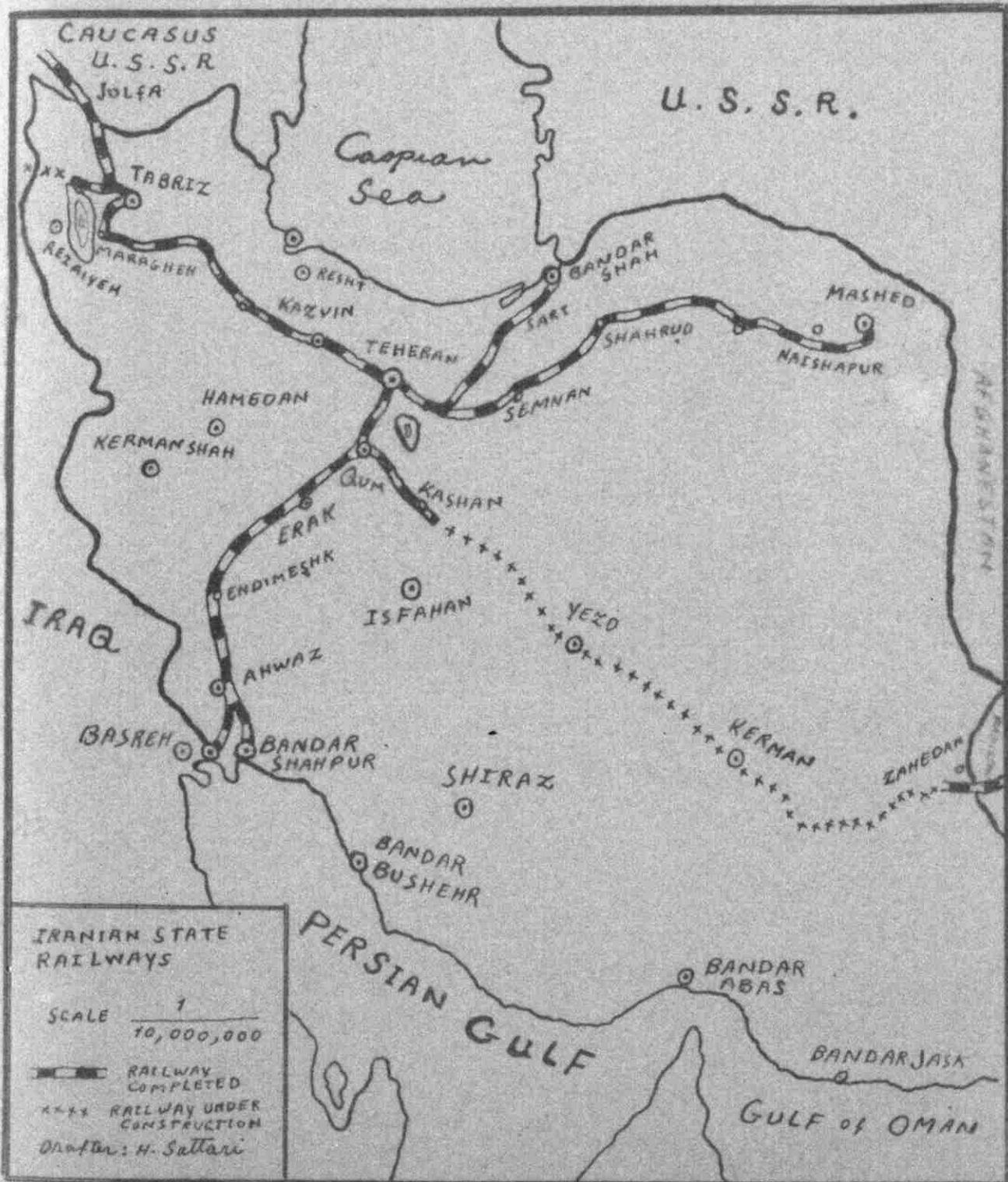
1. Taken from Julius H. Parmelee, The Modern Railway (New York Longmans, Green & Co., 1940), p.25

2. Railway Information Service, The Railway After Three Decades (in Persian) (Teheran, Kayhan Press, 1957 [?1]), n.p.

Map of Iran and the Railway lines



Map of Iran and the Railway lines



obstacles to traffic.³

The sociological significance of railway transportation relates to the fact that in modern times railways have been an important element in improving the prosperity of towns and cities in many countries of the world. In many instances, railways have been the main causes of creating new towns, cities and ports, and have introduced significant changes in the social and economic conditions of a people, especially in under-developed countries of the world.

The mode of development of a railway system or net may take two quite different forms, according to whether the country is an under-developed or a long-settled region.⁴ In the latter case railway routes are dependent on pre-existing conditions - such as those in Britain, where the distribution of population, the location of towns and industries, and the existence of developed natural resources, such as minerals and harbors were determinant factors for the railway routes. The initial function of the railway in this country - which had so recently undergone a rapid transition consequent on the Industrial Revolution - was that of connecting places which were already important. Moreover, the lines at once stimulated the industries of the regions they served, and this growth encouraged the construction of further rail connections. Junction points began to attract population and industry., and at certain junctions whole new townships sprang

3. Alfred Bonn , State and Economics in the Middle East (London, Routledge and Kegan Paul Ltd., 1955), p.326

4. Dudley Stamp and Carter Gilmour, Chisholm's Handbook of Commercial Geography (London, Green and Co., 1954), p. 85

up, such as Crewe and Swindon. Also the railways of Britain helped to foster the growth of their seaport terminals, and in several cases were responsible for the entire construction of new ports, such as Southampton and Immingham.

As far as the effect of railways in under-developed areas is concerned, the situation is quite different. For example, in the virgin areas of the Canadian prairies seventy years ago, large-scale settlement was almost impossible owing to a lack of communication. Thus, until the completion of the Canadian Pacific Railway in 1885, western Canada was practically uninhabited, and settlement closely followed the first lines of this railway. In such a case the railway may quite definitely be said to have developed the country; even today in Canada little wheat is grown more than twenty miles from the railway.⁵ In the same way the railway lines of the Argentine, and the Middle West of the United States have provided a basis for settlement. These settlements were mainly the results of the break in transportation in the relay stations, where trains stopped to change crews or engines. In the United States, Las Vegas is a typical example of a city sprang up in a desert which was first train stop.⁶ Furthermore, all the United States had, that was worthy to be called a city, in 1800, was a small handful of port and river mouth cities on the Atlantic and Gulf coasts. The chief of these were Boston, New York, Baltimore, and New Orleans. The invention of the steam-boat brought on a period in which spectacular development occurred in the cities located on the waterways,

5. Loc.cit.,

6. Nels Anderson, Urban Sociology (New York, Alfred A. Knopf, 1928),p.11

the rivers and lakes. But when railways were built and later developed these inland cities experienced a rapid growth based on rail transportation, and became primarily railway centres. Minneapolis, Omaha, Denver, Scranton, and Los Angeles are examples of cities which are primarily a product of the railway.⁷ While this pattern of large cities was developing, hundreds of small towns sprang up along railway lines.

To shift our attention to Iran, we find that she, with vast uninhabited and waste areas, suffers from the same difficulties that once existed in the under-developed areas of the United States and Canada. With a land three times larger than France and one fifth the size of the United States, she needs the expansion of her railway networks in order to encourage people to settle and utilize these large tracts of waste land. It is obvious that, where there are not proper truck roads and little movement, the consequent isolation renders social and economical life relatively static. At the other extreme, of which the city is typical with a maximum of movement and contact, change and development is continuously taking place.

This may be said also of the present situation of Iran, as we compare some of her cities which relatively enjoy transportation facilities with those neglected towns and villages which are located far from the capital and the railway lines. The expansion of the present networks, therefore, would be an effective measure for bringing various parts of the country into a social unit and providing communication

7. Harlan W. Gilmore, Transportation and Growth of the Cities
(Illinois, The Free Press , 1953), p.p.62-63

for people to make contact with each other and benefit from facilities provided in other parts of the country.

The economic significance of the railway in Iran is beyond doubt. It is closely related to the sociological significance of the railway. It is effective in the promotion of the standard of living of the people, since improved transportation contributes to lower prices and higher real wages. Therefore, the Iranian State Railway will be, as it has been to a large scale, a fundamental element in the promotion of the economic conditions of the country in general, and of the industrialization and increase in local production in particular.

The economic significance of the railway for Iran is manifested when we observe the present economic condition of the United States and the part which improved transportation, especially railways, have played in that country. We may ask what the United States would be like today if there had been no improvement in transportation facilities beyond the primitive roads and vehicles which existed at the time of the American Revolution. Professor Westmeyer indicates that, in such a case, the United States would have been still confined to the Atlantic seaboard areas, and the large production, as it exists today, could not have been developed.³

Thus, with regard to the important role of effective and economical systems of communication in promotion of industries and industrial production, we may well come to a conclusion that the Iranian

3. Russel E. Westmeyer, Economics of Transportation (New York, Prentice-Hall, INC., 1952), p.p. 4-5

railway system will be to a large extent effective in the well-being of the citizens. It has so far contributed to an improved standard of living by making available a larger quantitative supply of goods per capita, and it has enriched the general standard of living by making available to a large number of people a much wider variety of goods and services than they would otherwise enjoy.

As a large agricultural country, Iran produces agricultural products and raw materials. In turn, she needs manufactured goods from Europe and America. The main improved transportation line, that is, the Iranian State Railway, serves in the export and import commerce of the country. It also serves the inland distribution of goods wherever possible. The Iranian State Railway thus contributes to the distribution of the natural resources of the country. It makes available to the arid south the food products of the Khorasan and the fertile Caspian region. By these railways the healthful fruits of Khorasan and Azarbaijan regions are available the year round for many railway centres along the lines. Such are examples of the great economic contributions of the Iranian railways in the direction of improving social and economic well-being of the people of Iran.

In addition to promoting social unity and economic development improved transportation has been, at various times and places, an important factor contributing to the creation of the political unity of an area. In the United States the construction of the Union Pacific-Central Transcontinental railway project in 1860's played an important role in binding California and the Pacific coast to the states and

territories east of the Missouri River. Prior to the construction of a railway to the Pacific the only means of communication between the eastern states and California consisted of a long ocean journey by way of Cape Horn, or a dangerous trip across the prairies and mountains in prairie schooners or primitive stage coaches. The railway to the Pacific providing relatively easy access to California, no doubt played its part in holding that state to Union, and contributed enormously to the development of the intermediate territory.⁹ Another striking example is the Australian government-owned railway which links the railway systems of Australia's east and west coasts, and was built primarily to promote the political unity of that country. At the turn of the present century a strong movement developed to join the various British colonies which had been established in Australia into a single commonwealth. The Crown colony of Western Australia, however, with its own ports and separated by a great waterless plain from the concentration of eastern colonies, saw nothing to be gained from such a union. In order to get people of Western Australia to agree to the commonwealth idea it was necessary to commit the proposed new government to the construction of a transcontinental railway which could link the two coasts, and such a railway was built. Although this railway was not helpful for local traffic, nevertheless, it played its part in the unification of Australia under a single government.¹⁰

To turn back to the Iranian railways, Professor William Haas

9. Ibid., p.p. 12 -13

10. Ibid., p.13

holds that the purpose of connecting the fertile northern provinces on the Caspian with the equally important Persian Gulf region was not only to serve as an aid in the export and import of goods, but also to facilitate troop transportation and maintenance of order throughout the country.¹¹ This enabled the central government to maintain closer liaison with the provinces and to provide for the rapid troop movements necessary to establishing internal security. His argument is well founded when one observes that the northern terminal port of Bandar Shah, isolated in a barren country, was intentionally chosen by the Shah to be the terminal of the railway on the Caspian Sea, even though it was not economically suited for that purpose. The natural ports of the Iranian Caspian seacoast, lying on the southern and western shores, are more serviceable. They have rich hinterlands and lie nearer to the Russian ports. Bandar Shah, being a railway product, lacks all these advantages. Moreover, the sea is so shallow there that a long jetty had to be constructed so as to render possible the discharging of vessels. The steady sinking of the Caspian Sea also makes itself felt more on the shallow eastern side, so that the jetty will have to compensate for this change of sea level by being extended regularly. Therefore, it is obvious that the choice of Bandar Shah as the terminal of the Trans-Iranian Railway was not inspired by economic motives, but it involved some political considerations. In fact, there have been many railways in the world that were built primarily for military use. The German railway system, for example, as it was ultimately developed, took the form of a wagon wheel or spider web, with the outer circum-

11. William S. Haas, Iran. (New York, Columbia University Press, 1946), p. 216

ference skirting the German boarder and with lines radiating in all directions from Berlin to this outer circumference. This arrangement made it possible for Germany to shift men and supplies from one front to another with considerable facility during World War I. And it is said that while German railways contributed to the German successes during World War I, Hitler's failure to maintain the railways adequately, and the subsequent breakdown of transportation, was a contributing factor to the defeat of the Germans in World War II.¹² The Trans-Siberian Railways, and the Berlin-Baghdad Railway are other examples of nets built for military purposes. Although there was never a Berlin-Baghdad railway in the sense of a single system under common ownership or management, and although there is no such thing, even today, as a continuous railway system from Berlin to Baghdad, this project was once important military project.¹³

It is an outstanding fact in the history of World War II, that the Trans-Iranian Railway contributed greatly to the victory of the Allied. The Trans-Iranian help in those dark days was of supreme importance and it was referred to as " THE BRIDGE OF VICTORY." It was this railway that helped Russia to fight against Germany and achieve the final victory. When the eastern Mediterranean and the entrance to the Black Sea were closed by the German occupation of Greece, and when transportation to the northern part of Russia was constantly threatened by German submarines, there was only one route left to supply Rus-

12. Westmeyer, op.cit., p.14

13. Loc. cit.,

sia - the way around the Cape of Good Hope, into the Persian Gulf. From there the materials, ranging from tanks and planes to foodstuffs and drugs, were carried northward. These vital war supplies sent by the Western Powers to the Soviet Union through Iran, between September 1941 and April 1945, amounted to five million tons. Therefore, Professor Haas may well contend that, " ... the Persian supply road will forever be remembered as an outstanding fact in the history of the war - outstanding as a technical achievement and as a decisive factor in winning the war."¹⁴

The significance to the Allies of the Iranian transportation service, and above all its railways, during the years of hostilities is further illustrated by the statement made by President Truman, on the occasion of a State Visit by the Shah in 1949. The President remarked, " ... Had not Iran opened its gates and given us the opportunity to assist the Russians at the proper time, there is no doubt in the world but what burden [sic] World War II would have eventually been on U.S.A."¹⁵ Likewise, Ernest Bevin, the British Foreign Minister, declared before the Security Council on February 1st, 1946, " ... I ought to say, speaking for my (British) Government that we felt a sense of gratitude at very dire moment when the war was at its worst and the Iranian Government placed their territory, their citizens and their communications at the disposal of the Allies."¹⁶

14. Haas, op. cit., p. 216

15. Iranian Information Centre, Iran Today (New York, Woodhaven Press, n.d.), p. 8.

16. A.H. Hamzavi, Persia and the Powers (London, Hutchinson and Co. Ltd., 1946), p. 125

Thus the I.S.R. and all its staff served and collaborated sincerely with the Allies until they won the war. But it was not the end. In fact the Iranian railways stand at present as an effective device for the defense and maintenance of peace in the Middle East.

Under the Baghdad Pact decisions, plans are being continued for a connection of the I.S.R. system with the Pakistan and Turkey railway systems. It was at the end of a session of the Baghdad Pact's Economic Committee, that U.S. Special Ambassador James P. Richards signed individual agreements with Iran, Turkey, and Pakistan providing for \$ 12.5 million in aid for the connection of their railways.¹⁷ No doubt, in due time, when this network is completed, the direct London or Paris - Teheran express will become a reality. Sooner or later the connection with India by way of Isfahan - Yezd - Kerman - Zahedan will follow - a line which would be particularly interesting for passenger and transit traffic of freight.

When this project is accomplished it will permit Iran to assume once again the role she has played so often, that of a crossroad - not for migration and invasion, of which she knows all too well the implications and vicissitudes, but for the peaceful exchange of civilization and its material goods.

17. News Review, Weekly paper published by the United States Information Service (U.S.I.S.), v. viii, No.23, June 6, 1957.

CHAPTER II

Historical Development

The nineteenth century was a period of great improvement in the field of railway transportation. The Iranian Government, which was aware of the importance of railways, made many attempts to introduce rail transportation in Iran. These attempts failed, mainly, because of the lack of sufficient capital and the political rivalry between Great Britain and Russia. In fact Iran could have had her railways at a much earlier date had it not been for the rivalry between these two powers.

Russian influence began with her aggressive wars with Iran in 1797 and 1813 ; the later one was concluded by the Treaty of Gulistan. As a result of a new war in 1826 - 1828 Iran lost her rich Caucasian provinces to Russia. Mingrelia, Karabagh, Shirvan, Derband, Baku, Ervin, and Nakhchevan were one by one annexed by Russia. Finally by the Treaty of Turkamanchai in 1828, Russia could achieve its goal by subjugating Iran to the political and economic supremacy of Russia.¹⁸ In the meantime, with the approach of Britain on her frontier, Iran became an instrument for the furtherance of British and Russian designs in turn.¹⁹ Thus, the history of the nineteenth century is a sordid story of the petty rivalries of two great power,

18. George Lenczowski, Russia and the West in Iran 1914-1948
(New York, Cornell University Press, 1949),
p.p. 2-3

19. L.P. Elwell-Sutton, Modern Iran (London, George Routledge
and Sons, Ltd.; 1942), p.58

dominated by, what Lenin has called, finance-capitalist idea of imperialism.

These two powers provided obstacles in the ways of French, German, American, and British syndicates, which were successively authorized by the Iranian Government to proceed with the construction of railways between 1865-1871.²⁰ As it was, the two powers tried to wrest from the Iranian Government a concession, if not a monopoly, for their projects. Britain was unwilling to sanction any system that connected with Russian line and afforded a means of communication from Russia to the Persian Gulf and India.²¹ Russia, likewise, would tolerate no system that afforded east and west connections, between the Mediterranean and India. In another word, they opposed any railway in Iran except those systems, especially aligned to suit their commercial and strategical needs. The main project proposed by the Russians was a line Tabriz - Teheran - Mashed - to link Tiflis and the Caucasus region with Russian Turkestan, obviously meant as a strategic movement to increase the pressure on Afghanistan and the Indian border and to seal at the same time the Russian influence on the most important part of Iran. The most interesting British plan envisaged a Trans-Iranian railway in the south which was to come from Iraq, then flank or pass through Bakhtiari country, touch Shiraz, and cross into British Baluchistan. Such a line would have constituted

20. Mostafa Khan Fateh, The Economic Position of Persia
(London, P.S. Kings and Son Ltd.,1926),p.56

21. Elgin Groseclose, Introduction to Iran (New York,Oxford University Press, 1947),p.147

the main link in the land connection between Egypt and the Near East, on one hand, and India, on the other, an old British dream to the Arab countries, Iran, and India united in one solid block under British influence.²² These grandiose projects did not materialize, and the Iranian Government between two fires, thought it best to grant concession to neither of the competitors. But the Big Rivals did not cease their political conspiracies and tried time and again to proceed their plans indirectly, that is, through their individual subjects as private concessionaries.

In 1872 a naturalized British subject, Baron Julius de Reuter, obtained a huge concession from Nasir ed-Din Shah. The concession gave him, among other things, the exclusive right to build railways in Iran and exploit the lines for a period of seventy years.²³ Included in this monopoly was the immediate construction of a railway line from the Caspian Sea to the Persian Gulf.²⁴ But the Russians, upon learning of Reuter's concession, did not stand idle by. And finally the concession was cancelled in consequence of the protest lodged by the Russian Government. Two years later a Russian engineer named General Van Falenkenhagen tried to obtain a railway concession from Julfa to Tabriz and was strongly backed by the Russian Government.²⁵ This scheme failed because the project was designed by the Russian Government and opposed by Britain. Other concessions were

22. Haas, op.cit., p.p. 210-211

23. Lenczowski, op. cit., p. 4

24. Fateh, op.cit., p.56

25. Loc.cit.,

given to a Frenchman in 1878 for a railway line from Resht to Teheran, and later on, to a Belgian. They failed to realize this project because of the refusal of the Iranian Government to guarantee the payment of the interest promised on the capital.²⁶

In 1888, when the British Minister at Teheran obtained from the Shah a concession for opening up the Karun River for navigation, his Russian colleague received instructions from his government to apply pressure at Teheran; the result of his combined threat was the signature of the following document:

A secret convention, November 10, 1890.

For a period of ten years beginning from the date of the signature of this convention, the Persian Government engages neither to construct a railway in Persia nor permit others to do so, and will not grant any concession for the construction of railways in Persia to any one.

After the expiration of the period of ten years, the contracting parties will discuss the prolongation or renewal of the contract.

By " Railway " is to be understood any railroad upon which steam or other motive power is used, and all railways in Persia are included in this convention. Tramways with motive power or horses, and in towns and their environs, are not included in this convention ; neither is the railway from Teheran to Shemran, where the summer residence of H.M. the Shah is situated, a distance of two Farsakhs. 27

Owing to this secret convention, which shows the Russian hostility to railway ventures, other attempts to obtain railway con-

26. Loc.cit.,

27. Ibid., p. 57 ; This convention of 1890 was subsequently renewed till 1905.

cessions in Iran from 1890 to 1905 came to nothing. During this period railway projects in Iran were a favourite topic of diplomatic discussion.

In 1889 Lord Curzon wrote that, if the correspondence, on the subject of railways in Persia, that has passed from the various Legations in Teheran to the great capitals of Europe, and more especially to St. Petersburg and London, were collected, it would provide a bonfire that would blaze for a week. Sir Arnold Wilson commenting on the above statement, in his book Persia, says, "Had Lord Curzon written forty years later he would have been justified in ascribing a longer life to the beneficent fire of his imagination."²⁸ From these statements it will be seen that competition between Great Britain and Russia and the consequent political conspiracies were the major impediment in the construction of railways in Iran. Germany, as an imperialist competitor, appeared on the horizon of Iranian politics later than Russia and Great Britain. And it was in 1903 that the Deutsche Bank obtained the famous concession to construct the railway that would link Berlin to Baghdad. This railway was to be the main artery for Germany to influence in Mesopotamia and the Persian Gulf.²⁹ The line was eventually to be extended to Teheran through Khanaqin in Iraq. As a result of the Postesdam conference between Wilhelm II and Nicolas II, an agreement was

28. Arnold T. Wilson, Persia (London, Ernest Benn Limited, 1932), p. 110

29. Lenczowski, op.cit., p. 145

signed in 1911 in St. Petersburg that opened new vistas for the success of the Berlin-Baghdad railway. According to the agreement Russia was to ask Iran for a railway concession from Teheran to Khanaqin. Upon completion, this line was to be linked with the Berlin-Baghdad railway. The Russian Government undertook to consider the wishes of Germany regarding the exact tracing of the new line. It promised, moreover, that if the concession was left unexploited by Russia for four years, the latter would cede it to Germany. In this way Iran became an integral part of the master plan of the Berlin-Baghdad railway and became subject to all its political implications. However, the outbreak of the first World War put an end to these schemes.³⁰

On February 6, 1913 the Iranian Foreign Minister signed a concession to the Russian Julfa-Tabriz and Enzeli-Teheran Road Companies, giving the right to construct a railway from Julfa to Tabriz (147 kms), with an extension to Rezaiyeh. The work of construction was expedited by the first World War, and the line opened early in 1921.³¹ By the terms of the Persian-Russo Treaty in 1921, this line was transferred to the Iranian Government and it is at present administered by the Iranian State Railway.

Also in 1913 an agreement was reached between the Iranian Government and the representative of a British syndicate upon the construction of a railway from Mohammarah through Khurranabad to Hamadan and eventually to Teheran. The syndicate was granted a two years

30. Ibid., p.147

31. Fateh, op.cit., p.58

option, during which period it would survey the route of the line. The Iranian Government undertook to decide, on the completion of the survey, whether it would build the railway as a state line under contract with the syndicate, or whether it would grant the syndicate a concession for the construction of the line. The syndicate actually made a survey of the Mohammarah-Dezful section and was prevented only by tribal difficulties from completing during 1914 a detailed reconnaissance as far as Bourujerd.³²

Prior to the first World War an international syndicate of French, British, and Russian financiers interested itself in a Trans-Iranian line which was to begin from Astara on the Caspian Sea and run to the Persian Gulf via Teheran, Yezd and Kerman ; but the War and consequent difficulties caused the promoters to abandon their project.³³ Also before World War I, the Indian railway system was fully developed to Baluchistan, close to the Iranian frontier. In what is now Pakistan the British built a broad gauge line running through Quetta to Nushli. During the War this line was extended to Mirjawah on the Iranian frontier and thence to Zahedan, a distance of about 92 kms.³⁴ This line was transferred by an agreement with the Pakistanese Government to the Iranian State Railway in 1954.

Thus all the projects mentioned above advocated by half a dozen nations, who were actively engaged in endeavouring to obtain

32. Wilson, op.cit., p.p. 111-112

33. Fateh, op.cit., p.59

34. Loc. cit.,

concession for railway construction in Iran, came to nothing, partly owing to the hostility between Russia and Great Britain, and partly owing to the internal difficulties involving financial problems and reluctance on the part of Iranian Mornachs to place themselves in the hands of concessionaires in a matter of such vital importance. Consequently, Iran had to content herself with a few embryonic lines, all (with the exception of the Azarbaijan system) at the periphery of the country and none of much importance. These lines were:³⁵

1. The 201 kms. railway of Russian system (1,524 m. gauge) from Tabriz to Julfa, with a side line branching off to Lake Rezaiyeh, built by a Russian company.
2. The line, 92 kms. in length and 1,672 m. gauge, from Mirjawah, on the Irano-Pakistan border, to Zahedan.
3. A railway about 18 kms. long between Resht and Pirebazar.
4. Within the territory of the British oil concession, a railway 165 kms. long built in 1923.
5. A tiny railway constructed in 1888, covering the 3 kms. between Teheran and Shah-Abd-ul-Azim, one of the most visited places of pilgrimage in Iran.

35. Haas, op. cit., p. 211 - Mile is changed into kilometre.

Beginning of the Trans-Iranian Railway

With the coming of Reza Shah Pahlavi as the head of the State a new era started in the life of the country. Early in his reign Reza Shah determined upon an improvement of the internal communication of the country. The late Shah had a full comprehension of the country's transport needs and the vast road and railway construction that was carried out during his reign is a reflection of the efforts made to provide the basic requirements for development of Iran.

In 1928, Reza Shah put into operation an ambitious scheme of constructing a railway right through the heart of Iran, connecting Bandar Shah on the Caspian Sea to Bandar Shahpur on the Persian Gulf, a distance just 900 miles or 1388 kms. Thus, under the auspices of the Shah the first national steps were taken in May 1925, when Parliament enacted a law giving the government a monopoly on sugar and tea, and allocated all the profits exclusively to railway construction.³⁶ The law provided a tax of two rials on the consumption of three kilos of sugar, and six rials on three kilos of tea, to procure the funds to finance the whole project - thus avoiding dependence upon foreign aid.³⁷ A bill providing for the survey work passed in 1926, and in 1927 another law authorized construction of the railway from the Caspian Sea to the Persian Gulf. Then on October 17, 1927,

36. Donald N. Wilber, Iran: Past & Present (Princeton, Princeton University Press, 1950-), p.146

37. Rial is the unit of Iranian currency. At present \$ 1 is equivalent to 76 rials.

work began at each end.

Institutions in charge of the construction of the railway

Practically all industrialized nations have collaborated in the construction of the Trans-Iranian Railway, and the engineering skill of the principal nations of the west was engaged - American, British, German, Swedish, and Danish as well as Iranian.³⁸

At the beginning in 1927 the work was in the hands of American engineers, and German experts, but in April 1928 it was entrusted to a syndicate composed of the American firm, Ulen & Co., and the German firms, Philip Holtzmann, Julius Berger and Siemens Bau.³⁹ The Germans in the north completed the Bandar Shah - Sari sector (80 miles) in November 1929, while at the same time the Americans opened the Bandar Shahpur - Dezful sector (156 miles).

In 1931 the contract with the syndicate was canceled by the Iranian Government and construction was taken over directly by the Government, through the Railway Construction Department of the Ministry of Roads. And an agreement was made with a Scandinavian syndicate, the " Consortium Kampsax ", a syndicate of Swedish and Danish firms, in 1933.⁴⁰ The Consortium Kampsax guaranteed to complete the whole of the work on the railway by may 1939. The Consortium in turn sub-

38. Groseclose, op.cit., p. 147

39. Elwell-Sutton, op.cit., p.39

40. Loc.cit.,

contracted the work in lots to various European companies, but the engineering and construction work throughout was under the direct supervision of the Consortium Kampsax.⁴¹

It was an immense undertaking, and it is worthy of mention that in the construction of this line Iranian workers and technicians as well as foreign experts made sacrifices, even many lost their lives. One of the most difficult sections fell to the British firm of Richard Costain, while the Italian firms of Angiolini-Balocca and Mottura-Zaccheo, and Swedish, Belgian, Czech and several other companies also took part. The cosmopolitan nature of the undertaking is further emphasised by the way in which orders for materials were distributed; the steel for the rails and some of the cement came from the U.S.S.R., the sleepers from Australia, the locomotives (which run on oil) from Sweden, the other rolling stock and machinery from Belgium, Germany, and the U.S.A., and further supplies of cement from Japan and Yugoslavia.⁴² Some idea of the importance of this undertaking can be obtained from the fact that at the peak period, between 40,000 and 50,000 men were employed, of whom 10 per cent were European.⁴³ The monthly consumption of cement used for bridges, culverts, tunnel linings, etc., amounted to approximately 10,000 tons. One hundred tons of explosives were used each month in the work.⁴⁴ Those familiar with

41. Wilber, op.cit., p.146

42. Elwell-Sutton, op.cit., p. 39

43. A. G. Bonn, "Trans-Iranian Railway" Journal of the Royal Central Asian Society, vol.25, part II, (April, 1938), p.219

44. Ibid., p.222

the physical conditions of the terrain and the precipitous mountain ranges will realize the immensity and the difficulties facing the construction of this railway right through the uplands of Iran.

" At last there is a railway from end to end of Iran "

In 1938 the single track, standard-gauge line was ready for operation. In fact the Consortium Kampsax had fulfilled its obligation one year earlier than the scheduled date. On August 24, 1938, H.M. the Shah laid the rail linking the northern and southern sections in the mountains between Erak and Khurramabad.

The Iranian^s will always remember the wonderful service which Reza Shah did to his country by constructing the Trans-Iranian Railway. It was true when Sir E. Denison Ross as chairman to the Royal Central Asian Society on March 2, 1938, said, " At last there is a railway from end to end of Iran. There are few people," he continued, " even well read, intelligent people, who realize that Iran had no railway until Reza Shah Pahlavi came, and said, ' There shall be a railway from end to end of Iran.' It is an almost incredible fact of engineering, for the greater part of Iran is perched on top of a plateau 3,000 to 4,000 feet above sea level, and seems to have come into existence almost since yesterday. But that it has happened now is due entirely to the determined and earnest will of one man, the Shah."⁴⁵

45. A. G. Bonn, op.cit., p. 219 f.n.

Thus, under the control of the Shah in 1938, after eleven years of work at a cost of about one hundred million dollars the project was realized and successfully completed, without foreign financial help. An estimate of what this represented for Iran may be gathered from the fact that when the work of construction began Iran's total annual budget was only \$ 8½ million.⁴⁶

Certain Characteristics of the Trans-Iranian Railway

The Trans-Iranian Railway extends, as shown in the map of Iran, from the port of Bandar Shah, on the Caspian Sea, to Bandar Shahpur, on the Persian Gulf. The total length of the line is 1388 kms., 461 of which comprise the northern section between Bandar Shah and Teheran and 927 kms. the southern section from Teheran to Bandar Shahpur. It has 227 tunnels with an aggregate length of 84 kms., some of which are more than one kilometer in length.⁴⁷ The Trans-Iranian Railway has been considered as one of the world's outstanding examples of railway engineering and probably, as Wilber indicates, construction of no other railway line in the world has met with more natural difficulties than did the Trans-Iranian, much of which is through very mountainous country.⁴⁸

The northern section from Teheran to the Caspian Sea, leaves the capital in a north-easterly direction, at first loses height, then climbs through a narrow valley and finally reaches the summit

46. Iranian Information Centre, op.cit., p.44

47. Railway Information Service, op. cit., p.12

48. Wilber, op.cit., p.146

of the Alborz passage at an altitude of 2,111 metres. The gradients are steeper and reach a maximum of 1 in 36 on the northern slopes of the Alborz mountains, which climb up to 7,000 ft. Special curves of 656 ft. radius, many of them in tunnels up to one mile in length, had to be constructed. At the Gadouk pass, leading to the inner Persian Plateau, a tunnel of 2887 metres long pierces the mountain. The abrupt descent from the summit to the shores of the Caspian necessitated the construction of three completed loops of the line in order to gain distance and not exceed a maximum grade of 2.8 per cent. One of the loops is unique in that line in one tunnel is directly above itself in another tunnel.⁴⁹ This section of the line both from technical and tourist's point of view, has been considered one of the most interesting and picturesque in the whole world. It passes the fertile lands of the province of Mazandaran and crosses the famous and formidable Alborz mountain range. The beauty of its scenery and the boldness of its conception make it at least equal of the famous St. Gothard line.⁵⁰

On the south section the railway starts from Bandar Shahpur on the Persian Gulf and it crosses almost in a stright line, 230 kms. of the vast plain of Khuzistan. At Endimeshk close to the ancient city of Dezful, rise the Zagros Mountains, an almost impassible barrier against the railway. Then the railway passes along the narrow valley of the River Ab-i-Diz and Ab-i-Cesar for 142 kms. Through a succession of long tunnels, and over numerous huge bridges. The

49. Iranian Information Centre, op.cit., p.43

50. A. G. Bonn, op.cit., p.219

construction of some 150 tunnels on this 57 kilometers section represents one of the great feat of engineering in the history of railway buildings.⁵¹ At the extreme north of the Ab-i-Cesar the line leads on to the central Iran Plateau. It passes through the cities of Erak and Qum, the latter being well known as one of the holy towns, and eventually arrives at Teheran after passing through desert country and occasional well-populated fertile stretches. The ruling gradient for most of the southern section is 1 in 67. The passage through the Khuzistan and Luristan mountains involved the most difficult work. Deep gorges, some as much as 300 ft. in depth, through which ran turbulent rivers, sometimes with a depth of 30 ft. necessitated the construction of a number of viaducts. Each one has a length of 427 ft. and height of 28 ft.

Such was the undertaking which was completed in 1938 and has been considered one of the most spectacular examples of railway building in the world.⁵² A line which passes from sea level to an altitude of 2,176 metres, and crosses 8665 bridges, and passes through 227 tunnels, some of which corkscrew inside the mountain⁵³ A line that contributed much to victory in World War II, and it is not exaggerated to say that the supplies sent to the Soviet Union over this railway during the War turned the tide in Russia against the Nazi armies.⁵⁴

51. Loc.cit., p.

52. Groseclose, op.cit., p.147

53. This is the highest altitude in the southern section of a place called Nourabad.

54. See Lewis V. Thomas & Richard N. Frye, The United States & Turkey & Iran (Cambridge, Massachusetts, Harvard University Press, 1951), p.226

Tribute must be paid to those who built this railway - to the Iranian workmen, who bore the heat and labor and sacrificed their lives for the construction of such a magnificent enterprise.

CHAPTER III

Management of the Railway

Organization is the structuring of individuals and functions into productive relationships; management is concerned with the direction of these individuals and functions to achieve ends previously determined.⁵⁵

The Iranian State Railway is a large-scale organization with complex activities carried on over wide areas by 28562 employees.⁵⁶ The organization was created in 1935, while the Consortium Kampsax was trying its best to fulfil its obligation and complete the southern and northern sections of the Trans-Iranian. The law provided for the establishment of a corporation to perform its services with precision, to maintain authority, enforce responsibility, ensure financial honesty throughout all grades of officials, and to conduct its services with benefit to the public. The corporation created thus, by the law of Parliament in 1935, has been given autonomy in operation and flexibility enough to permit improvement in the service and adoption of new technical, administrative, and financial methods.

55. John M. Pfiffner, Public Administration (New York, The Ronald Press Co., 1953), p.5

56. As it was published by the International Union of Railways in its Quarterly Summary of Statistics, Paris: 3rd. Quarter, 1956. It is worth-while mentioning that the number of staff working in the railway vary according to nature of the maintenance of way and seasonal activities. During World War II, I.S.R. had a staff numbering more than 40,000 employees.

Although through the years the law has been gradually modified, the basic structure and organization of the railway has remained similar to the original law. Generally speaking, at present the railway as a corporate body is a part of the Ministry of Roads and, consists of a Director General and his assistants who constitute the Board of Directors, a Supreme Technical Council, a Financial Supervisory Board, and various technical and administrative bureaus.⁵⁷ The principal divisions of the I.S.R. to be described are shown in the chart attached to this paper.

A. The Minister of Roads

In Iran as in many other countries the state has monopolized the business of rail transportation. Therefore, the Iranian State Railway as a public corporation is a part of the Ministry of Roads.

The Minister of Roads, being responsible for the improvement and maintenance of roads including railways, watches carefully the smooth operation of the railway. And in spite of the fact that the I.S.R. as a commercial enterprise has been granted by the law a considerable measure of autonomy in its administration, the Minister of Roads, to carry out his responsibility, has been authorized by the same law to approve certain important matters before putting them into operation.⁵⁸ These matters are generally concerned with the fi-

57. Ministry of Roads, I.S.R., The Law of the Organization of the I.S.R. and the Regulations Related to it (Tehran, I.S.R., Railway Press, n.d.), p. 3 This law serves as a principal source of information upon which the following three chapters have been written. It is referred thereafter as the law of the organization of the I.S.R.

58. Ibid., p. 7

nancial activities and organizational adjustments of the I.S.R. for example, matters such as, annual budget of the railway, raising loans, appointment of the top officials are among the things which need the approval of the Minister.⁵⁹ Furthermore, as a rule all the important matters must be reported directly to the Minister by the Director General of the Railway and a comprehensive monthly report of all technical, financial, administrative, and operating affairs is sent to the Minister, while all the instructions of the Minister are put into force by the Director General of the railway.⁶⁰

While the railway has to conduct its affairs like a commercial corporation, it is primarily accountable to Parliament. It communicates with the Parliament ordinarily through the Minister of Roads.

It is interesting to note that in Iran some of the Ministers of Roads had been for sometimes Director General of the railway. The present Minister, Major-General Ansari, had for a long time been working in the railway and was Director General of the railway, prior to his appointment as the Minister of Roads. Thus, having experience and knowledge in the railway administration, he has been to a large extent effective in the promotion of the efficiency in the I.S.R.

59. Decree Law No. 3516, of Khordad 21, 1332 (June 1953).

60. The Law of the Organization of the I.S.R. op.cit., p.26

B. The Director General

At the top of the Organization of the railway is the Director General responsible for the conduct of all railway activities. The Director General is appointed by the decree of the Council of Ministers, through the advice of the Minister of Roads, for a period of three years.⁶¹ Technical capability and political considerations play a major role in his appointment.

The Director General of the railway is in fact the man who co-ordinates the technical, administrative, and financial affairs of the railway for the purpose of continually improving its services to the public. To achieve this aim, the Director General delegates his authority to the directors of specialized functions, who are regarded as his assistants. There are some functions, however, that require the personal attention of the Director General himself. These are mainly as follows:⁶²

1. Approving matters that fall beneath the jurisdiction of the Board of Directors.
2. Preparing proposals to place before the Board of Directors, or for consideration of the Supreme Technical Council, and sending the proposals that have gone through all the formalities to the Minister of Roads for issuance of instructions by the Council of Ministers.

61. Ibid., p.7.

62 . Ibid., p.27

3. Generally overseeing and supervising the means and facilities for transportation and traffic operation.
4. Signing general and administrative instructions, contracts, convictions, money orders, and pay-orders.

In addition, the Director General represents the I.S.R. against third parties and defends the railway in the courts. In his principal task of laying down broad line of policy and executing the railway measures regarding budget, tariff, and other regulations, the Director General is assisted by the Board of Directors, over which he presides and which comprises the Directors of Technical, Financial, and Administrative Affairs.

C. The Directors

Under the Director General are three directors, who deal with different spheres of activities: one is in charge of the technical affairs, another is concerned with the administrative affairs, and the third one with the financial affairs of the railway.⁶³ These directors are all assistants of the Director General and are conveniently placed in rooms near the Director General, and are easily accessible to heads of bureaus on matters relating to their own particular interests. These directors are appointed from among qualified technical officials of the railway by the Minister of Roads through the advice of the Director General.

63. Ibid., p.p. 27-30

Since the I.S.R. is a large-scale organization, the division of its activities into three different general spheres, that is, technical, administrative, and financial affairs, is most important. It is devised to eliminate the possibility of a bottleneck at a high level, and ensures continuity of policy and the necessary time to give proper and adequate consideration to the many important matters of the railway administration.

In order to maintain cooperation and coordination in the administration and to provide better understanding, it has been well established that any decision taken or instruction given by the Director General and other directors is announced to the other directors concerned. Similarly, each of the directors can acquire any information needed from the bureaus outside his supervision. Likewise, the directors of the railway acquire the Director General's consent to important matters and, fundamental instructions are sent for the signature of the Director General before they are processed. The sphere of activity of each director is as follows:

1. The Director of Technical Affairs

The Director of Technical Affairs is also technical assistant of the Director General of the railway. He is responsible for supervising the technical units of the railway throughout the area of operation and for the efficiency of their services. To fulfil his tasks, the Director of Technical Affairs visits the regional divi-

sions of the railway frequently and issues the necessary instructions for the repair and maintenance of the way. His other main functions are :

- a. To study and consider the current and future needs of the railway for technical equipment and try, as far as possible , to standardize these necessities.
- b. To study carefully the necessities of the subordinate bureaus and propose them to the Director General.
- c. To issue regulations and instructions to the subordinate bureaus and supervise the management of the technical affairs.
- d. To provide technical training programs for the technical staff and supervise the improvement of these programs.

2. The Director of Administrative Affairs

As an administrative assistant to the Director General, the Director of Administrative Affairs supervises and issues instructions for the administrative bureaus of Personnel, Police, Training, and Health.

The Director of Administrative Affairs is charged to study matters concerning the operations and the requirements of the subordinate bureaus and submit the required proposals to the Director General. Furthermore, he has to study and consider matters relating to

the personnel administration and take necessary action in providing regulations, administrative orders, and supervision in the management of the administrative affairs and technical training.

3. The Director of Financial Affairs

The Director of Financial Affairs is the Account Chief of the railway. He supervises and controls the affairs concerning accounts, finance, and purchasing, and issues the necessary instructions for developing efficiency in financial management.

In addition to his principal task of studying and preparing proposals for submission to the Director General concerning the needs of the units under his control, we may summarize his other functions as follows :

- a. To study and observe matters and proposals concerning fiscal programs, borrowing, increasing receipts, and decreasing expenditures.
- b. To prepare budget bills, annual financial statements, and monthly statements of financial conditions of the railway for propounding in the Board of Directors.
- c. To take necessary steps in providing financial regulations, and programs for training competent accountants and store keepers.
- d. To supervise the management of financial affairs, protection of property, purchasing, and storing (at the

right time) the equipment and necessities of the railway.

e. To order payment of money-order whose general authorization has been given by the Director General.

D. The Board of Directors

The Board of Directors consists of four members who are directors of the railway.⁶⁴ The Director General of the railway is the chairman of the Board. Other members are the Director of Technical Affairs, who presides over the board whenever the Director General is not present, Director of Financial Affairs, and Director of Administrative Affairs, who is the secretary of the Board. The Board of Directors meets regularly once a week, but additional meetings may be held on other days should the need arise. To have a quorum the presence of three members is required. Decisions are taken by the majority of votes. If there is an equal vote, the votes of the party in which the Director General is represented are decisive.

The directors, while in the board, constitute the policy-making body and their main function is to deliberate on important matters concerning the maximum efficiency of the operation. But in their official positions, outside the board, they are line officers and responsible for the functions of their subordinate units. The following are some of the important functions of the board.

64. Decree Law No. 3516, of Khordad 21, 1332 (June 1953).

- a. Deliberation on the annual budget of the railway. The Board of Directors receives the budget for reviewing and adjustments.
- b. Deliberation on the matters concerning important transactions.
- c. Deciding on matters concerning the relationship of the I.S.R. with foreign railways and transportation institutions both external and internal.
- d. Studying the railway tariff.
- e. Deciding on the matters proposed by one of its members.
- f. Studying the financial situation of the railway and preparation of balance sheets and statistical information.

E. The Supreme Technical Council

The Supreme Technical Council is a body set up to ensure the development of technical and administrative efficiency in the I.S.R. The council studies the railway budget and recommends the fundamental and detailed organization of the railway and reorganization to suit the need and situation of the time. Such recommendations are made to the Council of Ministers through the Director General and Minister of Roads. The council also drafts laws, by-laws, regulations, and submits them to the Minister of Roads through the Director General for

final approval. These laws and regulations are concerned with different aspects of the railway and its operation.⁶⁵ Generally speaking, the Supreme Technical Council is a general advisory staff to the management of the I.S.R. on the important matters concerning technical, financial, and administrative spheres of the railway administration.

The council is composed of seven members, including five principal members and two alternates. The members are appointed by the Minister of Roads for a term of three years of office, provided that they have had technical knowledge and a reputation for good conduct and capability.⁶⁶ If any of the principal members is a railway official he becomes responsible to the Minister of Roads from the date he is appointed a council member. He will, however, continue to receive his salary from the railway.⁶⁷

The chairman of the council is assigned by the Minister of Roads. The council has a vice-chairman and a secretary who are chosen by the members from among themselves. To have a quorum the presence of three of the members is required. A majority of votes carries and if there is an equal vote, the votes of the party including the chairman are decisive. The alternative members of the council may vote if they are invited to the council to replace those principal members who have long been absent with a valid excuse. However, the alter-

65. Ibid.,

66. Ibid.,

67. The Law of the Organization of the I.S.R. op. cit., p.24

native members may also be invited to the council merely for matters of consultation.⁶⁸

The Supreme Technical Council usually meets twice a week. A copy of the approved proposal of the council is sent to the Director General to inform him of the decisions taken by the council and acquire his agreement. The Director General will, in turn, send his view to the council, if the matter requires his consideration, or will propound it in the Board of Directors if it requires the consideration of the board (within 10 days for simple cases, 20 days for important ones, and 30 days for the detailed and regulatory ones).⁶⁹ However, the Supreme Technical Council may invite the Director General to the sessions during the time of final decisions to have closer cooperation and greater speed in the process. In the author's experience, this has been the usual practice.

If there is any disagreement between the Director General of the railway and the Supreme Technical Council, and the discrepancy is difficult to settle, the council shall send the case to the Minister of Roads who will make the final decision.⁷⁰

The railway is obliged to put all the necessary information and documents required by the council at its disposal. The council may use, if necessary, the railway staff to carry out its functions

68. Ibid., p.21

69. Ibid., p.23

70. Loc.cit.,

and, the Director General of the railway assigns the required number of staff, for a part-time or full-time, to the council.

F. The Financial Supervisory Board

Generally speaking, the Financial Supervisory Board is a body to ensure honesty in the financial operation of the railway and to recommend ways for the improvement of the financial administration. The financial affairs of the railway are presented to the Financial Supervisory Board and, the board, after a careful consideration, will report its observation and recommendations to the Director General.

The board consists of the following five members:⁷¹

1. The Under-Secretary of the Ministry of Roads, acting as the chairman of the board.
2. The representative of the Ministry of Finance.
3. The representative of the Financial Commission of the state (Divan Mohasebat).
4. A high-ranking official of the I.S.R.

Sessions are held in the railway buildings, through the invitation of its chairman or by a written request of the Director General of the railway. A vice-chairman and a secretary will be chosen in the first meeting from among its members. The quorum is achieved

71. Decree Law No. 3516, of Khordad 21, 1332 (June 1956).

72. The Law of the Organization of the I.S.R. op.cit., p.12

by the presence of three of its members. A majority of votes carries.⁷³

The principal functions of the Financial Supervisory Board are : investigating the financial situation of the railway and studying the financial statements.⁷⁴

In investigating the financial situation of the railway, the board can, at any time, audit railway cashiers and stores in the central bureaus or in the regions. However, the board has not the right of direct interference. It can only report its observations to the Board of Directors and if the latter does not agree with the Financial Supervisory Board the recourse should be to the Minister of Roads. The representatives of the Ministry of Finance and the Financial Commission would also send their reports to their respective Chiefs.

For studying the financial statements, the Financial Supervisory Board receives the annual financial statements and a statement of real and movable property of the railway, for its financial consideration and approval. The board must complete its study of the statements and prepare its report within two months from the date it receives them. If the board has in the course of its studying any objection to a statement, it should refer it to the Board of Directors. The Financial Supervisory Board will submit, however, a report

73. Loc.cit.,

74. Ibid.,p.13

attached to the financial statement and the response of the Board of Directors to the Council of Ministers, if it does not agree with the Managerial statement.

Before 1953 the Financial Supervisory Board was responsible for reviewing the railway annual budget. The process has been abolished ever since, and it is now the function of the Supreme Technical Council to review the budget.⁷⁵

75. Decree Law No. 3516, of Khordad 21, 1332 (June 1953).

CHAPTER IV

Central Bureaus of the Railway

Organization is," harmonious interrelation of functions and staff." 76

G. E. Milward

The central bureaus of the Iranian State Railway constitute the functional divisions, as opposed to geographical divisions, of the railway organization and are split up into divisions, branches, sections, and finally into units which is the smallest organization in the I.S.R. These bureaus are, according to the nature of their functions, divided into four groups which make up the General Directorate, Administrative, Financial, and Technical Bureaus of the railway. 77

Speaking generally, the organization of the central bureaus, shown in the chart attached, comprises of two general type of units, that is , those units of administrative and financial character performing auxiliary staff functions such as personnel, accounting, and purchasing, and those line units performing technical works leading to transportation service. The word bureau, as far as the railway is concerned, represents functional division of work. The railway bureaus

76. G. E. Milward, ed., Large-Scale Organization (London, Richard Clay and Company, Ltd., 1951),p.4

77. The Law of the Organization of the I.S.R., op.cit.,p.p. 44 - 45

are of varying sizes numerically, in personnel, dependent on the volume of work affecting each. The direction and responsibility for each bureau are in the hand of one man regarded as the Head of the Bureau and those in charge of particular functions or activities within the bureau are subordinate to him.

The heads of the central bureaus of the I.S.R. administer their subordinate units in accordance with the approved budget and personnel organization for their bureaus. It is their duty to oversee and issue necessary instructions to their subordinates, to maintain standardization in their performance, and ensure economy in their operation.⁷⁸ After having carefully studied the problems and difficulties involved in the administration of their subordinate units, the heads of the central bureaus submit written report together with their own observations and suggestions for improvement. To handle difficulties, they can at any time ask for necessary information from the regional administration. They can also enter into direct relation with private individuals, government agencies, and private institutions, provided that this contact does not create financial obligation for the railway.⁷⁹ Such process in the railway administration is significant, since it speeds up in operation in certain circumstances without referring to the hierarchic channel.

Generally speaking, the heads of the central bureaus of the

78. Ibid., p.31

79. Ibid., p.32

railway are responsible to maintain coordination of activities in their subordinate units and to encourage cooperation both within their units and other bureaus. They are responsible, of course, for the operation of their respective central branches.

A. The General Directorate Units

The General Directorate Units are under the direct supervision of the Director General of the railway, and consist of five units.⁸⁰

The first unit is the General Secretariat. This unit is charged with maintaining liaison between the various bureaus and the Director General of the railway, and recording of a great volume of correspondence carried on within the railway and with outside organizations and individuals. In this sense it is considered as central files for all correspondence with the railway.

To perform its functions, the General Secretariat is subdivided into the following offices, each carrying out specific duties. These are :⁸¹

1. Secretariat Office
2. Legal Office

80. Iranian State Railway, The Statistics, Information, and General Activities of the I.S.R. in 1954 (Teheran, Majlis Press, 1954), p. 33

81. The Law of the Organization of the I.S.R., op. cit., p.44

3. Orders and Ceremonies, and

4. Publication and Publicity and Printing-House

The next unit is the Bureau of Law and Solicitors. This bureau consists of the administrative courts and solicitors connected with this bureau to protect the interest of the railway in the legal controversies unavoidable in the conduct of great business enterprises. The bureau deals with railway litigation. It represents the railway as a whole, on behalf of the Director General, before the courts. The bureau, furthermore, deals with the disciplinary measures of the railway employees by hearing such cases in railway disciplinary administrative courts.⁸²

According to article 49 of the Employment Regulation of the I.S.R. the railway administrative courts hear administrative disciplinary cases of the railway employees and decide on the degree of their punishment with regard to the measures laid down by the Civil Service Law of the state.⁸³

82. Mojtaba Malekuti, Iranian Railway (In Persian)(Teheran, Khandaniha Press, 1948), p.306

83. Ministry of Roads, I.S.R., The Employment Regulation of the I.S.R. (in Persian) (Teheran, Railway Press, 1956), p.22 Refers hereafter as the Employment Regulation of the I.S.R.

83. The degrees of penalty provided in article 38 of the Civil Service Law are as follows :

1. Written notice to the employee, not inserted in his personnel record.
2. Written notice of reprimand, inserted in the employee's record.

(cont. on next page)

The Civil Service Law provides that in each ministry permanent administrative courts may be held to hear cases of employees' offences committed while on duty. The reason behind the establishment of administrative courts in government agencies is to standardize procedures concerning punishment of government employees for their offences resulting from negligence in service. The administrative courts of this type are competent in hearing only cases dealing with disciplinary actions.⁸⁴ Being disciplinary tribunals for the government employees, these courts, unlike the United States and United Kingdom, are exclusively for the internal purposes.

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3. Deduction up to one-third of the employee's salary from one to six months.
 4. Suspension from service from three months to one year.
 5. Demotion of one or more grades.
 6. Permanent dismissal from service in the ministry concerned.
 7. Permanent dismissal from government service.

The first two measures of the above list are within the authority of the immediate supervisor to exercise and do not need a hearing in the administrative courts.

84. Disciplinary actions and responsibility of the government employees, in general, are of two kinds : financial responsibility and administrative responsibility. The financial responsibility of the government employees fall within the jurisdiction of ordinary courts of the state. The administrative responsibility of the government employees are, furthermore, considered of three types, of which only disciplinary matters fall within the jurisdiction of the administrative courts. Other types of administrative responsibility are regarded as offences of common nature, and offences that are peculiar to the government employees. The former fall under the jurisdiction of ordinary courts. For example, murder while on duty is heard in an ordinary court and the employee has no privilege of trial in a special court. As for the latter type

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Since the permanent administrative court of the Ministry of Roads was unable to deal with the railway cases that were increasing in number, due to the expansion of the scope of railway activities, the Minister of Roads agreed to the suggestion made by the Director General of the railway, and as a result, the permanent administrative courts of the first instance and appeal were established in the I.S.R. ⁸⁵ The lower administrative court is composed of three members who are appointed by the Director General from among qualified railway officials. The administrative court has a president and a prosecutor. The decisions of the court are appealable to another administrative court which is composed of five members, three of which are the members of the lower court. Procedures of the administrative courts are written and the prosecutor of the court is responsible for finding facts and evidence for the cases.

The Bureau of Inspection is next for consideration. It was organized to assure the railway employees' honest performance of their functions. Furthermore the bureau has charge of examining all railway employees' cases concerning their faults and investigating all offences committed by them with regard to violation of rules and administrative regulations. Generally speaking, the functions of the

of administrative offences, they are heard in a special court in the Ministry of Justice called the Penal Court of Government Employees. These offences committed by the public servants against private individuals or the public include forgery, bribery, embezzlement and others which fall within the jurisdiction of the said court.

85. Malekuti, op.cit., p.307

Bureau of Inspection are of two types : specific and General.⁸⁶

1. The specific function of the bureau - It is the duty of the chief of the inspection, or if he is absent, his assistant, to obtain all possible information concerning offences committed by the railway employees such as fraud, bribery, and embezzlement. After careful consideration of the case, collection of reliable documents, and examination of the evidence, the result is sent to the Director General, who in turn forwards the case to the competent court.

To perform his duty, the chief railway inspector is required to be conversant with all rules and regulations of the railway and has to base his report on the appropriate articles relating to the offences committed.

The railway police in the headquarters and in the regional sub-divisions are responsible for providing facilities in the performance of inspection and cooperating with the Bureau of Inspection in preventing obliteration of documents, and in assisting the bureau in the tracking of offenders. Furthermore, all other railway bureaus and regional divisions must send a report concerning the offences committed by their employees, as soon as possible, to the Bureau of Inspection together with their own observations.⁸⁷

The inspectors are required to collect adequate, reliable evidence, examine the facts, and question the accused employees

86. Ibid., p.p. 232 - 237

87. Ibid., p. 233

before sending their report to the bureau along with their own observations as to the guilt or innocence of the accused.⁸⁸

Upon receiving the report, the chief inspector sends the case to the Legal Office of the General Secretariat, where the case is reviewed within ten days. If the Legal Office considers the case a disciplinary offence, it refers it to the Bureau of Personnel for an administrative court hearing. If the case is considered a general offence of common nature, it is reported to the Director General, who issues order sending the case to the Penal Court of Government Employees.⁸⁹ In the latter case the function of the Legal Office is to sue the offender, or offenders, through its solicitors, for damages incurred to the railway. Since the matter here is a financial one, the case will be decided on by the civil courts of the state.

If the inspectors in the regional divisions consider a case as being disciplinary in nature, that is lying within the jurisdiction of the railway administrative courts, the regional administrative courts are, then, held temporarily by the chief regional officers. In such a case, the Bureau of Inspection must be notified of the decisions taken by the regional administrative courts, and the chief regional officer is responsible for the execution of such decisions.⁹⁰

2. The general function of the bureau - The Bureau of In-

88. Loc.cit.,

89. Loc.cit.,

90. Ibid., p. 234

spection of the railway can inspect and investigate all employees throughout the line. The bureau also prepares necessary reports concerning visible deficiencies and submits them to the Director General. It supervises the execution of laws, regulations, and programs in the railway and ensures the interests of the state and prevents any disagreement which may cause delay in operation and losses to the state.⁹¹ Furthermore, the Bureau of Inspection submits summary reports of its inspections to the railway management and , conducts any inspection that the Director General orders to be done.⁹²

The Technical Statistical Studies are the functions of a division established by decree No. 1961 of Farvardin 15,1325 (1946).⁹³

91. Loc. cit.,

92. To perform their functions, the inspectors must base their inspections and investigations on sound administrative procedures and their reports must cover logical consistency and reliable documents suitable for the courts. It is their duty not only to discover the crimes and deficiencies in the railway, but also to recommend improvements toward greater work efficiency, and to try to remove imperfections with the help of the bureaus concerned.

To ensure their honesty, the inspectors are not permitted to accept the hospitality of the chief regional officers in whose sections the inspection is carried on. In the case of difficulty in finding a room in the region under inspection, they must live in one of the offices put at their disposal by the chief regional officer. Other procedures and regulations concerning inspection and investigation in the railway are similar to those of the judicial practices of the state.

93. Ibid., p. p. 212 - 213

Originally, the statistical research of the railway was done by the Tariff Section of the Commercial Division of the railway. As the activities of the railway increased during World War II, a need for a special division for statistical work was felt and, in due order the said division was created and placed under the direct supervision of the Director General.⁹⁴

At present the function of the Technical Statistical Studies is to collect information for analytical purposes and study of the problems connected with the financial, administrative, and technical spheres of the railway activities. But what is done, in general, is not comprehensive nor systematic. The statistical information of the railway is not published regularly and what is published, every two or three years, is not complete as would be expected from a modern and efficient organization.

Finally in the General Directorate Units there is an Accident Branch. As the capacity of the railway was increasing and the scope of its activities developing, during World War II, an urgent need for the establishment of an independent organ to combat problems of accident was realized. As a result accident and consequent complications formerly handled by a section in the Bureau of Traction, were trusted to an independent branch under the supervision of the Director General of the railway.⁹⁵ The reason behind the establishment of this branch was the fact that prevention of accident and generally

94. Malecuti, op. cit., p.p. 212 -213

95. Ibid., p.p. 236 - 331

dealing with its problems needs technical knowledge and competent persons.

The main function of the Accident Branch in the railway are two-fold, the prevention of accidents, and the investigation of their causes and dissemination of the findings to the staff and the public.

For the prevention of accidents technical inspectors are sent throughout the line each month to make sure that the stations are well equipped for proper operation. The branch also recommends preventive measures, and publishes papers and pamphlets for the staff, to make them aware of the fatal results of accidents and to inform them in the methods of prevention.⁹⁵

In cases of accidents, it is the function of the Accident Branch to follow three steps, namely, finding the cause, detecting responsible person or persons, and estimating the amount of damages incurred. The Accident Branch, then, after having fulfilled these processes, submits the case to the Supreme Accident Committee with the minutes of its own observations. The committee makes the final decision on the case.⁹⁶

The Supreme Accident Committee holds its meeting in the railway headquarters building whenever it is needed or is called by the Director General of the railway. The members of the committee are the

95. Ibid., p.330

96. Ibid., p.334

Heads of the Bureaus of Maintenance and Traction and Chiefs of the Operating Division and Accident Branch, who are under the chairmanship of the Technical Director of the railway.⁹⁷

The committee has the power to demote and even imprison those that are convicted of being negligent in their duties, thereby, causing the accident. It can also prevent an employee from being promoted for a period of one to three years. The decisions of the committee are to be carried out by the chief regional officers, if they are within their authority, otherwise they must seek an official order from the Bureau of Personnel of the railway.⁹⁸

B. The Administrative Units

The administrative units of the railway, except the Directorate Units, fall within the supervision of the Director of Administrative Affairs. These units are concerned with the performance of auxiliary staff functions, such as personnel management, training, security, and health affairs, in connection with transportation and management of staff. These units consist of four bureaus as follows:⁹⁹

The first is the Bureau of Personnel which, as a central personnel agency, deals with matters concerning personnel administration in the railway. The main functions and responsibility of this bureau is the execution of the Employment Regulation of the I.S.R.

97. Loc. cit.,

98. Ibid., p.p. 334 - 335

99. The Statistics, Information, and General Activities of the I.S.R. in 1954, op. cit., p. 33

which will be treated in chapter VI of this paper. These functions include mainly the dispensation of employment orders, grades, promotion and increment, transfer, appointment, sick leaves, leaves of absent, allowances, child allowances, commissions, certificates, and receiving records of railway employees from other governmental agencies of the state.¹⁰⁰

The next bureau , The Bureau of Health, is in charge of the I.S.R. medical service. The railway medical service deals with examinations of the staff and their families, hygiene, first-aid, advice on welfare. The Personnel budget of the medical service is a part of the railway budget, but some of the expenses are met by the contribution of two per cent of the employees' salaries which constitutes the medical fund.¹⁰¹

The establishment of the medical service in the railway goes back to the date of the construction of the Trans-Iranian Railway. It has been enlarged gradually with the expansion of the railway activities. At present, the medical service operates a 400 bed hospital as well as regional hospitals, dispensaries and medical stations throughout the line.

The Bureau of Railway Police is the third bureau, established according to article 8, of the Law of the Organization of the I.S.R. This bureau has the function of maintaining order and protecting

100. Malekuti, op. cit., p.363

101. Ibid., p. 259

railway and passenger property. The Bureau of Railway Police, furthermore, is charged with enforcing throughout the line the laws and regulations of the state, in general, and of the railway in particular.¹⁰²

The railway police force is under the railway regulations with regard to matters concerning administrative, personnel, accounting, disciplinary actions, and judicial functions. The extent of police activities with regard to the internal regulations is limited to the stations and in the trains. This leaves out other areas the security of which is the function of the civil police of the state.

The chief of the railway police is a high-ranking army officer. There are police stations in practically every important point of the line, supervised by railway police officers and staffed by a number of railway policemen. The railway police have their own special uniforms. They are considered judicial police, since they are competent to repress and detect crimes and offences committed in the railway and to apprehend offenders.¹⁰³

The fourth bureau of the administrative units is the Bureau of Technical Training. Owing to the need for an efficient technical staff to fill technical and administrative appointments on the I.S.R., it was considered essential to establish a training centre in the railway early in 1935. To prepare teachers and highly qualified tech-

102. Ibid., p. 267

103. Decree Law No. 3516, of Khordad 21, 1332 (June 1953).

nical officers to conduct training programs, the Ministry of Roads sent several groups of Iranian students abroad, mainly, to Germany and Belgium.¹⁰⁴

A central training institution was established in the railway in 1936 ; and by a decree of the Ministry of Roads a Technical School was officially started in 1939. This school provided courses for students who held baccalaureate certificates part I. After three years of study there, students were granted technical diplomas equivalent to the technical diploma of a secondary school.¹⁰⁵

While the school does not presently have regular academic classes, facilities for training and education are available to the staff through day and evening classes in the school. The school also provides special courses for training firemen, engineers, and staff to handle and maintain diesel engines.¹⁰⁶

C. The Financial Units

The financial units of the railway are under the supervision of the Director of Financial Affairs, who is the Chief of Accounts in the railway.¹⁰⁷ The financial units also provide auxiliary staff functions such as accounting, purchasing, and management of the railway stores, for line units to accomplish transportation service.

104. Malekuti, op.cit., p.217

105. Ibid, p. 221

106. Railway, Teheran, Monthly magazine, No.26, of Mehr 1, 1335.

107. The Statistics, Information, and General Activities of the I.S.R. in 1954., op.cit., p.33

The Iranian railway accounting system was patterned after Swiss accounting methods. Although the I.S.R. follows the general accounting principles of the state, it still has its own financial regulations. These regulations incorporate the principles of commercial and business administration, consequently double entry book-keeping and a series of technical and complex accounting procedures using modern accounting machines are employed.

The Bureau of Accounts is in charge of all railway accounts. Working under the close supervision of the Director of Financial Affairs, the Bureau of Accounts has the functions of preparing all vouchers, pay rolls, and all other bills of account; of keeping complete records of all business transactions and payments of the railway; of providing exact figures of the earnings and expenses of the organization, and directing the auditing of accounts of all the subordinate branches ; of elaborating statistical compilations for the information of officials in charge of the different units of the railway, and of preparing the reports published by the Technical Statistical Studies of the railway; and finally the most important task of preparing railway budget for submission to the Board of Directors.

The Bureau of Accounts has accounting branches in almost all the central bureaus and regional divisions of the I.S.R. These counterpart branches are technically subject to the instructions of the Bureau of Accounts, while they are under the supervision of the bureau or the region concerned for administrative matters.

The Bureau of Finance is the second bureau of the financial units that provides auxilliary staff function for the line agencies of the railway. The bureau was organized to establish uniform standard rules in regard to methods of making and receiving payments, collecting charges, banking arrangements, valuation of all railway property, and management of stores throughout the line. The Bureau of Finance is also a treasury of the railway for making all money payments.¹⁰⁸

The Bureau of Finance is divided into two main divisions, that is, the Division of Railway Property, and the Treasury Division. The former division is, furthermore, sub-divided into two branches: the Movable Property Branch in charge of keeping of movable property throughout the line and supervising the activities of those who are responsible for holding this property.¹⁰⁹ The second branch has the function of managing all immovable property of the I.S.R., which consists of preparation of statistics concerning buildings, rail, and installations throughout the line. In addition, the Branch of Immovable Property has the function of keeping records of all transaction and damages occurring to this category of property.¹¹⁰ The latter division, the Treasury Division, is in charge of accounting all railway income and money paid out.

108. This information received from Mr. Javed Nayimpur, a railway official, through correspondence in Jan. 1957.

109. Malekuti, op. cit., p.351

110. Ibid., p.355

As for the stores of the railway, formerly belonging to the Bureau of Finance, a new arrangement has been made since 1956. The new system is based on decentralization of stores and has abolished the old three main stores, the central stores of A, B, and C, and has created a new classification under which stores have been arranged according to the needs of the various bureaus of the railway.¹¹¹

The new classification, contrary to the old system, has made the stores repositories for individual bureau in that, every bureau owns its own store. For example, the electric appliances of the Bureau of Electricity, previously stocked in the Main Store B, is now separated and has been handed over to the bureau concerned.

111. The author received the following comprehensive statement, showing the new organization of the stores in the I.S.R., from Mr. Javad Nayimpur who had for a long time been chief of the Store Supervisory Branch of the railway. According to the new classification there are presently eight central stores three of which are the central main stores. These are as follows:

1. The Central Main Store A, which consists of four stores; these are (a). The Central Store of Furniture, which has the stock of all kind of furniture and things needed for housekeeping purposes: things such as desks, chairs, blankets, dishes, stoves, soap, cotton canvas, etc. (b). The Publication Store, is a repository of all railway publication concerning laws, regulations, forms, and pamphlets printed in the Railway Printing-House. (c). The Stationery Store, which has the stock of papers and other stationery for the use in offices and the Printing-House. (d). The Clothing Store, has the stock of both sewn and unsewn materials.

2. The Central Main Store B, consists of five stores which are: (a). The Consumption Store with the stock of materials for daily use such as fire-bricks, bolts, nuts, nails, paint, etc.; which are considered consuming goods in that, they are not returned to the store. (b). The Tool Store, which has the stock of tools required for the

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With regard to the above statement, the various stores in the I.S.R., whether a combination of several stores, like the Central Main Store A, or a single store, are central repository for the regional divisions of the railway. They supply items, from inside or outside sources, for the use of the different bureaus of the I.S.R. and its regional sub-divisions.

The Catalogue Card System is employed by the railway stores to keep records of the items stocked; that is, for each item there is a card with different columns⁵ for recording price and quantities of the items stocked. The system facilitates the verification of stores and in saving time for physical inventories and their adjustments. The stores receive items and enter them in the stock column

trackworks. (c). The Hardware Store has the stock of various kinds of metals. (d). The Locomotive-Spare Store which has the stock of spare parts for locomotives, and (e). The Diesel-Spare Parts Store.

3. The Central Store C. This store is also a main store for stock of materials needed for buildings and maintenance of rail and equipment such as constructional tools and water pipes, etc.

4. The Engine Store D. This store has the stock of equipment needed by the Engine and Car Service Division of the railway.

5. The Central Store E., is a repository of the stock of electric appliances for the Bureau of Electricity.

6. The Central Store G. It has the stock of articles needed by the Bureau of Operation.

7. The Central Store H. This store has the stock of materials for the Bureau of Railway Police.

8. The Central Store I. It has the food-supply and medicine needed for the health service.-

It is worth remarking that there are stores in practically every regional division of the I.S.R. The central stores supply the needs of these regional stores.

and debit column of the account payable; and when they are delivered, the items are posted in the credit account of the ledger and the debit account of the bureau concerned. Store verification is done by the Store Supervisory Branch of the Bureau of Finance. The branch is in charge of making checks and reporting the spot checks and verification results to the respective bureau.

The third bureau of the financial units is the Bureau of Purchasing. This bureau has the function of purchasing various items that the railway needs for constructional and administrative purposes in daily operation. To perform its function the bureau is split up into three offices each in charge of purchasing materials and its related functions. These are: The Purchasing Office in charge of purchasing materials, fuel and oil products and supplying mechanical equipment. Secretariat Office is in charge of clerical works and handling correspondence with other units of the railway and outside individuals and institutions. And finally the Accounting Office which has the function of handling matters connected with accounting of the items purchased.¹¹²

D. The Technical Units

Under the supervision and control of the Director of Technical Affairs fall the technical bureaus of the railway.¹¹³ We may call them line units because they are in charge of conducting an

112. Malekuti, op.cit., p.p. 350 -351

113. The Statistics, Information, and General Activities of the I.S.R. in 1954, op.cit., p.33

efficient routine of transportation by insuring the smooth coordination of all the vital elements such as maintenance of rail, rolling stock, and equipment work such as engine-houses, workshops, motive power, and electric stations, and so forth.

We may begin with the Bureau of Operation. This bureau is one of the three important bureaus of the I.S.R. While the Bureau of Traction and Bureau of Maintenance of Rail and Buildings provide and repair line and engine vehicles, the Bureau of Operation utilizes these services and conducts rail transportation.¹¹⁴

The central organization of the Bureau of Operation consists of two main divisions; that is, Operating and Commercial. Generally speaking, the Operating Division has charge of conducting transportation service and regulating traffic schedules to secure maximum passengers and freight business. The division is large and for the purpose of efficient administration is necessarily sub-divided into three branches of service. These are: Traffic Office which has the function of conducting the traffic problems of speed, time-tables, and movement of trains.¹¹⁵ The office has also a Traffic Control Section with the business to keep constant records and observe the details of freight and passenger transportation and movement of all locomotives and freight cars on the rail. Furthermore, this section prepares monthly statements of the total volume of traffic in terms of trains kilometrage for passengers and goods, ton kilometrage and so forth.

114. Malekuti, op. cit., p.265

115. Ibid., p.283

The Trains Schedule Office is in charge of preparing traffic schedules for passenger, freight, and special trains, and also for extraordinary and local traffic requirement.¹¹⁶ Finally there is the Office for Stations' Affairs. This office is concerned with establishing codes and enforcing regulations affecting working conditions in stations, and supervising the provision of necessities and equipment such as signals, light, telephone, and the like for the proper operation throughout the line. This office also makes recommendations concerning the appointment of the technical cadre of the stations and train crews.¹¹⁷

The second division of the Bureau of Operation is the Commercial Division. The division was created in 1942 for handling disputes concerning claims over traffic damages.¹¹⁸ It assumed later on further responsibilities which made the division a separate distinct unit entrusted with the functions of business transportation, administration of the warehouses, management of baggages, settlement of disputes, as far as possible, of the claims of passengers and shippers for lost baggages and freight, determination and classification of goods and the rate of traffic, and keeping detailed statistics of the functions concerned.¹¹⁹

116. Ibid., p.284

117. Loc.cit.,

118. Decree No. 32004, of Bahman 12,1321 (Feb. 1942).

119. Malekuti, op. cit., p.238

The Commercial Division is composed of two branches and two sections in the centre, and has regional sections in almost every region of the line. Its first branch is the Revenue Auditing Branch with the object to ensure the execution of the railway tariff. To obtain this goal, the branch receives all documents such as freight bills, tickets, baggage receipts, tariff receipts, and etc., and discriminates the monthly revenues of the different sections based on documents as such, with their actual receipts. In case of any deficit, the responsible authority is investigated by the branch. Furthermore, this branch prepares summary statements of monthly receipts and regional receipts for posting in the general ledger of the railway. Thus, the net revenue of the I.S.R. will be at hand monthly and yearly. This helps the Bureau of Accounts to prepare the general balance sheet of the railway.¹²⁰ Next in the Commercial Division we have the branch responsible for the transportation of merchandise and administration of the warehouses of the railway.¹²¹ The sections of the Commercial Division consist of the Tariff Section which has the function of examining the tariff, suggesting improvement, preparing and drafting goods classification, rates of fare, and preparing annual statistics of the activities concerned.¹²² The Legal Section of Claims and Deficits is the next which handles the investigation of claims made by the owners of damaged or lost goods. After having carefully

120. Ibid., p.292

121. Ibid., p.238

122. Loc. cit.,

examined a case, the Legal Section of Claims submits the case to the Reparation Committee, along with its own observations, where the final decisions are taken. This section, furthermore, arranges auctions for unclaimed goods. The Chief of the Commercial Division, the Head of the Bureau of Accounts, and the Head of the Department of Inspection of the Ministry of Roads comprise the Reparation Committee.¹²³ The function of this committee is to assess compensation for the claimed goods on the basis of investigation and estimation made by the Legal Section of Claims and Deficits.

The second important bureau of the railway is the Bureau of Traction. This bureau has two main functions, that is, maintenance of equipment and rolling stock which are the business of engine-houses (depot), and repair work of this equipment in its workshops.¹²⁴

While a considerable portion of maintenance of equipment for the railway is done in the main engine-houses and shops, some heavy repairs are done in large repair shops located in the centre and at certain points on the line. To perform its functions, the Bureau of Traction is divided into two main divisions; that is, the Central Repair Warehouse, and the Engine-House or the Central Depot.¹²⁵

The Central Repair Warehouse as a division is principally concerned with the repair of locomotives and cars, which includes

123. Ibid., p. 239

124. Ibid., p.279 Also the author had been working in the workshops of these divisions for a period of six years from 1940 to 1945.

125. The Law of the Organization of the I.S.R., op.cit., p.46

running repair, heavy repair, and general repair. Running repairs, or those of minor or temporary nature, are made in the terminal engine-houses. When an engine has run a considerable distance without stopping, worn parts must be removed and replaced and more extensive repairs made. The engine then is put into the large repair shop of the Central Repair Warehouse which has special facilities for heavy repairs. In this repair warehouse the engines are completely dismantled and overhauled, thus undergoing general repairs. Passenger and freight cars repairs are handled in similar fashion in the Wagon-House.¹²⁶ For this purpose the division is sub-divided into the following technical branches:¹²⁷

1. Locomotive Repair Branch.
2. Passenger and Freight Car Repairs.
3. Machinery Branch.
4. Central Heating and Electric Station.

In addition to these technical branches, the Central Repair Warehouse has other administrative sections such as personnel, accounting, control, and medical service with dispensary, which provide facilities in the workshops.¹²⁸

The second division of the Bureau of Traction is the Central Depot. Generally speaking, the Central Depot of the I.S.R., and other

126. From the personal experience of the author.

127. The Law of the Organization of the I.S.R. op.cit., p.46

128. Loc. cit.,

depots at certain points on the line maintain equipment such as locomotives and cars, ready for service. To facilitate and speed up the repairs and maintenance of the heavy traffic of assorted vehicles, the Central Depot is sub-divided into three branches for locomotive, cars, and diesel and cranes.¹²⁹

The third important bureau of the I.S.R. is the Bureau of Maintenance of Rail and Buildings. This bureau is responsible for the maintenance of rail and buildings and mechanical installations throughout the line. It also improves and extends railway and buildings through renewal programs. To meet its responsibilities fully, the bureau has a maintenance organization in practically every important points and territorial sub-divisions of the railway. The bureau is, furthermore, split up into three main divisions. These are: the Maintenance Division sub-divided in turn into four branches each concerned with the specific functions, that is, the Maintenance Branch, Installations - Signals, Mechanical Branch, Frontage and Topography Branch, and Stores.¹³⁰ The Technical Constructional Division also is sub-divided into four branches of, Technical Construction, Buildings, Estimate and Survey, and Drafting Branch.¹³¹ And finally, the last division is the Engine and Car Service Division which consists of the Engine Repair Branch, Technical Office, Administrative Affairs Branch, Transport Service Branch, Regional Engine Repairs, and

129. Loc.cit.,

130. Ibid.,p.45

131. Loc.cit.,

Supply and Store Branch.¹³²

The Bureau of Electricity is the fourth bureau of the technical units of the railway. Originally, an electric division was established by decree No. 4781/27115 of Bahman 1324 (Feb. 1945) of the Council of Ministers, which later on became a bureau.¹³³ The main functions of the Bureau of Electricity are the maintenance and operation of the power stations and to supply the railway workshops, offices, trains, carriages, and pumping stations with light and power. Laboratories maintained by the bureau supervise water softening. Oil filtration processes, and water stations throughout the line are directly administered by this same bureau.¹³⁴

The Bureau of Electricity operates through the following technical branches:¹³⁵

1. Electric Power Stations Branch for supplying and distributing electricity.
2. Mechanical Installations Branch for maintaining and installing water installations and pumping plants.
3. Repair Branch, and
4. Laboratories Branch.

Finally there is the Bureau of Communication. Telephone and

132. The information received from Mr Borhani, the Chief of the Legal Section of Claims and Deficits of the I.S.R., through correspondence. Since a reorganization in the railway is under process, the Engine and Car Service Di., formerly a bureau, has been merged in the Bureau of Rail and Buildings.

133. Malekoti, op.cit., p. 241

134. Ibid., p. 243

135. The Law of the Organization of the I.S.R., op. cit., p. 46

telegraph lines constitute an important group of railway facilities. They paralleled every mile of railway, providing means of communication from headquarters to various points, from station to station, and from dispatcher to dispatcher. In the I.S.R. in charge of this work is the Bureau of Communication, which is divided into two divisions; that is, Telephone and Tele-communication Division and Technical Division.¹³⁶

The Tele-communication Division has three branches in charge of Telephone and Telegraph - Direct Telephone - and Regional Communication. The Technical Division consists of Repair Branch and Mobile Gangs (groups of technicians moving to fix and repair the lines wherever they are out of order).¹³⁷

Summary

The central bureaus of the Iranian State Railway form the functional division of the railway activities as opposed to the geographical division of work. These bureaus were discussed under four general units each subject to the supervision of one of the directors of the I.S.R. The administrative and financial units do auxiliary staff functions and provide facilities and means for the technical units. The technical units as line agencies are responsible for the operation and activities leading to transportation service. It was

136. Loc. cit.,

137. Loc.cit.,

also pointed out that because of the magnitude of the task involved in performing their functions, the central bureaus of the railway are split up into sub-divisions. Each sub-division is in charge of performing a specific service.

The organization of the central bureaus, their counterpart regional branches, and their interrelations to line and staff units, is clearly shown in the chart attached to this paper. In the next chapter the geographical divisions of the I.S.R. are discussed - the principal units grouping the railway regions and districts in the railway administration.

CHAPTER V

Regional Administration

The regional divisions of the Iranian State Railway, as geographical operating units, carry on the functions of transportation and maintenance in a specified territory. The primary purpose of this divisional form of railway organization is to place authority over all railway employees of a region and their work in one officer, the chief regional officer, making him responsible for the railway in his region. For this reason which facilitates the railway operation, the Iranian Railways have been divided into regions, covering broadly the Trans-Iranian line and the branches which link it to the North-eastern and Northwestern areas as well as the central plateau.

Speaking generally, division of work in any organization with widespread activities may be on a geographical basis.¹³⁸ The I.S.R. also being a large-scale organization, with a vast area under its operation, is based on geographical division of work for the very reason of the convenience of operation in transportation service. However, this does not necessarily mean absolute decentralization of work, since the railway is based to a large degree on centralization and many of its activities are performed by the counterpart branches of the central bureaus in the regions. These regional branches of the railway carry on their functions according to the uniform

138. Milward, op. cit., p. xvi

standards laid down by their respective central bureaus.

The centralization of the railway administration, of course, is not limited to the I.S.R.; since all large railways centralize some of their functions.¹³⁹ For example, they centralize their mechanical work, they have central shops, where construction and repair of equipment are carried on for the system; they have stores, from which materials are distributed to local storekeepers, and so forth. These processes are grouped together under one management because they are doing the same thing, therefore, they can be centralized despite the fact that they are separated from one another geographically.

Admitting the fact that the I.S.R. is somehow centralized in administration, the function of the chief regional officer is then purely as that of a coordinator of the activities of the regional branches of the central bureaus and controlling the work of the local officials. In performing this responsibility, the chief regional officer is primarily responsible to the Director General of the railway.¹⁴⁰

The administration of the regional branches of the railway is patterned after that of the central bureaus.¹⁴¹ They are, thus, technically responsible to the central bureaus, while they should abide by the instructions of the chief regional officer from the

139. Parmelee, op. cit., p. 142

140. The Law of the Organization of the I.S.R. op.cit., p.34

141. Ibid., p. 35

administrative point of view.¹⁴²

Within some of the regions, there are other semi-independent regional branches which are situated in line terminals and ports, or other peculiar territory. Examples of these are found in the Northern Region and the Southern Region, which are both responsible for administering terminal ports of Bandar Shah, on the North, and Bandar Shahpur, on the South. Therefore, special arrangements have been made for administration of these ports. The same is true of the shipping branch on Lake Rezaiyeh in the Azarbaijan Region, and the Constructional Branch of the Luristan Region which must maintain numerous tunnels situated in this region.¹⁴³ Since, there are no central bureaus for these semi-independent branches of the railway, they are responsible to the chief regional officers.

Because of the magnitude of the task involved in carrying on rail transportation and maintenance, the regions are divided territorially into districts, and these in turn are sub-divided into divisions or lots. Such sub-division is administered by a superintendent and his assistant together with a given number of engineers, technicians, and workers. These sub-divisions are technically part of the Bureau of Maintenance of Rail and Buildings.¹⁴⁴

A. The Chief Regional Officer

142. Ibid., p. 34

143. The Statistics, Information, and General Activities of the I.S.R. in 1954, op. cit., p. 35

144. Malekuti, op. cit., p.p. 302 - 303

As a representative of the Director General of the railway, the chief regional officer administers his subordinate units within the limits of the approved budget and organization of the region. In handling public relations work with private and governmental organizations and with the local citizens of the region, the chief regional officer is expected to abide by railway policy.¹⁴⁵ This leaves out very little discretion for the chief regional officer, since he has to follow the central railway policy in such matters.

The chief regional officer should carry out orders issued by the Director General of the railway and should see to it that instructions of the central bureaus to their counterpart branches in the region are completely executed.¹⁴⁶ If the chief regional officer considers execution of any instruction as such, contrary to the proper operation of the regional administration, he may suspend its execution and refer the case to the Director General, or his assistants, for further consideration.¹⁴⁷ Although he is ordinarily the proper channel of communication between the central bureaus and subordinate regional branches, occasionally the central bureaus find it necessary to deal with the latter directly; in such an event the chief regional officer is kept informed.¹⁴⁸ It is required that the instructions issued by the chief regional officer comply with those of the central bureaus, if not, then he should come to an understanding with the

145. The Law of the Organization of the I.S.R. op. cit., p.34

146. Ibid., p.35

147. Loc.cit.,

148. Loc.cit.,

bureau concerned.¹⁴⁹

In his monthly reports to the Director General, the chief regional officer explains the administration and general situation of his region with regard to the commercial activities and transportation of goods in the region concerned. He also controls the planning of the regional budget before its submission to the central administration on a preassigned date.¹⁵⁰

Since there are no branches of the Bureau of Law in the regions, the chief regional officer has the power at his discretion, within the limits of the law,^t reprimand or deduct pay from salaries of culpable employees, or otherwise reward an employee for duty well done. Further, he is empowered with authority to employ manual laborers for the maintenance purposes of the regional administration. To have a proper cooperation in the regional administration, the chief regional officer, in his weekly meetings with the chiefs of the regional branches, puts forward pertinent matters for deliberation.¹⁵¹

B. The Railway Regions

At present, there are nine regions in the I.S.R. Their scope of activities are limited to the areas discussed below :

1. The Teheran Region : This region consists of 385 kms. of

149. Ibid., p. 36

150. Loc. cit.,

151. Ibid., p. 37

line extending from Qum to Firrouzkouh on the North through Teheran. The Teheran Region is in charge of the administration of 25 stations along the line. Its headquarters is in Teheran Station.¹⁵²

2. The Southern Region : This region covers a total line of 375 kms. running from the port of Bandar Shahpur, on the Persian Gulf, to Endimeshk. With its headquarters in Ahwaz, it administers 22 stations. A branch line connects the city of Ahwaz to the port of Khurramshahr on Karun River.¹⁵³

The Southern Region is the terminal point of the Trans-Iranian line, therefore, there are repair workshops for heavy repairs, and electric power stations and water pumping installations.¹⁵⁴ Administration of the ports of Bandar Shahpur and Khurramshahr is the business of a semi-independent branch in this region.

3. The Luristan Region : The Luristan Region extends from Endimeshk, the region's headquarters, to Droud, a total line of 280 kms. The region contains 15 stations as well as 136 tunnels with a combined length of 58.4 kms. These necessitate the existence of an additional regional Branch of Construction.¹⁵⁵

4. The Erak Region : With a total line of 358 kms. and 17

152. The Statistics, Information, and General Activities of the I.S.R. in 1954, op. cit., p.29

153. Malekuti, op. cit., p.p. 429 - 430

154. Ibid., p. 430

155. Ibid., p.460

stations, the Erak Region extends from Drood to the holy city of Qum. A branch line links this city to Kashan, a distance of 98 kms.¹⁵⁶ The headquarters of the region is in Erak Station.¹⁵⁷

5. The Northern Region : The Northern Region extends from Firrouzkouh to the port of Bandar Shah, on the Caspian Sea, with a total line of 361 kms. The headquarters of the region is in Sari. The administration of 19 stations is the responsibility of this region. There is also a semi-independent branch for the administration of Bandar Shah, the terminal port of the region.¹⁵⁸

6. The Northeastern Region : This region consists of 456 kms. of line running from Garmsar, through Semnan, and Shahrud, to the Azadeh Station. Its headquarters is in the Shahrud Station. The region has the responsibility to administer 24 stations along the line.¹⁵⁹

7. The Mashed Region : The Mashed Region was established in

156. This line is planned to link Europe and Turkey, through Iran, with India. The line will run from Qum, on the Trans-Iranian Railway, through Kashan, Yazd, Kerman, Bam, and Zahedan. The latter place is situated 75 miles west of the Pakistan frontier, and is the terminus of the Indian Railway running from Quetta and crossing the Iranian frontier. The line between Kashan and Yazd is under construction. The normal gauge of the I.S.R. is standard size of 1435 mm., while Pakistanese and Indian Railways have a gauge of 1676 mm.

157. The Statistics, Information, and General Activities of the I.S.R. in 1954, op.cit., p.29

158. Loc. cit.,

159. Loc.cit.,

May 1957, when the Northeastern line was completed and connected Teheran with Mashed. The line of the region begins at the Azadeh Station and after passing the city of Naishpur⁺, reaches Mashed, the first holy city of Iran.¹⁶⁰ With the headquarters in Mashed, the region is in charge of administration of 19 stations along the line.

8. The Northwestern Region : The line of the Northwestern Region extends from Teheran to Maragheh, a total distance of 639 kms. The line passes through the cities of Kazvin, Mianeh, and reaches Maragheh on the way to Tabriz. Kazvin being where its headquarters is located, the Northwestern Region is in charge of administration of 39 stations.¹⁶¹

9. The Azarbaijan Region : At present, the railways of Azarbaijan, the Northwestern province of Iran, have a Russian gauge of 1.524 metres, and consist of the line connecting Tabriz to Julfa at the Soviet frontier a distance of 148 kms. , meeting the Caucassian Railway. And a branch line from Sofian on Sharaf-Kaneh, a port on the Northern shore of Lake Rezaiyeh.¹⁶²

‡. Omar Khayyam , the world known Iranian poet and matematician, is buried in this city.

160. Railway , Teheran, Monthly magazine, No.33, of Ordibehesht 1, 1336 (April 1957).

161. The line between Maragheh and Tabriz, a distance of 113 kms., is under construction and, is expected to be completed by the end of 1957.

162. It is eventually planned to build a standard gauge railway linking Tabriz with the Turkish frontier at Razi,
(cont. on next page)

The headquarters of the Azarbaijan Region being in Tabriz, the region administers 12 stations, and the shipping business of Lake Rezaiyeh with its four ports along the Lake.¹⁶³

Summary

The Iranian State Railway is divided into nine regions which are the geographical divisions of the railway and carry on the business of rail transportation in specified territories. The regions of the railway are administered by the chief regional officers who are primarily responsible to the Director General of the railway. Their main functions are to coordinate and control the activities of the regional branches of the central bureaus of the railway. Furthermore, they are responsible for the promotion of the railway activities in the regions.

In spite of the fact that the I.S.R. is a centralized corporation, the geographical division of work is for the convenience of operation and the chief regional officer has been given authority to some extent in dealing with local conditions. The extent of such authority is bound to the central policy of the railway and the chief regional officer has to maintain such policy as the represent-

cont.

where it will join Turkish Railways passing through Van and Tadvan to Diarbekr and Elaziz. The project is expected to be completed by 1960.

163. Malekuti., op.cit., p.397

ative of the Director General in his region.

Thus far we have dealt with the structure of the railway organization. Since the organization is the structuring of individuals and functions, our next concern will be the individuals who perform the railway functions, and the regulations which govern their service in the railway administration.

CHAPTER VI

Personnel Administration of the Railway

It has been said that no part of any industrial organization is more important than the human element. The human factor in railway organization comprises a large number of men who operate the trains, and a larger number behind them who make train operation possible. A railway operating official, by the name of G.E. Gaylord, refers to this statement by saying :

I don't care what other qualifications men have, if they do not have an understanding of the human element and a sense of fair play, there is constant turmoil on your organization. It makes no difference how big an engine you get, how intricate it is; it makes no difference what kind of a piece of machinery you have, it requires a man to run it. Therefore, man is your biggest tool, and if you understand mankind pretty well the rest works out pretty smoothly, but if you don't understand human nature things will go haywire pretty quickly.¹⁶⁴

Personnel administration is often defined as the management of men. The functions of personnel administration may vary in emphasis from place to place, but they present a corps of duties or services which must be performed by someone in every large-scale organization.¹⁶⁵ The object of this chapter of the thesis is to deal with such services in the administration of the Iranian State Railway. Processes such as recruitment, selection and placement, clas-

164. Cited from Julius H. Parmelee, op. cit., p.463

165. Pfiffner, op. cit., p.245

sification of railway positions, wage structure, promotion and increment, retirement and pension, training, and employee organizations as they are in practice in the I.S.R. will be treated here.

A. Railway Employees

It was stated in chapter IV that matters concerning personnel administration are the functions of the central Bureau of Personnel of the I.S.R. But this is not the whole picture. The Bureau of Personnel, while carrying out the Employment Regulations of the I.S.R., has the function of dispensation of orders issued by the Board of Directors and the Director of Administrative Affairs. This means that the Bureau of Personnel of the railway does not decide on important matters of personnel, what it has to do is to assist the management of the railway, which is the ultimate personnel authority, to carry out its functions in the management of human element in the railway service.

The human factor in the I.S.R. consists of three distinct categories of men generally referred to as permanent staff, Official railway staff, and classified civil servants who are working in the railway.¹⁶⁶

166. These different categories of staff exist because of the lack of a single personnel regulation in the past. In the beginning of the I.S.R. there was only one category of railway employee and that was the railway official staff. But with the expansion of the railway activities, especially during World War II, many workers and employees

(cont. on next page)

The permanent staff are those railway workers who are subject to labor laws and the labor social insurance law of the state; some of them are skilled workmen while others are not.¹⁶⁷ Temporary staff, however, are employed, but for a limited period of time. They are assigned to perform special tasks such as construction and maintenance of tracks and equipment, seasonal activities, embankment, sweeping, and so forth. Although these temporary workers enjoy laws related to the laborers, they are, nevertheless, dismissed as soon as their term of service comes to an end.¹⁶⁸

The official railway staff comprise those who are employed on a permanent wage earning basis, occupying organizational positions, and meeting certain special requirements and qualifications for employment such as technical ability, nationality, etc. inserted in the employment regulations of the I.S.R.¹⁶⁹

cont.

were recruited without consideration of their qualification for employment as official railway staff. Years after, some of these staff got qualification for becoming civil servants and by special decree laws their status was changed into that of civil servants of the state. Those who lacked qualification as such, remained as monthly or daily wage earners. Consequently, there are at present different kinds of staff in the railway service. The aim of the Employment Regulation of 1956 is to change the status of the railway staff, as far as possible, into one category, that is, the official railway staff.

167. The Employment Regulation of the I.S.R., op. cit., p.3

168. Ibid., p. 4

169. Ibid., p. 5

Finally we have the third category of railway staff made up of the classified civil servants. They are subject to the Civil Service Law of the state and at the same time subject to the employment regulations of the I.S.R. as long as they work in the railway service.¹⁷⁰

B. Recruitment and Placement

Now we come to the question of how these staff are recruited ? At present due to the surplus of employees in most of the ministries in Iran, including the railway, new employees are not recruited and, consequently, the modern techniques for attracting capable applicants are not employed. However, as railways are expanding and employment of new staff may be needed, to operate the new lines, it has been provided in article 16 of the Employment Regulation of the I.S.R. that in such a case new staff must be recruited exclusively from the graduates of the Railway Technical School.

The qualifications and requirements needed for a person to become a railway employee are as follows :¹⁷¹

The candidate for the railway service must be a citizen of Iran. This rules out foreign citizens from permanent railway positions; however, special provision permits their employment as daily-wage earners if the National Assembly approves.

170. Ibid., p. 6

171. Ibid., p. 12

Physical health and ability to perform the task for which the candidate is recruited are determined by the railway health service examination board. Furthermore, the candidate must have completed his military service, or if he has been exempted from such service it must have been for reasons other than health.

The applicant must present a police clearance record, showing that he or she has not committed crimes which mean exemption from government service and possibly civic degradation. The applicant must prove of his reliability, his good character and his general good conduct, and that he is not addicted to narcotics such as opium, to alcoholic drinks, or the like.

In addition to the above requirements, the applicant to the railway service should meet the educational requirement and possess the special qualifications needed for the performance of the job for which he is recruited. Also he has to pass entrance or competitive examinations when these are required.

The examination process mentioned in the Employment Regulation of the I.S.R. is not performed by the Bureau of Personnel. It seems, to the writer, that the only task of the bureau is to attract capable candidates and introduce them to the examination committee provided for by the regulation.

1. The Examination Committee

This committee is a body composed of the Heads of the Bureaus

or the chief regional officers concerned as the chairman of the committee, and the membership of three competent members of the bureau with the representative of the personnel branch of the bureau.¹⁷²

The committee does not examine employees for the purpose of transferring them to higher positions or promotion. Whenever it is called by the head of the bureau, it conducts the following examinations:

- a. Examining the applicants to the railway service.
- b. Examining the employees to be transferred to other positions of equivalent grades.
- c. Making sure of the merit of the staff of the technical units of operating, traction, and rail of their ability in performance of their functions, by holding annual examinations.

There is also provided in the Employment Regulation of the I.S.R. that another committee should be set up once a year, whose function is to decide on the recommendations received for changing the status of the permanent staff to that of official railway staff. The members of this committee are appointed by the Director General of the railway ^{from} among the capable high-ranking railway officers. The chairman of the committee is the Head of the Bureau of Personnel. Upon receiving the approval of the Board of Directors, he invites the committee to sit.¹⁷³

C. Classification of Positions

172. Ibid., p. 13

173. Ibid., p.14

The Iranian State Railway has had a system of position classification since 1938. In that year, four years after the establishment of the corporation, a special regulation was passed for the employment of the railway staff. Since this regulation was found inadequate and defective, it was superseded by a new employment regulation in 1940.¹⁷⁴ The employment regulation of 1940 was the basis of employment in the railway until another regulation was introduced early in 1956.

The employment regulation of 1940 divided all three classes of railway employees into two main groups of positions - technical posts and administrative posts. Furthermore, the regulation divided these two main groups into five classes of positions in turn each class except the fifth, was divided into three grades. These classifications are shown in table I.

Classification of 1956 :

Early in 1956 a new classification system was introduced. According to it all railway employees except the police are divided into five major categories, on the basis of their duties, responsibilities, and qualification requirements. The railway police-officers and policemen are not included because they are subject to regulations similar to those governing the civil police. However, the administrative staff of the railway police are included in the

174. Malekuti, op.cit., p.57

Table I
 Classification of Positions
 Iranian State Railway(1940)

Class	Grade	Positions
I	1	Director General of the railway
	2	Directors - Heads of the Bureaus of Traction and Maintenance
	3	Heads of the Bureaus - Chief Regional Officers
II	1	Assistants of the Bureaus - Chiefs of the Divisions
	2	Chiefs of the Branches
	3	Chiefs of the second class workshops - First class clerks - Chiefs of the Sections
III	1	Engine-drivers - Technicians - Ticket sellers - Chiefs of the Units - 2nd class clerks
	2	Statisticians - Cashiers - Translators - 3rd class clerks
	3	Store-keepers - Fourth class clerks - Draftsmen
IV	1	Telephone-operators - Fifth class clerks - First class typists
	2	Stokers - Signalmen - Attendants - Second class typists
	3	Oiler - Head-laborer - Third class typists
V	1	Brakemen - Ironer - Cleaner - Sheet-washers

Source : from Malekuti, op. cit., pp.57-58

classification plan.¹⁷⁵

The five categories of the railway positions are the administrative, health service, rail - buildings - and communication, operation, and traction - shops - power - and installations affairs. To understand the nature of this system of classification, we may now look somehow in detail into the system.

A) The Administrative Affairs :

This category of railway positions is divided into two lines of positions as follows:

- 1) Administrative Positions - The positions of which, shown in table II, are concerned with performance of auxiliary staff functions, survey, clerical works, technical training, public relations, publication and publicity.
- 2) Fiscal Positions - Includes all positions related to fiscal affairs such as accounting, finance, and purchasing.

B) The Health Service Affairs :

The health service affairs category includes all the positions which are related to the performance of technical and specialized medical services in the railway.¹⁷⁶

175. The Employment Regulation of the I.S.R. op.cit., p.p.6-7

176. Ibid., p. 7

C) The Rail - Buildings - and Communication Affairs :

This category forms the posts of men who take care of maintenance and repair of track, buildings , and other installations; and maintain proper communication (tele-communication, telephone and telegraph, etc.) throughout the line.¹⁷⁷

Generally speaking these positions are held by a large number of employees who maintain and repair the roadway and the tracks. The traveler who looks from his train window sees, at many points along the line, gangs of men standing back from their work on the track, as the train goes thundering by. While momentarily interested, he may not realize the extent or importance of the work performed by these gangs. They maintain the roadway, keep it graded and drained, renew the ballast, maintain track alinement, see that ties do not give way under the impact of the trains, and guard the safe condition of the pathway over which engines and cars move day and night.

D) The Operation Affairs :

This category of railway positions deals with two distinct specialized functions as follows :

- 1) Operating Positions - Consist of posts of those who perform definite responsibilities for the safety and effectiveness of train operation, carrying out transportation service, and administering the stations

177. Ibid., p.8

along the line.

- 2) Commercial Positions - Contain the positions related to business administration and the transportation of merchandise, administration of warehouses, and execution of the railway tariff.

E) The Traction - Shops - Power - and Installations Affairs :

The traction - shops - power - and installations affairs comprise the last category of positions of the railway classification. These positions deal mainly with the maintenance of rolling stock for a proper operation and are divided into the three following groups:

- 1) The Traction and Engines Affairs - Include the positions corresponding to the performance of services related to the operation of trains. The positions such as those of engine-drivers, firemen, crane-men(drivers), etc.
- 2) Workshops Affairs - These affairs include the positions of a large number of staff working in the workshops and repair warehouses and maintain the rolling stock for the transportation service. They keep locomotives turned for effective operation, and the cars fit for service.

Table II.
Administrative Positions
Iranian State Railway Position Classification system (1956)

Grade	Positions
1	Attendant - Janitor - Letter-carrier - Assistant-driver
2	3rd class clerk - 3rd class statistician - 2nd class typist - 2nd class automobile driver
3	2nd class clerk - 2nd class statistician - 1st class typist - 1st class automobile driver - 3rd class translator - Assistant archivist
4	1st class clerk - 1st class statistician - Chief of garage - 2nd class translator - Assistant of the Unit - 2nd class archivist
5	Chief of the Unit - Assistant of the Section - 1st class archivist
6	Chief of the Section - Assistant of the Statistics and Safety section
7	Assistant of the Branch - Chief of the Statistics and safety section
8	Chief of the 2nd class branch
9	Chief of the 1st class Branch - Bureau and Regional Inspectors
10	Administrative regional assistant
11	Technical regional assistant - Assistant of the Bureau of Personnel - Chief of the Technical Statistical Studies - Chief of the Accident Branch - Head of the Bureau of Technical training
12	2nd class chief regional officer - Head of the Bureau of Personnel - Railway Inspectors - Head of the General Secretariat
13	1st class chief regional officer - Head of the Bureau of Inspection - Railway counsellors (administrative, technical, and financial)
14	Directors of the railway
15	The Director General of the railway

Source: Taken from the Employment Regulation of the
I.S.R. , op. cit., p. 53

Generally speaking, these positions are divided into fifteen grades, as shown in table II, which constitute the pay scale in the I.S.R. These grades and the pay scale are shown in table III. However, it is worthy of mention that in provision of the above said classification, as well as the classification of 1940, the techniques and methods discussed by the authorities of public administration for classification have not been employed. It seems, to the author, that those who prepared it based their classification on their experiences in the railway and methods they observed, while they were studying the classification systems used in the United States of America. After studying such processes they eventually closed the doors and prepared a system of position classification for the railway employees.¹⁷⁸

It has been said that, "the basic instrument in a classification survey is the duties questionnaire in which every employee describes in his own words the duties and tasks he performs."¹⁷⁹ Such a survey for preparation of the existing classification of the railway positions has never been employed. This brings to mind the question of how the classifiers of this system judged the job evaluation in the railway organization? How could they decide on the

178. In 1954, by a decree of the Council of Ministers a position classification organization was established in the Ministry of Finance, for the purpose of classifying the positions of all governmental agencies of the state. The organization made its first experiment in classification on the railway positions and, the recent information indicates that, it has completed its study on the classification of the positions of the I.S.R. as well as many other governmental agencies.

179. Pfiffner, op. cit., p. 314

equivalent importance, for example, of the tasks of a third class clerk and third class statistician.¹⁸⁰

There are two phases to classification, as Professor Pfiffner indicates; first the general survey of all positions; and secondly continuous maintenance of the system. Such a survey should be done by the organization staff before the classification staff appears.¹⁸¹ This has been recognized as fairly well standardized procedure over the years and corresponds to the steps taken in an organization study. The railway position classifiers have classified all railway posts according to their own judgment and have not used analytical methods in their classification. This might not completely remove the employees dissatisfaction in that, since their views have not been considered, they may still ask, " Are we justly paid ? "

D. Wage Structure

The staff of the I.S.R. receive their wages on the basis of their grades as are shown in table III. The classified civil servants who work in the railway service receive their salaries according to their class and official civil grades of the Civil Service Law of the state. However, if their railway grades provide higher salary than the civil service grades, they are compensated with regard to their railway grades.¹⁸²

180. See table II.

181. Pfiffner, op. cit., p.314

182. The Employment Regulation of the I.S.R., op. cit., p.14

Adjustments of wages of the railway staff are to be made according to the cost of living index every two years, provided that differences have been appropriated in the budget of the relevant year.¹⁸³ The I.S.R. in its budget for 1957 - 58 has provided the amount of 120,000,000 rials for promotion and adjustments of the employees' wages.

Although the monthly wages of the railway staff constitute the main source of their income, nevertheless, they receive generally certain advantages, outside their wages, which represent a substantial item in the railway's operating cost. These advantages for the railway employees are paid in the form of overtime, leave, sickleave, and various allowances and welfare works.

1. Overtime :

The railway staff are paid for overtime on an hourly basis, usually sixty to ninety hours per month and two or three hours per day. Eight hours is the common measure of a day's work for the laborers and those who work in the workshops and tracks, while the administrative cadre who work in the offices of the railway have a regular day of six hours duration.

2. Leave and Sick-leave Payment :

The classified civil servants as well the official railway staff have the right to benefit from one month leave with pay against

183. Ibid., p. 29

eleven months work for the railway. The permanent railway staff enjoy the annual leave provided in the labor laws of the state.¹⁸⁴ Also the railway staff and their dependents enjoy the privilege of annual free transportation by the railway when they are on leave.

In the case of sickness, the official railway staff and the civil servants can benefit from sick-leave with full-pay, for a period not exceeding six months a year. However, the permanent railway staff have their own regulations concerning sick-leave provided in the labor laws and labor social insurance law of the state.¹⁸⁵

3. Other Allowances :

Some other allowances are made to the railway employees in the performance of their daily works such as, allowances made to the conductors, trainmen, inspectors, and all other officials who are held away from their home terminal for more than eight hours. Child allowances, and geographical difference allowances, are paid to the staff according to the appropriate laws and regulations.

Speaking generally, the railway employees and workers receive certain advantages, outside their wages, which it is difficult to translate into money. For example, free rent or housing is granted to some railway staff, especially those working in sparsely settled areas on maintenance of way work. Some of the railway workers in the headquarters are settled in houses built by the railway. During past

184. Ibid., p. 19

185. Loc.cit.,

two years more than 500 houses have been built for the railway staff.¹⁸⁶ Accident and sickness benefits are made by the railway to those employees who are injured while on duty. As was pointed out before, free hospitalization (medical care) is available for the railway employees and even for their dependants.

In short a number of benefits are available to the railway staff outside their monthly wages. Some of these advantages are the result of legislation and some have been made by the management of the railway itself. Some require the contribution of the staff, such as the two per cent contribution of the employees' salaries for hospitalization, and others are made at no cost to them. These benefits, including pension, protect railway employees through their working life against the ills of sickness and misfortune, and in their older years against economic want.

E. Promotion and Increment

As was pointed out, the employment regulations of the railway have provided fifteen grades that make up the classes of positions according to the character of the work of the bureau concerned. Positions of higher grades are generally filled by promotion.

As an indication of the general nature of the present classification of grades, the following table shows the length of service

186. The Railway After Three Decades, op.cit., p. 86

in grade required for employees to be promoted to higher grades, giving special regard to their degrees of education.

Table III

Grades of service in the railway and their salaries with the period required for promotion

I.S.R. (1956)

Grades of service ⁺	Salary	Education of Officials		
		Primary & Baccalaureat (part I)	Baccalaureat (part II)	License degree or higher
	rial	years	years	years
1	2400	3	-	-
2	3000	3	2	-
3	3600	3	2	1
4	4200	3	2	2
5	4800	5	2	2
6	5400	5	2	2
7	6000	the last grade	2	2
8	6900		3	3
9	7800		3	3
10	8700		3	3
11	9600		the last grade	3
12	10800			3
13	12000			3
14	13200			Directors
15	15000			Director General

* For the positions of grade of service refer to table II.

Source: The Employment Regulation of the I.S.R. op. cit., n.p.

While table III gives the impression that more privilege is granted to those who have benefited from a higher education, sub-article 2 of article 56 of the Employment Regulation of the I.S.R. has considered seniority principle by providing for those employees who have length of service for ten, fifteen, twenty and more, the possibility of getting higher grades without educational requirement inserted in the table. This means that higher positions will remain in the hands of those who have longer terms of service. If we believe that by position classification we mean to assign capable employees to positions according to their abilities and qualification, then acceptance of the seniority principle is, as I believe, incompatible with the application of the rule of the classification system. Furthermore, the seniority plan, in general, has a grave disadvantage in that it discourages able young men from entering the railway service.

1. Requirement for Promotion :

An employee has to serve efficiently for a period of time, as in table III, in order to be promoted to a higher grade. Other determining factors for promotion inserted in the Employment Regulation of the I.S.R. are : vacancy in the higher position, potentiality of the employee, knowledge, and his ability to perform the duties of the higher post, and finally not being convicted of committing an administrative offence as is determined by the Railway Promotion Committee.¹⁸⁷

187. The Employment Regulation of the I.S.R. op. cit., p.16

2. Pay Increment :

The Employment Regulation of 1956 has established pay increment based on length of satisfactory service. Under the present system a railway employee, whose service is static, may receive pay increment for a period of twenty six years. But it is not an automatic increase in salary, because it has been conditioned to certain requirements.

The pay increments for the employees are recommended by their supervisors and approved by the heads of the bureaus concerned. The final decisions are, however, made in the Railway Promotion Committee, a body appointed by the Minister of Road^s through the advice of the Director General of the Railway.

In addition to satisfactory performance, the requirements for pay increment are : that the employee has not been laid off, or absent for more than thirty days, unless for a valid reason; or for sickness more than six months a year, unless he had been injured while on duty. And finally, the employee must have not been convicted by the administrative court for having committed administrative offences.¹⁸⁸

Thus it is possible for a railway employee, if he is not promoted to a higher grade, to benefit by yearly salary increment. But the Employment Regulation does not permit meritorious increases.

188. Ibid., p. 16

By meritorious increases is meant several steps of increment at a time for consistent outstanding service as determined by supervisor. The use of meritorious increment is important for the efficiency in government service and it is a serious defect, as I believe, that the railway has not considered its importance.

F. Retirement and Pension

The retirement system of the I.S.R. is the system which the state provides for all its civil servants.¹⁸⁹ The railway employees, therefore, in retirement and pension are subject to the Civil Service Law of the state. This means that they should contribute to the Pension Fund of the state at the rate of seven per cent of their monthly salary. Furthermore, they must pay the whole salary for their first month after entering the railway service as well as the whole amount of promotional differences or pay increment for the first month of each subsequent years.

The Civil Service Law, as it was amended in 1944, provided annuity payments to employees who reached the age of sixty, if they had twenty five years of consecutive or thirty years of irregular service.¹⁹⁰ The annuity payments of such employees are calculated on the basis of $1/30$ of the last monthly salary multiplied by the years of service, provided that the amount does not exceed the last

189. Ibid., p. 20

190. A new Civil Service Law has been drafted and at present it is under consideration by the Employment Committee of the Parliament.

monthly salary of the employee.¹⁹¹ The annuities of the railway officials, likewise, are calculated on the basis of their last monthly salary received from the railway.

Under the present Employment Regulation of the railway, an official of the railway, who has at least ten years of service in the railway, may retire voluntarily; but he receives only two-thirds of the amount he has contributed to the Pension Fund, in a lumpsum. If such an employee decides to come back to the railway service later on, he must pay back the amount received from the Pension Fund, provided his service is needed by the railway.¹⁹²

An official of the railway staff may be laid off with regard to the relevant laws and regulations, but he will be paid one-third of his monthly salary if he is not above grade eight, if his grade is more than eight, he will receive one-half of his salary as long as he is on furlough.¹⁹³

G. Training

Training is an important factor in personnel administration. It is an integral part of organizational efficiency, and is considered one of the tools that management may use to help accomplish the goals of the organization. Furthermore, it promotes cooperation

191. K. Sanjabi, Administrative Law (in Persian) (Teheran, Naghsh-e-Jahan Press, 1955), p.172

192. The Employment Regulation of the I.S.R. op.cit., p.21

193. Ibid., p.23

within the organization and provides a means of educating employees so that they can be promoted.

The administration may try to get employees to serve the organization's goals by legal sanctions, through the Bureaus of Inspection, Law, and Police, if they do not act in the desired way; or it may train them to understand and want to help achieve the purposes of the agency. Management may try to find persons already exactly qualified for each job to be done, or take the best qualified persons in the organization and train them so that they will be able to do the job properly. In each instance, training may be the best or preferred method because it is cheaper, because it promotes cooperation within the organization, because it prevents costly mistakes, and because it enables the few available executives to delegate more work to others.

Being aware of the value and importance of training for the improvement of railway efficiency, the Ministry of Roads and the management of the railway have provided facilities for the education of railway staff both inside and outside the country. A number of railway technical officials and technicians are sent abroad yearly to study new techniques of railway operation. The cost of their study is provided by the railway and other institutions interested in training programs.

The Railway Technical School, as was pointed out, has facilities for technical education of the staff. Ever since its es-

establishment it has provided technicians and technical staff such as firemen, train-masters, and other technical staff to the railway administration. It has had classes for the training of certified accountants to handle the financial activities of the railway through the employment of modern financial techniques. Unfortunately, at present, the school has stopped its activities in preparing technicians for the railway, mainly, because new employment is prohibited. But it might be advisable if the school becomes a centre of the in-service training for the railway staff.

The school has also contributed to the education of the railway staff through its evening classes, in providing facilities for those who wanted to learn foreign languages and those who needed to complete primary education.¹⁹⁴

The above statement is an indication of good intention of the railway authorities to arouse the enthusiasm and support of the employees for the organization and its goals. However, these facilities are not sufficient in that there is urgent need for effective in-service training programs in the railway, especially for those who perform administrative affairs. Little attention has been paid for training and re-educating of the administrative cadre. They perform their daily routine without being aware of the continuous developments in administrative techniques.

194. Malekuti, op.cit., p.223

In spite of the fact that attempts have been made recently to establish centres for in-service training in the Government of Iran, the writers of the new employment regulation of the I.S.R, have apparently ignored the importance of such training for the railway. There is no provision to regulate in-service training programs by the personnel administration.

H. Railway Employee Organizations

Employee organizations are essentially systems of independent power. Where men are free and have a common interest, they combine to further their objectives. Like the pressure group in community, the employee group in the public service has as its avowed purpose the achievement of goals benefiting its membership.¹⁹⁵ The usual objectives appear to be, for promoting a feeling of solidarity and comradeship among the workers; for protecting and extending the merit system; for promoting and improving the working conditions, status, and material welfare of the employees; and for improving the quality of public administration.¹⁹⁶

In the I.S.R. different organizations have been established by the employees, mainly, to improve their professional knowledge and protect their interests as well as to assist the railway management in achieving its goals. From these organizations we may note the following:

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195. Norman John Powell, Personnel Administration in Government (Englewood Cliffs, N.J., Prentice-Hall, Inc., 1956), p.287
196. William E. Mosher, et.al., Personnel Public Administration 3rd ed., (New York, Harper & Brothers Publishers, 1950), p. 330

The Organization of Railway Engineers was established in 1946, and now has the membership of all the engineers working in the railway service.¹⁹⁸ The Engineers association is effective in that it provides a close relationship among its members and contributes to the improvement of technical knowledge of the staff by offering lecture sessions on the railway.¹⁹⁹

Next we have the University Graduates Association for those staff who have completed university work and have diplomas in one of the fields of social sciences. The association since its establishment in 1946 has been closely allied to the Engineers Association.

The Accountants Union is a society established by the railway accountants for the purpose of improving financial efficiency in the railway and ensuring the competence of those who enter the accounting cadre.

The railway technicians likewise have their own syndicate. Established in 1945, the Technicians Syndicate has had the membership of almost all the graduates of the Railway Technical School.

The same is true of the railway engine-drivers(engineers) who established a syndicate in 1947. Both engine-drivers and firemen have been affiliated in the syndicate eversince its creation.

Finally we come to the Railway Club, which was established

198. By engineers here is meant those graduates of the technical faculties who have completed university work.

199. This information and the following is taken from Malekuti, op.cit., p.p. 209-211

in 1936. With both employees and laborers as members, the Railway Club is effective in that it promotes a cooperative sense among its members. Furthermore, as a consumer cooperative, the club provides commodities for its members at low prices to consume.²⁰⁰ The Railway Club also lends money to its members at low interest. It is also an athletic centre with all kinds of athletic facilities as well as a place for entertainment and reception.

These were mainly the railway employee organizations which we may count on. As far as a labor movement is concerned, there is at present no really effective labor union in the I.S.R. That is, there is no labor union that presses for higher wages and champions the aggrieved worker. Therefore, with the exception of the railway labor union of the turmoil years of 1944 - 1947, which was abolished because of its attachment to the outlawed Tudeh Party (People's Party), no real labor organization has been organized in the railway.

The fact that railway service is considered a public service and consequently falls within the jurisdiction of public order may have contributed to the lack of such an organization for labor in the I.S.R. Although the labor laws permit the establishment of labor unions and recognize the right to strike, in order to protect their interests, such process is not recommended in public service. It is worth remarking that strike is not considered a right by some authori-

200. At present there are almost in every important point consumers' cooperatives established by railway employees themselves throughout the line.

ties, but a collective force and pressure for obtaining certain goals. They believe that strikes may be advisable against private organizations, but not the public ones, especially the railway that requires continuity and safety in operation. Therefore, in spite of the fact that strike and work stoppage are not considered crimes according to the Iranian laws, such processes are not tolerable in the government service and are considered grounds for administrative punishments by the responsible authorities of the public organizations.²⁰¹

The lack of a real and powerful labor union in the I.S.R. creates a delicate question, and that is, since there is not a special office in the Bureau of Personnel of the railway to handle workers and employees grievances, who is responsible for such an important process? If labor cannot influence by collective pressure on the railway administration, then, how can they settle their disputes with the railway authorities? Unfortunately, we have to admit this weakness in the personnel administration of the I.S.R. The employees as well as laborers of the railway have recourse only to their supervisors, since persons in positions of hierarchical leadership, as Professor Pfiffner indicates, do not have time enough and are especially annoyed when they have to listen to the complaints of their subordinates.²⁰²

201. K. Sanjabi, op.cit., p. 179

202. Pfiffner, op. cit., p. 330

Summary

Railway personnel administration has its special feature, as to character of work , classification of positions , method of compensation and promotion. The employees of the railway comprise three classes of staff. These are: permanent, official, and civil servant staff, performing administrative, technical, and financial tasks of the railway organization. A number of benefits are available to the railway staff outside their wages. The railway pension system is same as that of the state for the civil servants. The employee organizations, as informal organs, have effect on the solidarity and comradeship of the employees as well as on the administration of Iranian State Railway.

Although the Employment Regulation of the I.S.R. is based on the theories of personnel administration, nevertheless, it is defective with regard to certain points. These may be noted, generally, as defects in the classification of positions, consideration of seniority in adjustment of the employees' status according to the new regulation, ignoring the necessity of in-service training for the staff, and the lack of provision for handling employees grievances which should be the concern of the Bureau of Personnel.

CHAPTER VII

Financial Administration of the Railway

Financial administration is to the average adult somewhat as arithmetic is to the school child: a subject to be avoided when possible. College students who are naturally attracted to the study of political science and human behavior tend to have this same aversion toward figures. They shrink intuitively from subjects such as statistics and accounting. Their natural reaction toward financial administration follows a somewhat similar pattern: it is one of those areas of inquiry for the technicians who are immersed in petty details. It is undoubtedly necessary, they feel, that minds of subordinate order carry on this essential grubbing, but it is a task to be avoided by those who concern themselves with policy on a high level. The result is that the budgetary process fails to attract the attention it deserves from professional students of public administration. 203

As in other industries, financial administration measures the extent of plant and the operating activities of the railway industry. Our consideration thus far has dealt with organizational structure and personnel administration in the I.S.R., its financial administration which is equally important, is our present concern.

As a self-financed corporation, the I.S.R. has to employ commercial procedures of business enterprise in its financial operation.²⁰⁴ However, because of the nature of public transportation

203. Ibid., p. 357

204. Decree Law No. 3516, of Khordad 21, 1332 (June 1953).

service, the railway is not free to conduct its affairs as any enterprise under private ownership. This is because the organization is bound to government regulations in charging its service however uneconomic it may be.

Chart II, shows the financial position of the I.S.R. during past ten years, from 1947 to 1956. It is an illustration of the surplus and deficit (difference between revenues and expenses) resulted the rail transportation by the I.S.R. The fact that the railway is bound to governmental regulations and consideration of the economic conditions of the country in charging its service, is a contributing factor for the deficit and inability of the railway to stand on its feet regularly.²⁰⁵ Furthermore, the immensity of task of rail-transportation demands a vast amount of working expenses for new equipment and maintenance of way. That inevitably would mean subsidising it from taxation.

A. The Railway Budget

On the basis of the earnings and expenditures provided in the appropriate classified railway accounts, the annual budget of the I.S.R. is ^a device that enables management to plan and control the financial activities of the railway. It is prepared primarily by the Bureau of Accounts through its subordinate units and submitted to, and approved by the Council of Ministers.

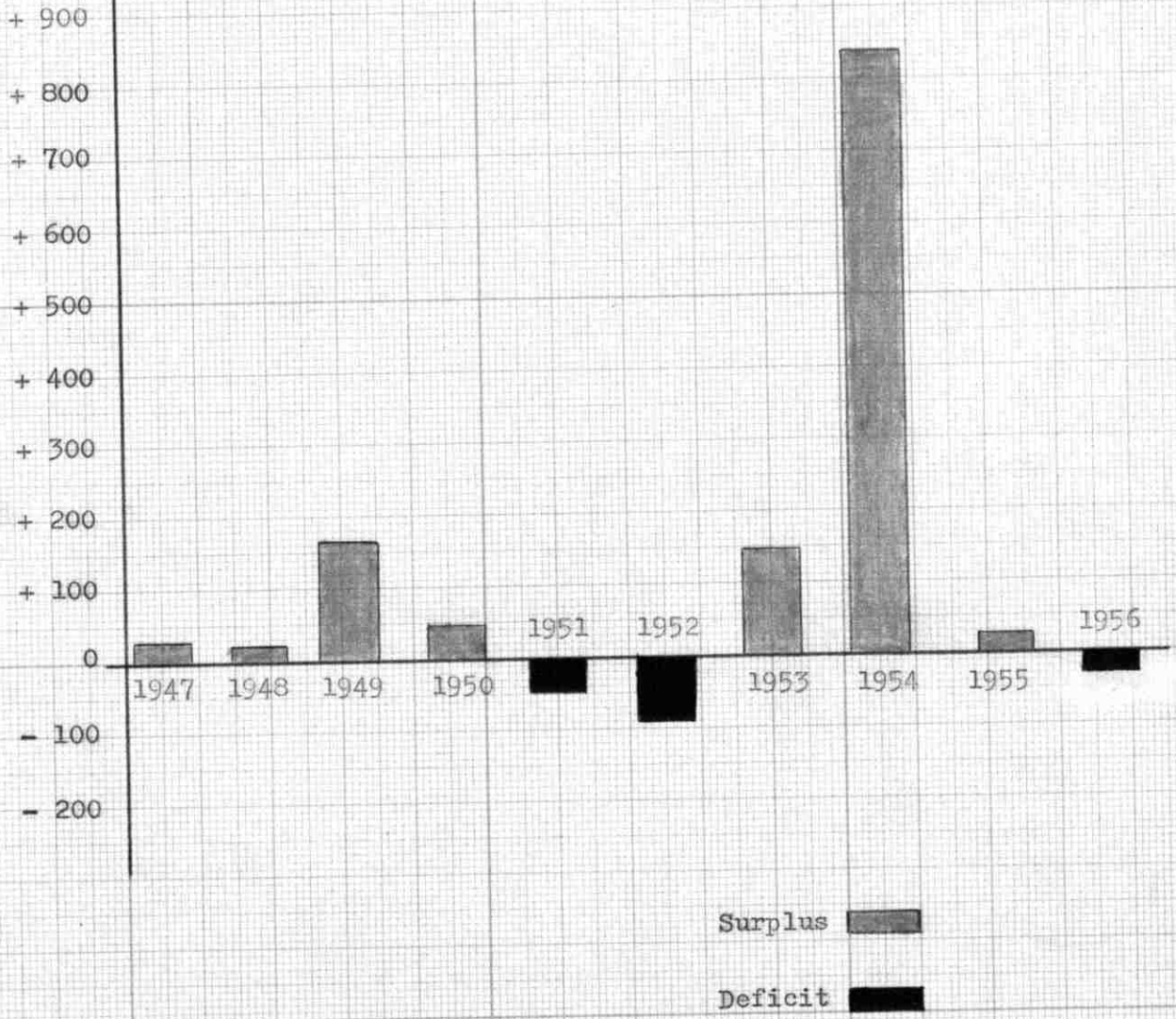
205. Generally, all railway organizations of the world are bound to observe the economic consideration of their states in the provision of their tariff.

Chart II

Financial Position of the Iranian State Railway
during ten years from 1947 to 1956

I. S. R. (1947-1956)

Million of rials



Source : The Statistics, Information and General Activities of the I.S.R. in 1954 and International Union of Railways' Statistics vol. 1954 & 1955.

According to the Financial Regulation of the I.S.R. the different bureaus and regional divisions of the railway transmit instructions downward regarding the preparation of the railway budget. Starting at the bottom of the pyramid, the process of preparation continues until the time the railway budget reaches the top of the pyramid, that is, the Board of Directors. The Board of Directors reviews the budget and makes adjustments with regard to programs and plans made by the Director General of the railway before passing it to the Supreme Technical Council for its consideration.²⁰⁶ After the revised budget is completed and approved by the railway, it is submitted through the Minister of Roads to the Council of Ministers for final approval.

Thus, since the I.S.R. has its own funds and accounts, ~~it~~ enjoys financial independence and its budget is separately presented. The appropriation and disbursements under the railway budget are, however, subject to the same forms of parliamentary and audit control as the other appropriations and disbursements of the government agencies. But the railway revenues, according to the law, are deposited in a special account in the National Bank of Iran and it is not possible to draw them for other purposes, save those provided in the railway budget. The expenses of the railway are, then, paid out through the bank. If the receipts of the railway are not sufficient to pay the expenses estimated in its budget, amendments are possible with the approval of the Supreme Technical Council for sub-

206. Decree Law No. 3516, of Khordad 21, 1332 (June 1953).

mission to the Council of Ministers, where decision to grant aid to the railway is taken. In case the earnings exceed expenses, the surplus remains in the bank and the railway management may use it for constructive purposes with the approval of the Supreme Technical Council and the decree of the Council of Ministers.²⁰⁷

B. Revenues of the Railway

While the revenues obtained by the I.S.R. are derived mainly like any other railway, from the transportation service, there are earnings not derived from the operation of trains. Therefore, we may discuss the revenues of the I.S.R. in the form of two main sources, that is, operating revenues, and miscellaneous revenues.²⁰⁸

1. Operating Revenues :

Operating revenues are mainly derived from the execution of the railway tariff, which is the basis for transportation service in the I.S.R. The transportation service performed by the railway includes, in general, the movement of freight, the carrying of persons, and baggage traffic.

The railway tariff contains the price levels at which railway sells its product. It sets the freight rates, passenger fares, baggage regulations, commodities classifications, rental rate, de-

207. Ministry of Roads, I.S.R., The Financial Regulation of the I.S.R. (in Persian) (Teheran, Railway Press, n.d.), p.10 art. 20.

208. Ibid., art.24 -31.

murrage, fines, stamp duty, and other charges for the service.²⁰⁹

It is important for the railway and the public, that the price the railway charges for transportation shall be fair, and at the same time shall produce a reasonable gross and net return. If rates are so high as to keep traffic from the rail, or so low as to produce insufficient revenue to cover operating costs, they are ill-adjusted to the needs of the industry and its users. Furthermore, the economic conditions of the state and the export and import policy should be taken into consideration when the tariff is readjusted. For these reasons, a tariff committee in the Commercial Division of the railway is constantly studying the proper adjustment of the tariff to suit the economic conditions of the state and the interests of both the public and the railway.

a. Transportation service - The main item of the revenue is derived from freight and passenger service. The transportation of freight is, of course, the most important source of the railway revenues. The amount received from the goods traffic made 84.6 % of the total receipts in 1954.²¹⁰ The freight traffic consists of the movement of merchandise, live-stock, and transport means ; plus charges of the service provided by the railway tariff.

209. Ministry of Roads, I.S.R., The Tariff of the Iranian Railways (in Persian) (Teheran, Railway Press, 1954), p.p.3 - 28

210. International Union of Railways, International Railway Statistics(Paris, General Secretariat of the U.I.C. 1954), p.99

The revenues derived from the passenger service make the second important source of the I.S.R. income. Table IV shows the receipts derived from passenger traffic, included all classes of fares, in 1955. It was 8.1 % of the total revenues of the railway in that year.^{211.}

Table IV

Passenger Traffic

Number of passengers carried, distance passengers were carried, and receipts from passenger traffic for the year 1955 by classes.

I.S.R.(1955)

No	Classes	Passengers carried	%	Passenger Kilometres	Receipts
					rials
1	I	15 636	-	11 368	9 473 000
2	II	125 902	-	47 762	23 334 000
3	III	1 614 144	90.00	385 855	110 579 000
Total		1 755 682	100.00	444 985	143 386 000

Source : Statistique Internationale Des Chemins De Fer Année 1955.

The above table indicates that 90 % of the passenger service is done for the third class travellers. This fairly illustrates

211. Ibid., v, 1955, p. 83

the importance of inexpensive service of the railway provided for more than a million and half people.

b. Supplementary receipts - Included in the passenger receipts are the supplementary receipts, which are charges for excess fares and the sale of platform tickets.

When a passenger boards a train without a ticket, the conductor sells him the transportation, giving him a cash receipt which shows the origin and destination points, and amount collected. It is also done for persons who change their coach and go to another class. According to art. 23 of the railway tariff in such a case an extra charge is made in the amount of 100 rials for the first class and 50 rials for the other classes of the train. The platform tickets are sold at the important stations of the railway to those persons who wish to see passengers off. The income derived from the sale of platform tickets is a part of the general receipts of the regional administration.

c. Service traffic - The service traffic forms the third item of the operating revenues of the I.S.R. The service traffic account is understood as that which is necessary for carrying on the business of the railway, such as the conveyance of coal from pit, port or depot to the place where it is to be used by the railway, the conveyance of permanent way materials from the place of production or from a depot to the place where they are to be used, and the conveyance of other materials used for the administration

and the central bureaus of the railway.

2. Miscellaneous Revenues :

The revenues derived from sources other than the railway tariff are regarded as miscellaneous revenues and divided into three classifications; that is, administrative and rental revenues, produce and investment, and incidental revenues.

The administrative and rental revenues are those obtained from the sale of railway property or rental and from fines assessed according to the administrative and disciplinary regulations. While, the railway produce and investment are the income derived from the sale of water, electricity, and etc. Finally we have government aid based on the Law of Aban 18, 1312 (1933) by the approval of the Council of Ministers, in cases that the railway makes deficit. The total revenues of the I.S.R. in 1956 and estimations for 1957 are shown in the following table.

Table V
Total Revenues of I.S.R.
Revenues of the Iranian State Railway in 1956
and the estimations provided in the 1957
budget
(in thousand of rials)

	1956	1957	%
(1) <u>Operating Revenues:</u>			
a. Transportation service	1 737 430	1 855 382	83.00
b. Supplementary revenue	84 166	114 198	5.10
c. Service traffic	205 014	239 000	11.00
(2) <u>Miscellaneous Revenues:</u>			
a. Administrative and rental revenues	9 000	8 000	0.30
b. Produce & investment	14 000	14 000	0.60
c. Incidental	-	-	-
Total	2 049 610	2 230 580	100.00

The actual performance of the transportation service falls within the responsibilities of the regional administration of the railway. The regional receipts derived from transport charges vary in amount, mainly, because of the differences in the length of lines, geographical, and economic situation of the region. As shown in table VI about 80% of the total receipts of the railway resulting from transportation in 1950 - 1951, was made by the Southern Region. The reason may be attributed to the economic importance and geographical situation of the region, since there are two important ports of Bandar Shahpur and Khurramshahr which are at present the main ports for the export and import of the country. Furthermore, the Southern Region of the railway has the important function of inland transportation of fuel and other oil products of the reach oil fields of the country located in this region.

Table VI

The percentage of regional receipts from transportation service in the year 1330(1950-51)

I.S.R. (from 22nd March 1950)

Total receipts	<u>100.00 %</u> - <u>862,107,465 rials</u>
1. The Southern Region	80.97
2. The Luristan Region	2.45
3. The Erak Region	2.63
4. The Teheran Region	8.22
5. The Northern Region	3.94
6. The Northeastern Region	0.87
7. The Northwestern Region	1.32
8. The Azarbaijan Region	0.60

Source: Extracted and calculated by the author from the statistics of the revenues in the Revenue Auditing Branch of the I.S.R. in 1954.

C. Authorities Responsible for Collecting the Receipts

The authorities responsible for collecting the railway receipts in the I.S.R. are the Bureaus of Operation, Accounts, and Finance. The Bureau of Operation, as it was stated before, collects all the receipts derived from transportation service through its agents at the stations of the line. While the Bureaus of Accounts and Finance receive the miscellaneous revenues of the railway such as railway produce, forfeiture of the deposits of the railway, sale of dilapidated goods, etc. These returns are posted by the Booking Branch of the railway in their appropriate accounts.²¹²

Method of Collection

The revenues of all stations throughout the line are collected by collectors who are sent from Teheran headquarters to the respective region of the line at the end of every week. The amount collected is then deposited in the current account No. 1039 of the National Bank of Iran (Bank Melli). After having deposited the amounts received, the collectors settle their accounts with the Collection Section of the Bureau of Finance.

According to art. 5 of the Law of the Organization of the I.S.R., all receipts of the railway are to be deposited in the bank

212. This information and the method of collection of receipts are based on an interview by the writer and his associate Mr. Javad Nayimpur with the Chief of the Revenue Branch of the I.S.R., for a research work done in the Institute-For Administrative Affairs of Teheran University in 1954.

and posted in the appropriate classified accounts receivable.²¹³

Therefore, those stations situated in towns, where there are agents of the National Bank, deposit their receipts directly in the bank and return their receipted copies to the collectors, instead of cash.

Copies of freight bills, tickets, vouchers, and other papers and documents sent to the Revenue Branch for auditing, are scrutinized and checked up, and their contents are carefully recorded by the auditors, who are subject to the Bureau of Operation. This raises the question of whether it is proper to have auditing of accounts done by the same authority which at the same time collects the revenues. Apparently the Revenue Branch does a satisfactory job in that, it audits and prepares statistics of the revenues. But the process might be better done if the branch were to act independently without so closely being related to the place which is responsible for the operation and collection of the receipts. This change might enable the Revenue Branch of the railway to perform its activities more exactly and accurately without any interference from other authorities interested in the operation of transportation service.²¹⁴

D. Working Expenses of the Railway

The working expenses of the I.S.R. are those corresponding

213. The Law of the Organization of the I.S.R. op.cit., p.5

213. See Harvey Walker, "Accounting and Auditing" in Lepawsky, Administration (New York, Alfred A. Knopf, 1952), p.473. Also Pfiffner, op.cit., p.p. 419 - 420

to directing, performing, and controlling the operations necessary to the regular functions of the railway. These expenses as they are included in the 1957 budget of the I.S.R. form three general accounts, pertinent to the nature of railway expenditures, as follows:

1. Operating Expenses.
2. Fixed Installations Expenses.
3. Depreciation Account.

1. Operating Expenses :

The operating expense accounts absorbed 90.4 % of the total expenses estimated in the railway budget of 1957, are divided into 38 primary accounts. The expenses and amounts to be entered in table VII are those corresponding to directing the operation pertinent to general administration and maintenance of rolling stock, way, and expenditures made for renewal, and expenses including those activities with which it is related. Amounts are directly consequent upon the expenses defined above, such as social insurance charges, benevolent allocations, expenses on pensions.

2. Fixed Installations Expenses :

This category is composed of ten primary accounts which absorbed 5.7 % of the budget in 1957. The accounts provide for capital work, general expenses for construction of side-tracks, buildings, permanent mechanical installations, tele-communications, and fixed installations for electric traction and other administrative needs.

3. Depreciation Account :

This account absorbed 3.9 % of the railway budget in 1957. The account of depreciation attributed to each asset group is determined on the cost value.²¹⁴

Table VII shows the expenses of the I.S.R. as they have been estimated in the railway budget of 1957.

Table VII

Working expenses of the railway in 1956 and estimations made in its budget of 1957.

I.S.R. (1957)

(in thousands of rails)

<u>Working Expenses:</u>	<u>1956</u>	<u>1957</u>	<u>%</u>
1. Operating expenses	1 729 285	2 017 387	90.40
2. Fixed Installations	236 352	128 193	5.70
3. Depreciation	84 000	85 000	3.90
Total	2 049 610	2 230 580	100.00

Source: From the 1956 - 57 budget of the I.S.R.

To close the chapter the following balance sheets show the financial situation of the I.S.R. during 1955 and 1956. As it was pointed out before, the Revenue Branch of the railway prepares summary statements of monthly receipts and regional receipts for posting in the general ledger of the railway. Thus, the net revenue of

²¹⁴. The Financial Regulation of the I.S.R., op.cit., p.5 art.8

the I.S.R. will be at hand monthly and yearly. This helps the Bureau of Accounts prepare the general balance sheet of the railway for submission to the Financial Supervisory Board of the I.S.R.

Table VIII

The Iranian State Railway Balance Sheet of
1955

(from 22nd March 1954 to 21st March 1955)
in rial

<u>Assets</u>		<u>Liabilities</u>	
Cash at bank	41,668,000	Reserves	1,244,646,000
Debtors and various	967,380,000	Creditors	405,010,000
Rolling Stock	176,694,000	Stocks ⁺	4,076,525,000
Stores	349,464,000		
First cost of subsequent works excluding rolling stock	3,899,833,000	Pension and provident funds	12,861,000
Deficit	-	Surplus	28,197,000
	<hr/>		<hr/>
Total	5,767,239,000		5,767,239,000

Source: Extracted from the International Railway Statistics Paris, U.I.C. vol. of 1954, p.115.

+ . The I.S.R. has no shares paper, therefore, stocks here are in the form of holdings or subsidies provided by the state.

Table IX

The Iranian State Railway Balance Sheet of
1956(from 22nd March 1955 to 21st March 1956)
in rial

<u>Assets</u>		<u>Liabilities</u>	
Cash at bank	43,075,000	Reserves	331,101,000
Debtors and various	1,012,933,000	Creditors	408,732,000
Rolling Stock	176,694,000	Stocks	4,074,451,000
Stores	275,611,000		
First cost of subsequent works excluding rolling stock	4,296,836,000	Pensions and provident funds	15,370,000
Deficit	24,505,000	Surplus	-
Total	<u>5,829,654,000</u>		<u>5,829,654,000</u>

Source: Extracted from Union Internationale Des
Chemins De Fer, Statistique Internationale
Des Chemins De Fer, Année 1955.

Summary

The Iranian State Railway as a self-financed public corporation applies the procedures of commercial enterprise in its financial administration. But because the railway is bound to re-

gard the government policy and economic conditions of the state in charging its service, it is not always able to stand on its feet. Therefore, government subsidies become inevitable.

The railway budget is prepared on the basis of revenues and expenditures annually. Since the budget is a plan for the railway operation, the management of the railway has discretion in adjustment of the budget prepared by the subordinate units. The operating revenues and miscellaneous receipts make the total income of the railway. The responsible authorities to collect these revenues are the Bureaus of Operation, Accounts, and Finance. These revenues are deposited in the bank and make the fund required to pay out the working expenses of the organization. These expenditures form the operating expenses, cost of fixed installations, and depreciation.

Although the general trend of the railway activities is upward steadily, nevertheless, there is need for further analysis of the railway financial system and application of methods for reducing its operating expenses and providing better profit margin than it is at present.

CHAPTER VIII

Concluding Remarks

This paper has attempted an analysis of the administration of Iranian State Railway. From the preceeding chapters we know that the I.S.R., being a part of the Ministry of Roads, is a public corporation administered by the Director General of the railway and his assistants (Directors of Technical, Administrative, and Financial Affairs), who constitute the Board of Directors and are responsible for the management of the organization. The Supreme Technical Council , a body of qualified technical officials, ensures the technical and administrative efficiency in the railway. And the Financial Supervisory Board ensures the financial honesty in the railway administration. We also observed that the central bureaus of the railway, as functional division of work, are carrying on the functions leading to transportation service. This division of work is based on specialization, whereby, each bureau performs a special kind of service as to the technical, administrative, and financial character of work. While the central bureaus are centralized units providing uniform service throughout the line, the regional divisions, as geographical divisions of work, have the responsibility to carry on transportation service in a specified territory. The regional officers, being responsible to the Director General, are acting as coordinators of activities on a regional basis. Looking into the personnel administration of the railway we noticed that the railway employees are divided into three categories, and the employment has

its special features, as to character of work, classification of positions, promotion, training, and employee organizations. We emphasized the need of training for the railway efficiency and the employment of a system of classification of positions in order to remove the employees dissatisfaction resulting from their compensation. As for the financial administration of the railway we discussed it in terms of revenues and expenditures and the emphasis was on the creation of an independent unit to perform auditing of receipts without being responsible to the authority which provides the revenues.

Now, we may conclude that the organization of the I.S.R., which has evolved during past twenty two years experience, needs much to learn in the field of administration in order to be able to keep pace with other railway organizations which adopt new techniques and methods in their administration. In a country where most of its governmental agencies are known as being inefficient organs providing red tape for the public, the I.S.R. is considered an efficient corporation serving the public and contributing to the development of the country. In my opinion, however, its future success depends, to a large extent, on continuous reviewing and applying the theories and practices of public administration. Also, plans are needed for improving the technological progress and utilization of manpower in the railway service in order to achieve maximum efficiency in its administration.

For reviewing and analyzing the railway organization and its

administration constantly, the establishment of an organization and method section, close to the Director General, is needed to keep the organization of the service under continuous review. At present the Supreme Technical Council does the function of reorganization in the railway. But the council is too busy to devote full time to such important process of organizational analysis. Therefore, the creation of the organization and methods section with a number of qualified staff will enable the railway management to improve railway efficiency by putting into practice the methods recommended by the section.

The use of modern technological progress will provide for the railway management the possibility to reduce the organizational dimension and achieve better quality of work. To this effect the installation of machine methods of accounting and recording and centralization of the statistical work would increase the quality as well as quantity of work and reduce the organizational dimension to a large extent. The use of machine should be considered for purchasing, tabulating, and recording cards ; machines do much of calculating, sorting, checking, billing, vouchering, and other works instead^{of} carrying them out by hand.

The railway authorities have already made arrangement for the modernization of the railway. Their attempts are based on the fact that the successful operation will be achieved by new rolling stock, better station premises, better working conditions and amenities, and better handling arrangements to avoid congestions and

delays. All these improvements in plant and method would not only quicken the tempo of the work and increase in accuracy and completeness; they would make it possible for the railway to operate with a smaller number of employees and make ever better use of the manpower in the railway service. This needs careful consideration and proper observation when we notice that machine power has replaced some of the manpower in railway administration in the industrialized countries. But we have still to consider the importance of the human factor in the organization. Because man is still the important tool for operation. To this point the railway personnel administration has much to do, especially in matters concerning technical and administrative training and employees welfare.

It has already been pointed out that the training and, especially in-service training programs will provide capable staff ready to accept more responsibility and lead to the promotion of cooperation within the organization. By providing in-service training in the railway service the managers of the railway can delegate more authority to their subordinates. This enables them to do their jobs with efficiency through guiding principles concerning the technical, administrative, and financial phases of the railway activities.

The greatest possible tonic to morale, will be the consideration of the employees welfare in the railway service. Generally speaking, the problems of organization can be approached on the basis of either two concepts: that is, mechanistic concept and humanistic

concept.²¹⁵ To extend the idea, an organization, in mechanical concept, is conceived as a machine, so constructed and operated as to express and apply a central controlling will. A mechanical type of organization can of course be vital, but its vitality depends on the perfection of the mechanisms of direction and control, and on the power of the sanctions by which obedience is secured.²¹⁶ We have already noticed that in the I.S.R. the Bureau of Inspection and administrative courts, and the railway police force are in charge of enforcing rules and regulations and securing the employees discipline. But in my opinion any discipline imposed by force is not workable for very long. True discipline, I believe, comes from a perception of common good and the desire to contribute to it. Therefore, it seems to me that the railway management would be more successful in its task if it commits itself to the application of the second concept, that is, the humanistic concept.

According to humanistic concept an organization is considered as a team or community of people so related that efforts of each shall contribute to common purpose.²¹⁷ Here the organization being a collection of people, the problem of organizing staff is that of establishing suitable relations between various levels of employees, laborers, and management. This needs a "staff consultation program." By the staff consultation program is understood the establishment of a place in the Bureau of Personnel with a number of staff who

215. Milward, op.cit., p.216

216. Ibid., p.217

217. Ibid., p.216

possess knowledge in human relations to deal with the employees problems and complaints. The aim of such a unit should be the achievement of sound relations among employees and their loyalty to the undertaking as a whole.

The questions relating to staff and railway management and many problems of work and conditions of service which must arise, naturally, in so vast an undertaking, will be solved to a large extent by the application of proper communication between staff and management. By proper communication is meant a two way process and not exclusively formal communication. Communication here is a means of relation between the centre and perimeter, between management of the railway and the railway employees and labor. The quality of such process is based on the confidence that the staff and management of the railway have in each other. This confidence will be secured if the management bases its policy to appoint the key people throughout the railway organization for their ability, character, and willingness to cooperate with others. Having made the best possible selection, the management have to provide the maximum opportunity for the staff to have personal contact, through which they would get to know each other and deal with specific problems of their daily work. But also occasionally supervisors should be brought together to deal with more general problems with which they may have no direct concern, but their suggestions may be of use to the management in solving problems and difficulties of the administration.²¹⁸

218. Machinery for consultation between management and staff
(cont. on next page)

Finally, I should like to emphasize the fact that the basic financial problems are not peculiar to the Iranian Railways, since the financial position of nearly every foreign railway system is precarious. It is not the I.S.R. which may have deficit in some years, but the railways of many countries in the world, both state owned or private, in fact, have relatively more deficit than that of the I.S.R. The examples of such railways are the systems of Japan, Britain, Germany, France, Belgium, Bulgaria, Denmark, Spain, Finland, and some others which had deficits as shown in their balance sheets in 1955.²¹⁹ This is because of the nature of public transport policy. It means that the railways are not free to run their affairs as a commercial enterprise for the sole purpose of making profit.

The Iranian State Railway needs the backing of Government,

cont.

has been set up at various levels in the British industry. A British Railway Productivity Council, comprising representatives of the British Transport Commission and the three railway trade unions and the Confederation of Shipbuilding and Engineering Unions, has been constituted. Amongst its principal objects are the initiation of proposals for increasing efficiency, including the best use of manpower, and matters concerning the Modernization and Re-equipment Plan. The Council has recently agreed in principle that planned productivity through work study should be introduced.

The staff are encouraged to submit through suggestions schemes their ideas for better working: in 1955 over 7,800 suggestions were put forward, of which over 700 were approved, and nearly £ 2,200 was awarded. Substantial prizes are also awarded each year for the five best suggestions adopted.

(From Facts and Figures about British Railways, Plaistow, British Transport Commission, The Curwen Press, 1956, p.42).

219. See Statistique Internationale Des Chemins De Fer, op.cit., p.p. 122 - 125

since the program of capital expenditure must go forward steadily for providing efficient railway transportation to the public. The railway needs also the backing of the public and of those who wish to see the Iranian railway system be extended to the remote parts of the country, thus establishing on a solid social and flourishing basis for the economical development of Iran.

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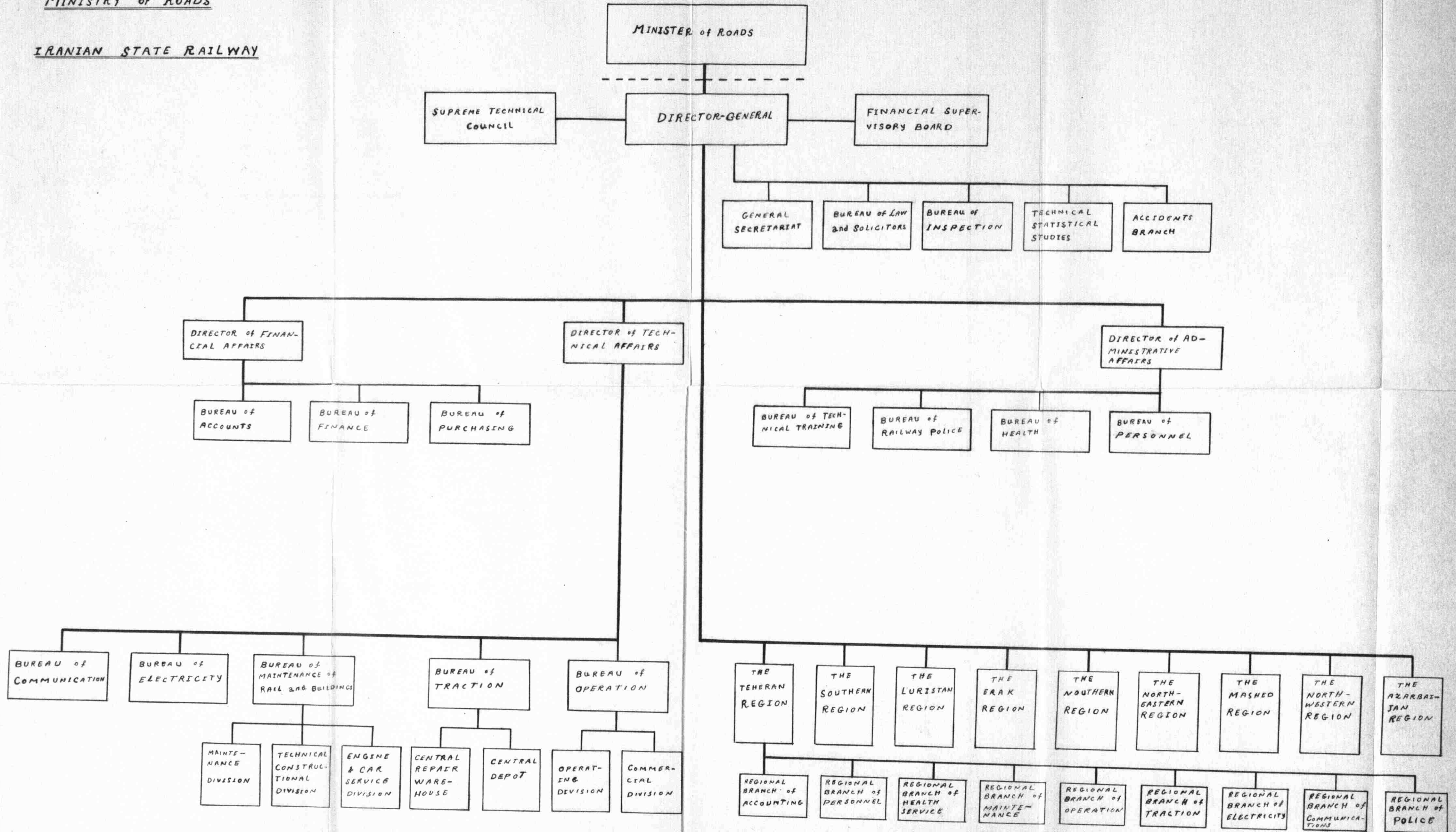
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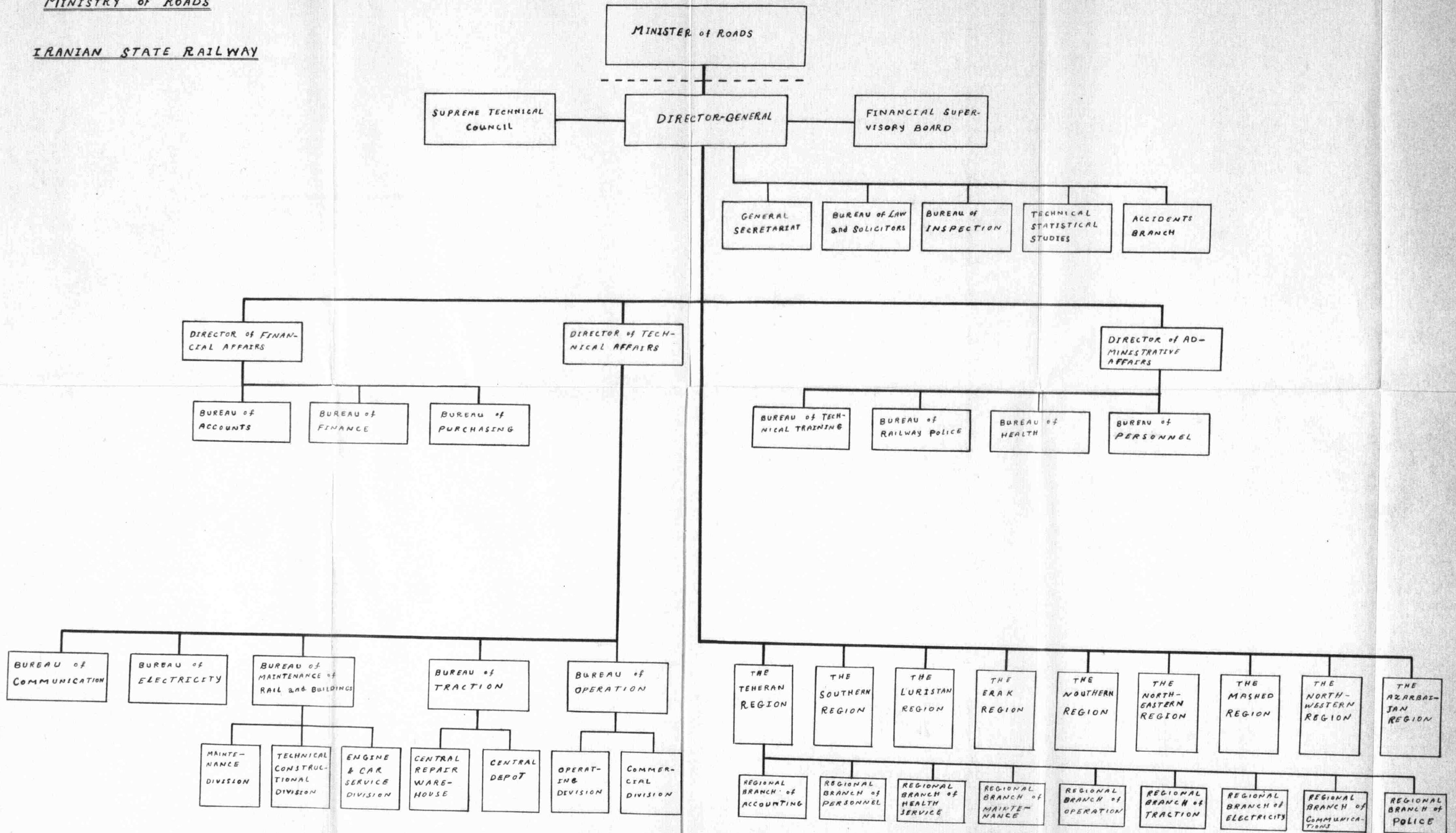
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