



COMMERCE VI. IN THE SAFAVID AND QAJAR PERIODS

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Commerce under the Safavids, Afsharids, and Zands (907-1209/1501-1794)

At about the same time that the Safavid state was established the Ottoman empire expanded substantially, and the Mughal empire emerged in India. The Russians extended their control to the northwestern border of Persia, and the Uzbeks replaced the Timurids in the northeast. In the south the Portuguese appeared in the Persian Gulf, to be followed by the Dutch and the English. These almost simultaneous developments had varying impacts on Persian trade. Trade with the Ottoman empire was generally enhanced, despite a series of wars that occasionally even led to a total Ottoman ban on trade with Persia or attempts to limit trade to barter, in order to reduce Persian bullion supplies (see below). Trade with Central Asia, which had been important under the Timurids, was, however, negatively affected by the Safavid wars with the Shaybanids. Anthony Jenkinson reported (I, pp. 72, 87-89) in 969/1561 that there was little commerce between Persia and K̅v̅ārazm or Bukhara. Russian traders were thenceforth to dominate trade with that part of the world. Persian trade with Russia, though it was never important in quantitative terms, became politically significant after the Russian conquest of



Astrakhan in 962/1554, for it opened an alternative route for exporting silk to Europe via Russia and thus provided the Safavids with a degree of leverage in relation to the Ottomans. Nevertheless, the Russian overland route never achieved any economic importance for Persia. Shah ‘Abbās I (996-1038/1588-1629) welcomed the English and Dutch into the Persian Gulf for similar political reasons, and, in fact, the increase of trade through the Persian Gulf was the most important commercial development of these three centuries. It had a negative impact, though it did not entirely eliminate the overland trade with India, but it is not possible to determine the magnitude of the shift; Niels Steensgaard (chap. 1) has argued that it cut into overland trade considerably, but impressionistic data do not bear out his conclusion. Under Shah Ṭahmāsb I (930-84/1524-76) the customs revenues of Qandahār, for example, had apparently been a major source of revenue (Röhrborn, p. 58), and they remained important under Shah ‘Abbās (Luft, p. 96; Ferrier, *Camb. Hist. Iran*, p. 475). In fact, Qandahār was a major transit point for the Persian-Indian trade throughout the Safavid period (Purchas, IV, pp. 272-73; Dunlop, pp. 482-93; VOC 1197, 817/44, fol. 408r; Ferrier, *Camb. Hist. Iran*, p. 475 n. 2).

Volume and balance of trade. It is almost impossible to draw conclusions about the volume of Persian trade in the 16th-18th centuries. As far as the balance of trade is concerned, there is even less information. Quantitative data are in general lacking. Information for the 17th-18th centuries is preserved mainly in the archives of the Dutch Vereenigde Oostindische Compagnie (VOC) and the English East India Company (EIC), but it is not known what share of total Persian trade these companies controlled. Comparable figures for overland trade with the Ottoman empire, India, Central Asia, and Russia are not available at all. Nevertheless, the VOC and EIC data suggest that the flow of Persian trade fluctuated, mainly owing to uncontrollable events like wars and bad harvests. Despite such setbacks, it seems that a general growth in the volume of trade began in the 1550s. This trend was interrupted temporarily after the accession of Shah ‘Abbās I by internal strife among the Qezelbāš supporters of the Safavids, which led to various uprisings. The trend continued through the generally peaceful conditions of the 17th century, with the exception of the short Indian campaign against Qandahār in 1058-64/1648-54 (Eskandar Beg, I, pp. 254-58, 276-86), but later in the century internal security gradually broke down, reflecting a declining economy. After 1122/1710 the situation worsened, owing to incursions by various groups on the frontiers; Baluch, Afghans, Lezgis, and Arabs. Finally, the government of Persia fell to Maḥmūd Afġān in 1135/1722 (Lockhart, pp. 171-72; Floor, 1366 Š./1987a, pp.



54-56). International trade came to an almost complete standstill in Persia, though local exchange must have continued, albeit at a lower level, if only to supply the cities with basic necessities. When the Safavids were returned to power in 1143/1730 international trade was resumed, though at a level considerably lower than in the pre-Afghan period. War, famine, plague, and plunder had wreaked havoc among the population, and time was required to restore the productive base of the country. The bellicose policies of Nāder Shah (1148-60/1736-47) also adversely affected trade, for the population in general experienced a loss of purchasing power, and traders' costs rose owing to payment of "protection" and other demands (Floor, 1366 Š./1987a, pp. 31-53; idem, 1983c, pp. 71, 78, 86-89; idem, 1368 Š./1989b, pp. 121-22). A brief upsurge in foreign trade after the death of Nāder Shah was soon counteracted by renewed fighting among contenders for the succession (Floor, 1989a, pp. 54-56). Karīm Khan Zand (1163-93/1750-79) emerged victorious over most of Persian territory, and a relatively peaceful interlude ensued, but the wars had meanwhile decimated the population and weakened the state financially (Perry, pp. 246-71); furthermore, they were resumed after Karīm Khan's death. An English traveler observed in 1205/1790 that "manufactures and trade are at present greatly decayed in Persia, the people having had no interval of peace to recover themselves since the death of Kerim Khan to the present period, but if a regular and permanent government were once again to be established, there is little doubt but they would flourish" (Francklin, p. 147).

The Ottoman empire and Russia paid for imports from Persia mainly in gold and silver; the silver had to be melted and recoined in Persia (see [coins and coinage](#)), which provided the state and mint farmers with abundant revenue. In the late 16th century Vincentio d'Alessandri (pp. 225-26) reported that "those who introduce silver from Turkey gain twenty percent, gold fourteen and fifteen percent, and copper sometimes eighteen and sometimes twenty percent; it is true there are great expenses, as the exportation of metals is forbidden." It seems that throughout the entire period under discussion surpluses from the Ottoman and Russian trade paid for a persistent trade deficit with India, though in the 1620s-30s the Dutch and English also shipped large quantities of specie to Persia. Dutch imports amounted to Dfl. 1.2 million between 1623 and 1634 (Gaastra, p. 452), but the quantities from the Ottoman empire and Russia are not recorded. In the 1630s the Dutch and English began to export bullion from Persia; Dutch bullion exports averaged at least Dfl. 500,000 a year between 1049/1639 and 1070/1660 (Gaastra, p. 474, annex IV), but the data may nevertheless under-represent the real outflow of specie



through illegal private trade by the VOC staff. For example, staff members allegedly exported illegally 188,000 gold ducats between 1113/1701 and 1124/1712, whereas the company officially exported 1,764,000 ducats (Dfl. 11,267,814) in the same period (Floor, 1988b, chap. 4). In addition, there was a considerable drain of specie through Indian traders (Chardin, VI, p. 164; Du Mans, p. 193), pilgrims to Mecca and the Shi'ite shrines in Iraq, and local hoarding. The amount of specie carried abroad by pilgrims could be considerable. For example, in the autumn of 1127/1715 an enormous caravan, said to have been composed “of 30,000 men and women, left Isfahan for Mecca. If each of them had taken 10 tomans or Dfl. 425, though this [sum] certainly will be higher, the [total sum] will amount to 300,000 tomans or Dfl. 1,275,000. It is therefore not surprising, because there are neither silver nor gold mines here, and trade is growing less by the day, that money is getting scarcer and scarcer. This happens from one year to the other, although not always with such a substantial [amount]” (Jan Oets to Backer Jacobszoon, 20 October 1715, in VOC, 1846, fols. 272-73). Shah 'Abbās I promoted Mašhad as a center of Shi'ite pilgrimage in an attempt to offset the drain of specie to the holy places in Iraq. During the wars with the Ottoman empire in the period 1145-59/1732-46 and their aftermath the sultans banned trade with Persia, and the surplus of specie disappeared; the Persian deficit had to be financed through the export of [copper](#) and jewelry (Floor, 1989a, pp. 74-75). Because of the high value of gold and silver in Persia relative to that in India, the export of copper was more advantageous for Persian merchants in the 1740s-60s. This pattern was broken for a short time in 1163-66/1749-52, when booty from Nāder Shah's Indian campaigns paid for imports (Floor, 1989b, p. 54).

The composition of trade. The composition of Persian foreign trade underwent little change from the Safavid to the Zand period. Although there is a fair amount of information on the kinds of goods imported and exported, it is difficult to determine what proportion of them were simply in transit. Aside from specie, imports consisted primarily of textiles, spices, metals, sugar, and various special items like drugs, [coffee](#), and exotic woods. There were some changes in both the level and the relative position of major import items, but in general the pattern remained fixed. A large variety of textiles were imported from India, particularly the Coromandel coast and Gujarat. They came both overland and by sea, and, despite heavy competition from the Dutch, Indian and Persian merchants dominated this trade (van Santen, p. 65). European fabrics were also imported; for the EIC woollens like serges and durable twills known as “perpets” were particularly important. The profits on



the spice trade, including pepper, mace, cloves, nutmeg, and cinnamon, were very high (Floor, 1989a, p. 74 [Table 3](#); idem, 1992a, [Table 6](#)). The Portuguese and later the Dutch controlled this trade, but there was continued competition from Indian merchants bringing pepper from Malabar and cinnamon from Ceylon. In the 16th century sugar came mainly from India, but, after the entry of the Dutch into the Persian market, it was imported mainly from Formosa (Taiwan; 1034-1073/1624-62), then from Bengal and increasingly from Java (Coolhaas, III, pp. 437-38, 502; Floor, 1982a; idem, 1988b, p. 5; idem, 1992a). English and local traders also imported sugar from India and the Arabian peninsula (Floor, 1985, p. 31). Copper and steel came overland from India at great cost because the Portuguese had banned them from the Persian Gulf trade, but after the fall of the Portuguese trading station at Hormuz to English naval forces in 1032/1622 the Dutch supplied Persia with copper from Japan, tin from Malacca, and iron and zinc from India. [Camphor](#), [indigo](#), [cardamom](#), chinaroot, lac, and benzoin were imported from various Asian countries (Java, Thailand, China, India); [coffee](#) was brought from Mokā in Yemen and sandalwood, sappanwood, and agalloch (agilawood) mainly from Thailand (Ferrier, *Camb. Hist. Iran*, p. 448; Dunlop, index).

Exports, again aside from bullion, also exhibited a stable pattern during this period. They included mainly silk (see [abrišam](#)), horses (see [asb](#)), goat's hair (*kork*) from Kermān, and pearls; minor items included dried fruits, nuts, rhubarb, madder (*rūnās*; see [carpets ii](#)), leather, rosewater, and wine. The level of silk exports fluctuated with agricultural conditions, market demand, and the political situation. The estimates given by 17th-century travelers all seem too high; from EIC and VOC data it seems that the total Persian silk output in a good year was only about 4,000 bales, of which 60-75 percent were available for export. Output declined after 1133/1720, probably owing to war and silkworm disease. Jonas Hanway put the total at 160 tons in 1164/1750 (II, p. 16). There are no data on the output of goat's hair in Kermān, but the Dutch and English exported from 5,000 to 228,000 pounds a year between 1070/1659 and 1084/1673, the first and last years in which it was exported (Matthee; Floor, forthcoming). Horses from Fārs were a major item of export, traded particularly by the Portuguese until the early 17th century; after their departure the Dutch and English attempted to take over this trade but were unable to obtain permission to export more than a dozen horses a year (Aubin, pp. 117-18). Persian control of the pearl-fishing grounds at Bahrain was intermittent until 1170/1756 (Floor, 1982b), when it came to an end; the shah normally claimed 30 percent of the harvest, and the remainder was sold.



Rosewater and wines from Shiraz were exported mainly by the Dutch and English for their own use elsewhere in Asia. One curious export item was *bādām-talkā*, an inedible bitter almond that was used as a token coin in India (Perlin, p. 317 n. 20). A relatively small proportion of the fine-velvets, brocades, taffetas, and [carpets](#) (ix, x) produced in Persia was exported because they were very costly and less appreciated in Europe than Turkish and Indian products (Floor, 1987b; idem, 1366 Š./1987a, pp. 21-23).

Local trade was much more important than foreign trade in Persia. It consisted mainly of traffic in the basic necessities: foodstuffs, textiles, footwear, and utensils. The scope of such trade was usually limited to a single market center and its hinterland. For example, Hamadān supplied rice and wheat to the surrounding provinces (Tavernier, p. 206). On the other hand, Jean Chardin observed in the 17th century that merchants at Qazvīn could not find markets for their surplus foodstuffs (II, pp. 400-01). Nevertheless, cities like Isfahan, with its comparatively large population, attracted livestock from Luristan (Chardin, X, p. 123), rice from Kermānšāh (Thévenot, II, p. 69), and fruit from the plain of Dadivan (sic) near Shiraz (Tavernier, p. 311; Emerson, pp. 277-78). To Isfahan, Armenia, and Azarbaijan Qom exported fresh and dried fruit, soap, sword blades, and ceramics; Kāšān melons; and Georgia wine (Chardin, II, pp. 39, 417, III, p. 6). Shiraz exported wine to Bandar(-e) ‘Abbās for shipment abroad, and Yazd competed in the same market with a cheaper product (Emerson, p. 278). Carpets from Kermān and Sīstān and rush matting and other stuffs from Sīstān were important (Chardin, IV, pp. 155-56, VIII, p. 465). Inhabitants of Lār wore felt hats produced at Kermān and Yazd, where woolen garments were also manufactured (Tavernier, pp. 315-20).

Merchants and routes (see [dutch-persian relations](#); [anglo-iranian relations](#)). The Dutch and English East Indies companies were the first well-capitalized trading partners established in Persia, initially providing a much-needed source of cash for the shahs. In return the companies demanded and obtained treaties (in 1026/1617 and 1032/1623) granting them freedom of trade, exemption from duties and various other charges, and even extraterritorial rights (see [concessions i](#)). The Portuguese received similar rights in 1041/1631 and the French in 1077/1666 (Kroell, pp. 5-6), but the role of those two countries in Persian commerce and the Persian Gulf trade remained insignificant; in fact, the Portuguese had ceased to be an important trading partner for Persia after the fall of Hormuz (see above). All other merchants continued to function under an arbitrary system of border duties, road duties,



and tolls at city gates (see [customs i](#)). Between 1026/1617 and 1038/1629 Shah 'Abbās I established a monopoly of silk exports, so that all traders were forced either to buy silk from him or to pay a high export duty (Steensgaard, chap. 3). This monopoly was abolished after his death, though his successors continued to employ royal merchants, who traded on account for the shahs or were granted privileged positions in the market (Dunlop; Floor, 1988b, chap. 1; idem, forthcoming). Even with these trading concessions the Dutch and English companies still faced some problems, but they were generally able to withstand the arbitrariness of the Persian political system. Persian merchants working for the Dutch and English as brokers were also able to place themselves under the companies' protection, though the latter was not always fully effective (Floor, 1988b, chaps. 6, 8). Other Persian and Indian merchants had to come to arrangements with various officials, as well as with the Dutch and English to carry goods in their ships. Such goods often came in and out of Persia in the guise of Dutch and English goods. For this service local merchants paid freight and shipping fees that were lower than the customs and road duties that would otherwise have applied (van Santen, p. 55). When the export of bullion was forbidden by Shah 'Abbās II in 1060/1650 both the Dutch and the English continued to export it illegally, hiding it in bales of silk. Eventually the Persian government acknowledged defeat on this point and allowed specie to be exported for a fee (Emerson and Floor, p. 322).

Persians who engaged in foreign trade included both Muslims and non-Muslims, but it is difficult to assess the relative importance of specific groups or shifts in their roles over time. It seems that Armenians assumed a major role in the silk trade in the mid-16th century and then, having established markets and contacts abroad, gradually extended their interest to other goods (see [armenia and iran vi](#)). Among Muslim merchants those from Shiraz appear to have been particularly prominent in the Persian Gulf trade and trade with the East Indies companies (Floor, 1366 Š./1987a, passim; idem, 1988b, chap. 1). Trade with India was particularly concentrated in the hands of Indians, though Jewish merchants also were active (Du Mans, pp. 193-94; Fryer, II, pp. 247-48). Local trade was probably mainly handled by Persian Muslims. By the end of the 18th century it is clear that foreign trade was also largely in Persian hands (Francklin, p. 60; Kinneir, p. 198).

The roads over which trade goods were transported across Persia remained in use throughout the period, though their relative importance fluctuated as a function of political realities. Trade with Turkey, which consisted mainly of



silk, went from Qazvīn (the main entrepôt for Caspian silk) via Tabrīz to Erzurum in Anatolia or, alternatively, via Ardabīl, Šamāķī (in the Caucasus), and Yerevan, whence the road went to Erzurum. A southern route to the Ottoman empire went via Hamadān to Baghdad or Mosul and Aleppo. The main road to Russia continued north from Šamāķī to **Darband** and then to Astrakhan (Haštarkān). Roads connected **Balk**, **Ķojand**, Marv, Bukhara, **Ķīva**, and Samarkand with Mašhad. West of Mašhad the route passed through Semnān to Tehran, then south to Qom, Kāšān, and Isfahan. Another road ran south through Bīrjand, Ṭabas, Bam, Kermān, and Yazd to Bandar-e ‘Abbās. From Bīrjand a branch went to Farāh and Qandahār and then via Kabul and Ġazna to India. From Isfahan there were winter and summer routes to Bandar-e ‘Abbās via Mahyār, Yazdĵast, Shiraz, and Lār (for a detailed discussion of routes see Gabriel, *passim*; Emerson, pp. 195-211). To facilitate travel along these roads, which were not suitable for wheeled vehicles, the shahs, as well as private individuals, built **caravansaries**, water tanks, and bridges (Emerson, pp. 221-27); in order to ensure travelers of provision and relative safety, the roads were patrolled by guards (*rāhdārs*, Emerson and Floor, pp. 318-11). During the “high” season a traveler might meet caravans, often consisting of only a group of pack animals, on the road almost every day (Fryer, II, pp. 185-86). VOC caravans might include as many as 100 animals. In the city the caravans were unloaded at caravansaries in or near the *bāzār*, where specific locations were designated for particular goods and ethnic groups. The Dutch and English owned their own trading houses in Isfahan and Bandar-e ‘Abbās (Gaube and Wirth, pp. 262-84). In Shiraz under the Zands, for example, there were special caravansaries for Indian, Armenian, and other Christian merchants, and Jews were forced to trade in their own quarter (Francklin, p. 59; Brydges, p. 428). There seems to have been very little maritime trade on the Caspian Sea, owing to pirates, though there was a flourishing fishing industry (Struys, p. 411). Trade at Hormuz (mainly between 906/1500 and 1032/1622) and then at Bandar-e ‘Abbās (until about 1750), successively the main ports on the Persian Gulf, was limited to the sailing season, approximately from November to May. In the summer and autumn not only the monsoons but also the fierce climate on the shores of the Persian Gulf put an end to such activity. Bandar-e ‘Abbās was finally abandoned by the Dutch in 1758 and by the English in 1763 (Floor, 1989a, pp. 49, 62-63, 69-70). After 1164/1750 **Ķārĵ** island and Būšehr vied for control of the Persian Gulf trade; Būšehr emerged dominant after the fall of **Ķārĵ** in 1180/1766 (Floor, 1992a).



Commerce under the Qajars (1193-1344/1779-1925)

After the accession of the Qajars the pattern of trade at first changed little. Local trade remained the most important commercial activity, and the transit trade with Russia and the Ottoman empire continued as before, though at a higher level. Eventually, however, a different pattern of international trade developed, as a result of geopolitical changes.

Volume and balance of trade. Although quantitative data are more easily available for this period, especially the second half of the 19th century, they are unreliable, incomplete, and do not distinguish between transit and other trade. Joseph Rabino remarked (p. 265) that “in Persia there are no statistics.” Nevertheless, it seems that the volume of trade grew steadily between 1800 and 1914, according to one estimate by as much as twelve times in real terms, but this growth rate was insignificant compared with those of other Middle Eastern countries (Issawi, pp. 130-32), and Persian trade remained marginal in the regional context. Growth was occasionally interrupted owing to poor harvests (Seyf, pp. 60-61), droughts, wars (e.g., in 1812-14, 1826-28), and the pébrine plague among silkworms (1860), but, on the other hand, Civil War in the United States and the Russo-Turkish war provided new markets for cotton and other textiles (Taḥwīldār, p. 101). The Persian economy was severely impaired during World War I and its aftermath, and the drop in productive capacity was mirrored in a precipitous decline in trade (Hadow, p. 7), from which the economy recovered only in the 1930s (see vii, below).

With the conquest of the Caucasus in 1814 and 1828 and of Central Asia in the 1880s Russia established itself even more firmly on the northern border of Persia. Great Britain was in uncontested control of India and the Persian Gulf. In Afghanistan and the Ottoman empire, on the other hand, the political situation remained fundamentally unchanged. Apart from major wars with Russia (1229-31/1814-16, 1241-44/1826-28) and Afghanistan (1252/1836) and a skirmish with Great Britain (1272/1856), peace and security reigned in most parts of Persia during the 19th century. Three major structural changes took place, however. First, in 1313-14/1896 Persia began to borrow money to correct a general trade deficit; furthermore, the growing foreign debt was used to finance increased consumption, rather than invested in productive capacity (Jones, pp. 83-90). Second, in 1332/1914 Persia began to export oil, though the financial benefits of this trade became manifest only in the early 1920s (Ferrier, 1982, pp. 616-18). Third, beginning in the 1860s Persia exported labor in increasing numbers to the Caucasus and Central Asia, which provided



substantial invisible imports; these remittances from workers abroad came to a virtual halt after World War 1, however (Hakimian, *passim*).

Composition of foreign trade. During the early Qajar period there seems to have been no change in the basic pattern in which trade deficits with India were paid for by specie from trade surpluses with the Ottoman empire and Russia. The composition of imports and exports changed significantly in this period, however (Table 3 and Table 4). The flooding of the Persian market with European machine-made textiles all but wiped out the local textile industry (Floor, 1366 Š./1987a, pp. 29-30). Importation of sugar increased considerably during the second half of the 19th century, but the bulk of it was intended for reexport to Russia (Entner, pp. 67-68). Coffee imports declined while tea imports rose sharply (see *čāy*). Despite the government's efforts to build a modern industrial base, the importation of capital goods remained insignificant until the 1930s (Floor, 1984, *passim*). The composition of the total export package also changed. Although silk exports dropped to insignificant proportions after the plague of pébrine (Seyf, 1983, p. 61), opium and other cash crops became major exports (Olson, pp. 173-90; Seyf, 1984, pp. 242-47). Carpets, which had not previously been a significant export commodity, were so much in demand abroad that by the early 20th century they were second only to oil among Persian exports (see *carpets xi*). Wool, dried fruits, drugs, and livestock remained important as well.

The EIC representative John Malcolm estimated the value of Persia's foreign trade at about 134 lakhs (13,400,000) of rupees in 1801 (Hambly, p. 77). From Table 5 it is clear that the long-standing overland trade with Afghanistan and the Ottoman empire, mainly in traditional Persian goods, amounted to 60 percent of total foreign trade and that maritime trade (India, the Persian Gulf, and the Red Sea) amounted to only 25 percent. Afghanistan bought raw silk, silk and cotton fabrics, gold cloth, woolens, and precious stones and exported Kashmir shawls, carpets, textiles, drugs, rhubarb, indigo, and horses to Persia. Because the balance of trade was unfavorable, Persia also exported bullion. The Ottoman empire imported Persian textiles (shawls, printed cloth [*čūt*], gold cloth), lambskins, silk, tobacco, dried fruits, and drugs, reexporting large proportions of these goods to Europe. In return Persia imported fine textiles (velvets, silks, woolens), glassware, metals, and other items. The trade balance was generally positive, resulting in export of specie to Persia. Russia imported Persian metals, cutlery, paper, oil, fine textiles, military supplies, and a variety of minor items in exchange for textiles, raw silk and cotton, rice, fish, naphtha,



wood for fuel, and miscellaneous items. Again the balance of trade favored Persia, and Russia thus also exported bullion. Sugar, *čīt*, piece goods, indigo, spices, metals, and broadcloth were the most important Persian imports from India; exports included silk fabrics, pearls, cotton, Kermān wool, carpets, tobacco, rhubarb, horses, and drugs. The balance of trade was favorable to India, and Persia made up the difference by exporting bullion.

Figures for 1237/1821 provided by another British visitor, James Fraser, reveal changes in these basic trading patterns (Table 6). According to him, Russia had become Persia's main trading partner, followed by the Ottoman empire and India. He did not mention trade with Afghanistan at all, and indeed such trade was gradually diminishing during the early Qajar period; although Fraser was probably incorrect in disregarding it entirely at this early date, after the Persian loss of Herat in 1254/1838 it became insignificant. In 1237/1821 maritime trade still accounted for only 25 percent of the total volume of exports.

European, especially British, goods had already begun to supplant Indian goods on the world market in the 1820s (Fraser, p. 378). This trend continued, and by the 1860s Persian textile industries in particular had suffered severely (Floor, 1366 Š./1987a, pp. 29-30). By then British trade represented 50-60 percent of total Persian foreign trade, which amounted to about 6 million pounds sterling (Issawi, pp. 70-71, 130-32). British goods reached Persia via Istanbul, India, and the Persian Gulf, and the time required for long-distance shipping could result in losses or, worse, bankruptcies for many merchants, owing to changes in prices in Great Britain in the meantime (Lambton, p. 240). By the turn of the 20th century total Persian foreign trade amounted to about 8 million pounds sterling, of which 40 percent was with Russia and 30 percent with Great Britain (Table 7). Imports from the Ottoman empire had dwindled to reexported French and Austrian goods, and trade with Afghanistan was no longer significant (MacLean, pp. 2-3). The Russian share of the Persian market continued to increase up to 1332/1914 (Entner, pp. 8-9), after which both the volume of goods and the relative importance of Russia in the Persian trade declined, owing to World War I, the Russian Revolution of 1917, and economic recession in Persia.

Merchants and routes. Shortly after the establishment of Qajar rule in Persia the EIC sought to secure its trading position by negotiating concessions. In 1216/1801 Malcolm was able to obtain a satisfactory commercial treaty, but it was Russia that established the standard for legal protection accorded to



foreign merchants in Persia. The treaties of Golestān (1228/1813) and Torkamānčāy (1243/1828) provided an entirely new legal framework for foreign trade in Persia. Apart from granting extraterritorial rights to Russian subjects and establishing a uniform 5 percent ad valorem tariff for imports and exports, they provided for a system of commercial and consular agents, registration of documents, and free movement of citizens of both countries. Great Britain, which had been unable to obtain such favorable conditions, cited these precedents in further negotiations, which ultimately resulted in a comparable agreement in 1257/1841. The British example was followed by all other European nations wishing to conclude commercial treaties with Persia. The treaty with the Ottoman empire fixed the tariff at 6 percent. Although extraterritorial rights had thus been granted to foreign merchants, making sure that those rights were observed in practice was often arduous (Floor, 1977a, pp. 185-209; idem, 1977b).

Persian merchants continued to function under the traditional arbitrary system of import duties, road taxes, and city tolls (Floor, 1976b, pp. 281-303). Because foreign merchants were often subject to special inconveniences and Persian merchants had learned to turn the system to advantage (including importing their goods in shipments by foreign merchants; see above), it is not clear that the former were necessarily in a more advantageous position (Floor, 1976b, pp. 281-303). Despite various European attempts to obtain the right of *entrepôt*, this system was not adopted in Qajar Persia until 1821/1903 (Floor, 1988c, *passim*). In that year the Persian tariff system was adjusted to reflect a new commercial treaty with Russia, favoring Russian interests over those of the British and resulting in a rapid expansion of Persian trade with Russia (Entner, pp. 65-70). In 1300 Š./1921 another commercial agreement was reached with Russia; other nations soon negotiated new treaties as well.

Local Persian trade was mainly in the hands of indigenous Muslim traders, but throughout the 19th century they gradually lost their domination of international trade to foreign merchants. In Tabrīz Italian, Greek, and Russian traders played an ever increasing role, and in the south British and British Indian traders dominated. Persian minorities also played a less pronounced role than in the Safavid period. Foreign merchants remained restricted to their own caravansaries (Issawi, pp. 106-08; Wazīrī, p. 32; H. Rabino, pp. 72-75), however. The role of foreign merchants increased not so much in terms of numbers as in terms of capital (Issawi, pp. 105-08). The Persian mercantile community attempted to counteract foreign commercial penetration by



demanding better government protection and by forming companies to enable them to compete on more equal terms. Although their endeavors met with little success (Floor, 1976a, pp. 125-35), they still played a significant role at the beginning of the 20th century (H. Rabino, pp. 13-14; Kuss, part III). A similar series of developments occurred in the field of finance, where Persian financiers had played a dominant role in facilitating trade. With the increase of foreign commerce and the stronger presence of foreign merchants, the demand for modern financial arrangements led to the establishment of modern banks and the printing of paper money (see [banking in iran](#)). Despite protests from the traditional banking (*ṣarrāf*) community, the new banks came to dominate the Persian economy (Jones, pp. 40-41; Floor, 1979).

At the beginning of the 19th century the roads from Herat and Baghdad had been the most important routes of access to Persia by land. Yazd, which had been relatively unscathed by the upheavals of the 18th century, was the hub of Persian trade and industry, located at the junction of roads from Isfahan and Kāšān via Nāʾin; from Shiraz via Abarqūh; from Kermān; and from Mašhad and Herat via Tabas. Mašhad (the gateway to Afghanistan), Kermānšāh and K̄voy (the gateway to Anatolia) also enjoyed considerable prosperity. Trade on the Persian Gulf was insignificant, though the importance of Būšehr increased substantially after 1215/1800 (Hambly, p. 80). In the 1830s a new road connecting Tabrīz, with Trabzon on the Black Sea and thus with steam navigation proved to be of great importance for the development of Tabrīz (Issawi, pp. 92-98). Steam navigation also contributed to the importance of the Caspian route in the 1860s. All these changes reflected shifts in the direction of trade. The largest concentration of consumers in Persia was located within a triangle formed by Tabrīz, Mašhad, and Isfahan, an area that thus became the focus of commercial movement. The importance of maritime transport increased both on the Caspian Sea and in the Persian Gulf; by the beginning of the 20th century 75 percent of foreign trade traveled by sea, a reversal of the situation in 1215/1800 (Issawi, pp. 75,160-65). Most Persian goods were still transported by pack animals to and from the ports along traditional caravan routes. The system of road guards (*rāhdārs*, *qarasūrān*; later replaced by the gendarmerie) ensured the unhindered movement of trade on the roads and protected merchants against robbers, in exchange for payment of nominal fees, ostensibly by the muleteers, who, however, collected them from the merchants (Floor, 1976b, pp. 194-96; Qāʾemmaqāmī, pp. 51-75). Wheeled transport first became possible between 1307/1890 and 1328/1910, when 1,100 km of metaled roads were constructed between Qom and Tehran, Anzalī and



Tehran, Tabrīz and Jolfā, and Qazvīn and Hamadān. At first only animal-drawn vehicles traveled these roads, but by the 1920s motor vehicles had begun to supplant traditional modes of transportation (Issawi, pp. 157, 195-204; Clawson). This development had been encouraged by the increased mileage of metaled roads constructed by the European warring parties during World War I (Clawson).

Because the rugged terrain and the absence of good roads were obstacles to trade, attempts were made to open up navigation on the Kārūn river in Kūzestān (Issawi, pp. 171-77) and to build railways. The Kārūn scheme was successful to some extent, but the railway projects generally came to nought, owing to rivalry between Russia and Great Britain (Kazemzadeh, pp. 148-240; Issawi, pp. 155-59). Only one small line was built, by Hājī Moḥammad-Ḥasan Amīn-al-Żarb, between Āmol and Maḥmūdābād, but it soon fell into disuse (Olson, pp. 38-55).

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