

Persian Economy in the Reign of the Qājār Dynasty

Forouzan Adibfar

The faculty member of Farhangian university.

F.Adibfar@yahoo.com

Abstract: Persian economy, during the reign of the Qājār dynasty, depended mainly upon traditional farming. Rural and nomadic populations used to comprise 75 percent of the national population. Global changes in politics and economy influenced Persia by changing its agricultural pattern. Moreover, the autocratic Qājār government, colonial competitions of the European countries in Persia had serious damages to its handicrafts and new industries, making its business too slack. [Adibfar F. **Persian Economy in the Reign of the Qājār Dynasty**. *Life Sci J* 2013;10(6s):199-202] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 31

Keywords: Persian; Economy; Reign; Qājār; Dynasty

Introduction

Āghā Mohammad Khān was crowned king in Tehran on March 21, 1967, officially founding the Qājār dynasty. It was not for the first time that people of Turkoman tribe came to power in Persia; however, Tehran became the capital of the country for the first time. Internal conditions were convulsive due to home conflicts. While the world was developing because of its political and economic revolutions, Persia kept spending time in its own past. The competition among such three countries as Russia, England, and France was also extended to Persia because it was a neighbor of Tsar Russia and was taken into consideration by England due to India. It was, therefore, noticed by France as well⁽²⁾.

The second Qājār king, Fath Ali Shāh (1798-1834) had not enough awareness of the situations and was at war with Russia in the north. It was Abbās Mirzā, his crown prince, who perceived that Persia had lagged far behind global political and economic changes. Asking for help from the Europeans, he tried to overcome the weakness⁽³⁾.

He dispatched the first group of Persian college students to Europe. French technicians began trying to make artillery in Isfāhān and at the same time, Persian troops received training⁽⁴⁾. Thanks to its political and economic importance, Azarbāijān was the seat for the Qājār crown prince and his actions for the Persian troops' preparation and training⁽⁵⁾. Entering into the Finckenstein Treaty with France is confirmatory to this circumstance, and also asking the British for training the Persian troops is among his measures⁽⁶⁾.

Getting access to such goals intended by the Qājār tender-minded crown prince for Persia was not feasible at that time. These factors, in fact, played a major role in the failure of his actions: (1) intra-court competitions, (2) the government's poor

financial condition, (3) the outbreak of the second phase of wars between Persia and Russia

leading to the Turkomānchāi Treaty, and (4) the early death of the crown prince.

In the reign of the next king, that is, Mohammad Shāh (1834-1848), which lasted for 14 years, the government's main source of income was still from taxation on farmlands, and the production system was also traditional. No considerable actions were seen to attract European economic developments into Persia; as particularly, the king maddeningly had his experienced prime minister (Sadr-e A'zam), that is, Mirzā Abolqāsem Farāhāni assassinated, and appointed Hāj Mirzā Āqāsi who was quite sanctimonious, ignorant of global conditions⁽⁷⁾, and uneducated⁽⁸⁾.

In the era of Nāseraddin Shāh (1847-1896), lasting for almost 50 years, the volume of Persian foreign dealings increased. These exchanges involved exporting animal and agricultural raw materials abroad and importing foreign products. The trend could not be advantageous for Persian economy as it changed the cultivation pattern in favor of world markets, which had great disadvantages for people's nutritional needs. Among the foreign trade partners of Persia, both Russia and England were more advanced than others. From 1850, Russia tried to reduce its military pressure and develop its own economy in Persia. Antenor terms this Russian policy as "Robble Imperialism."⁽⁹⁾

The assassination of Nāseraddin Shāh, by a bankrupt retailer named Mirzā Rezā Kermāni⁽¹⁰⁾, on the verge of his 50th year of ruling over Persia was a sign of public dissatisfaction over the economic situation and the autocratic government of the Qājārs. In order to satisfy the government's financial needs, Nāseraddin Shāh considerably kept granting economic and trade concessions to the foreigners. The trend also went on in the reign of his successor - Mozaffareddin Shāh (1896-1906).

The outbreak of the Constitutional Revolution occurred in the reign of Mozaffareddin Shāh in 1906.

Although his son, Mohammad Ali Shāh (1906-1909), had the Majlis (parliament) cease to work by launching a coup against it, the revolutionists discharged him from ruling over Persia. In these incidents, the contributions made by such Trans-Caucasian parties as the Armenian Dāshnāk and the Hanchāk proved quite vital⁽¹¹⁾. The second parliament attempted to organize the shattered financial condition of Persia by inviting Morgan Shuster, an American advisor. However, Russia issued an ultimatum to Persia demanding the dismissal of Morgan Shuster, which had the second parliament also cease to work.

The era of the last Qājār king, that is, Ahmad Shāh (1909-1925) coincided with a time of great turmoil in both Persia and the world, and the World Wars intensified the ailment of Persian economy. If we want to have a glance at various aspects of the Persian economy in the reign of the Qājārs, it is necessary to first deal with the most important element, that is, agriculture.

Agriculture

Agriculture was considered as the most fundamental investment and the origin of economic power in Persia. Farmlands were, in fact, the source of wealth for landowners, taxation, and nurturing the troops. It should be noted that landownership in Persia was quite different from European feudalism⁽¹²⁾ and types of ownership in Persia during the reign of the Qājār dynasty included: (1) public properties, (2) endowed properties, (3) royal properties, (4) chief or manorial ownership, (5) petty ownership, and (6) joint ownership among tribes. In some areas like Yazd, the ownership was mainly based upon water because of its shortage⁽¹³⁾. The government was able to ignore people's ownership under any pretext and confiscate their properties. Sometimes, the properties of the religious accused, specially the Bābiyah sect, were confiscated for such an excuse.

At the outset of the second half of the 19th century, the financial need of the Qājār government kept increasing because of such factors as (1) Nāseraddin Shāh's costly travels to Europe, (2) requirements of the king's populated harem or seraglio, (3) providing ready cash for establishing new industries, and (4) importing new luxurious goods from Europe.

For earning more money, the king took action to sell the public lands, which had its own effects on developing private ownership and a slight change in the ownership system⁽¹⁴⁾. Another change, occurred in cultivation pattern, involved the development of cultivating cash-maker trade products such as opium, cotton, and tobacco instead of livelihood ones, like wheat and barley for supplying to foreign markets. Although this action was lucrative, it resulted in a few

national severe famines like that in 1870 and 1871. To bring in more money, the government changed the taxation system from cash into kind, which led the villagers to be entrapped by rural as well as urban dealers and usurers. Meanwhile, many Persian merchants also contributed to the changing of the cultivation pattern by purchasing the public lands and cultivating market-friendly products such as opium for the British, and appeared as a new class of landowners⁽¹⁵⁾. It may be said that most Persian farmers lived a life of misery because of the rather unfair system of dividing products between landowners and farmers which was based upon the five factors of production including land, seed, water, oxen, and human. According to many eye witnesses, farmers used to endure extreme hunger, half-nakedness, and a hard life⁽¹⁶⁾.

Industry

In the era of the Qājārs, Persia did not have considerable industries because it had the conditions of the pre-industrial and pre-capitalist societies. However, its handicrafts and traditional industries were sufficient to meet the domestic needs⁽¹⁷⁾, and some of them were also exported abroad. Lack of attention and support on the part of the Qājār kings caused irreparable damages to home industries. Sources and reports obtained from that time indicate frequent complaints by Persian merchants and artisans to which no attention was paid. Complaints to Fath Ali Shāh about excessive Indo-European textiles import, businessmen's complaints to Mohammad Shāh about the Greek merchants residing in Tabriz who sold their products from 10 to 20 percent cheaper are all examples of this kind⁽¹⁸⁾.

Complaints of this type, on the part of different guilds, also continued in the reign of Nāseraddin Shāh. In the course of competition with foreign products, only those home products, which were not exposed to competition and also did not have European consumers, like carpet-weaving, could endure. Among handicrafts of that era, brocade-weaving, braiding, carpet-weaving, glim-weaving, inlaying, marquetry, goldsmithing, silversmithing, and turquoise-cutting can be mentioned. Also, weaving, curriery, simple metal, wood, fine, mineral, rural, food and drug industries including the extraction of plant juice to prepare medicines hardly had endured from old days to the Qājār era, and due to lack of support on the part of the Qājārs, their weak existence was quite astonishing for the witnesses⁽¹⁹⁾. Such cities as Isfahān, Kāshān, Yazd, Kermān, Shirāz, Hamedān, and Tabriz were considered as the main centers of these industries.

A'bbās Mirzā attempted to support the home handicrafts, and his paying attention to the mājūh

cloth (broadcloth), made for making uniforms for the Persian military troops, is indicative of the issue. Amirkabir, Nāseraddin Shāh's Sadr-e A'zam (prime minister), while supporting Persian traditional textile, established new textile, paper-production, and glass-blowing factories. By founding Dārolfonūn⁽²⁰⁾ (a polytechnic university), he attempted to train the Persian youth. Its fields of study included medicine and surgery, artillery, pharmacology, and mineralogy.

The king, persuaded by Amirkabir's enemies, dismissed him and had him assassinated; therefore, his actions to support and develop Persian industries ended in failure. Later, some private spinning, glass-blowing, and sugar-production factories were founded. However, competing with foreign products caused them to shut down⁽²¹⁾. Persian workers, working with low wages, fell into three categories in general: (1) the peasant farmers who became out of work due to some changes in the types of ownership and migrated to Trans-Caucasia and other Middle Asian areas, (2) the craftsmen who went out of work in competing with foreign products, and (3) the poor urban masses who resigned themselves to works with low wages⁽²²⁾. The bankrupt industries, in the Qājār era, could not employ members of this workforce; therefore, most of them appealed to migration.

Trade and Finance

Qājār era, particularly in the reigns of Nāseraddin Shāh and Mozaffareddin Shāh, may be known as the era of granting concessions to the foreigners. The existence of foreign investment institutes, dependence upon imports, and reliance on exporting raw materials are indicative of the underdeveloped commercial economy of Persia. Following the Turkomānchāi Treaty (1828) and its supplement, the customs duties taken on Russian goods were just 5 percent of their price⁽²³⁾. Imposing such conditions on Persia by other countries aggravated the situations. Although no definite rule supported the merchants, there was an elected chief at the head of the merchants in each town named "malekotojjār"⁽²⁴⁾ (the chief of merchants) who was responsible for solving the guild's problems. Five-sixth of all Persian exports, mainly including animal and agricultural products were to Russia. The imports to Persia mostly included industrial products, tea, coffee, spices, and textiles from Russia and British India⁽²⁵⁾.

In 1894 and 1895, silver price slumped at the U.S markets. It led to crisis at Persian markets because Persian monetary reserve was almost exclusively silver. One hundred francs equaled 130 to 140 qerān (Persian then monetary unit now replaced by rial); however, it reached 227 qerāns within a few days⁽²⁶⁾. Meanwhile, the Qājār government and following it,

the people both suffered considerable damages. Although some Persian money-exchanging institutes like Jahāniān, Jamshidiān, and Tūmāniāns Brothers' commercial firms, were active in the country, granting the concession of bank establishment to the foreigners caused such trade and finance institutes to face bankruptcy. Of main foreign banks in Persia, the British Imperial (Shāhanshāhi) Bank⁽²⁷⁾ and the Russian Loan (Esteqrāzi) Bank⁽²⁸⁾ could be named. In addition to giving loans to the government, these banks determined some conditions and guarantees for the loans, being harmful to Persian policies and economy. For instance, the northern customs post of Persia was among the bank guarantees, which the Russian Loan Bank demanded from Mozaffareddin Shāh in 1900.

These may be enumerated as the main factors causing Persian financial bankruptcy: (1) intense competition between Russia and Britain in Persia, (2) getting loans for unnecessary services such as the king's traveling abroad, (3) authorizing the foreign banks and dealers to be active in Persia; therefore, sending out gold and silver from the country, (4) uncontrolled imports of foreign products, (5) granting excessive economic concessions to the foreigners, and (6) the patriarchal government authority of the Qājārs whose wrong policies, autocracy, and ownership insecurity prevented the success of Persian industrial institutes.

Results achieved from the discussion on "Persian economy in the reign of the Qājār dynasty" included: (1) handicrafts failure against the developing economy of the European countries, (2) being unsuccessful in establishing new industries due to the lack of capital, facilities, skilled workforce, and public support, (3) changing the villagers' extreme hunger and agricultural pattern, and (4) the unemployment of Persian manufacturers and their emigrating from their fatherland.

Author:

Forouzan Adibfar

The faculty member of Farhangian university.

E-mail: F.Adibfar@yahoo.com.

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3/17/2013