

The Expansion of Iran's International Business Relations in 19th Century and the Formation of Intermediary Marketers in Qajar Dynasty

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Abstract: This study mainly aims at recognizing the effect of the expansion of Iran's business relations in 19th century, in the form of global international capitalism system and its effect on the formation of intermediary marketers in Qajar Dynasty. Historical research method is used in this study and travel reports, memories and historical documents have been used in this study to collect information. According to the research findings, expanding business relations with European countries and Russia, gradually and throughout the time and at the end of the first half of 19th century, the marketers of Qajar Dynasty turned into the intermediaries of commodities produced by colonizing countries and exporters of raw materials to them. Despite making effort to form business companies in a modern way, high-order marketers merely fomented the process of Iran's dependency and turning it into the market of western commodities due to turning to exchange and intermediation and their measures led to the closure of production workshops. As a result, more than the formation of an independent capitalist class, petite bourgeoisie class and a few intermediary capitalist classes were widely formed at the end of 19th century.

Keywords: economic capital, market, intermediary capitalist, capitalism.

Statement of the Problem

Market in Iran is a unique and independent set of shops, malls, caravansaries, squares religious buildings (especially mosques), baths and other public places. Separating based on their profession, retailers and craftsmen in their small shops are considered in separated groups (Sarai, 2010: 26). As well as special geographical place, market covers social agents who have been referred to as "marketer" in Iran. Floor classifies the marketers of Qajar Dynasty into five groups: "merchants, wholesalers, money-changers, dealers and retailers" (Floor, 1987: 36). According to the structure of Iran's social class during Qajar Dynasty, the aristocrats considered marketers among middle class including merchants, middle scholars, small landowners, local nobles and at a lower level, craftsmen (Ashraf & Banu Azizi, 2008: 59-61). In the second half of 19th century and after the wars of Iran with Russia and England and the political domination of these two countries on Iran in international field, the economic colonialism and the stabilization of Iran's dependency on global system of capitalism began more rapidly. So that to the end of 19th century and according to the existing data, it is possible to consider Iran as an example of a dependent country and Iranian marketers including merchants and petite bourgeoisie turned into intermediaries to expand capitalism system and stabilize Iran's surrounding location and historical documents are indicative of the non-formation of business capitalist class (like West) in Iran.

According to the above mentioned views, this study aims at demonstrating that an independent business bourgeois class has not been formed in Iran during Qajar Dynasty and being influenced by capitalism global system, there was marketer class in Iran that few of their higher orders have in fact played the role of intermediaries of exporting raw materials from Iran to colonizing countries and importers of foreign commodities to Iran and at lower layers of market, there were retailers who have been the sellers of imported commodities to people. Therefore, this study mainly aims at investigating

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the formation of an intermediary and dependent market class (including few merchants and a wide group of retailers) influenced by the expanding global system of capitalism in Qajar Dynasty and the type of marketers' economic capital.

Theoretical Basics

In *The Relevance of the Communist Manifesto of Europe* historical evolutions, Marx considers the formation of bourgeoisie class in the Middle Ages and says: "bourgeoisie new society has emerged from the ruins of feudalistic society has not removed class contrasts and has divided society into two classes of bourgeoisie and proletariat. Among the Middle Ages people, the freed citizens of the first prised cities rose. Among these citizens, the first elements of bourgeoisie were formed and grew" (Marx, 2009: 37). According to Marx: "bourgeoisie itself is the product of a long process of growth and development and a hierarchy of revolutions in production and exchange methods and wherever it has mastered all affairs, it crossed out all feudalistic concentrations" (Marx, 2009: 38-40). According to Marx, capitalist class in the West was formed with evolutions happened inside European society and in the evolution process of capitalism society, the middle classes (that is petite bourgeoisie) join two main classes that is bourgeoisie and proletariat (Marx, 2009: 50-51). According to Marx, during feudalism, petite bourgeoisie class had no significant role in rebelling against feudalists and it was industrial bourgeoisie that established capitalism system by removing workshop production and feudalism and during capitalism, it was proletariat class that played revolution role in conflicting with capitalistic class and petite bourgeoisie had no role in society evolution and revolution. But in Iran with the expansion of relations with capitalism during Qajar Dynasty, bourgeoisie class was not formed in a western way to evolve the political-economic structure of Iran society. Also it is important to pay attention to this point that Iran's historical background and its economic, social and political structures have been completely different from European countries. In Iran, the marketers (business bourgeoisies and petite bourgeoisies) have rebelled against government and were not trying to remove feudal system.

It seems that the dependent position of Iran during Qajar Dynasty on the expanding system of capitalism and also the different internal structure of Iran with the West have been among the factors which have prevented from the emergence of a western bourgeoisie class. John Foran (1992, 2004) considers the evolutions of this period. To analyze Iran's evolutions, Foran represents an integrated framework using Wallerstein's Worlds-System Theory, Social Classes Marxist Theory and political culture theory. He considers the evolutions of this period influenced by changes were happening in the international global system and expansion of capitalism. As well as investigating the internal position of merchants and marketers in Qajar Dynasty, Ashraf (1980) tried to show the semi-colonial position of Iran in international field and the economic activities of western capitalists in Iran. The need of business markets to some raw materials which were produced in Iran and the need of western countries and northern and southern neighbors to sales markets of Iran provided a suitable field for foreign capitalists specially Russian and English ones. There were two types of economic activities of western capitalists in Iran: the first one was exporting raw materials from country and importing industrial commodities to Iran and other industrial and agricultural activities and investing on communications which was mostly by the Russian and commercial and banking and oil investment was mostly by the English (Ashraf, 1980: 48-50). With the growth of semi-colonial state and Iran's economic dependency on global market, merchants also began expanding their activities beyond the boundaries of Iran. But these activities were mostly for exporting raw materials and the benefits of western merchants; such as selling opium, cotton and silk that Iranian merchants have gathered, these commodities have been for westerners. On the other hand, importing western artifacts especially textile and the growth of people's interest in consuming such commodities encouraged merchants to import such commodities; consequently the above mentioned activities prevented the growth of industrial capitalism in Iran (Ashraf, 1980: 73). According to the above theories, this study will try to show how Iran dependency led to the formation of a group of marketers (few number) as intermediaries of business commodities with business title and a wide number of market retailers during Qajar Dynasty and how capitalistic class has not been formed and expanded in its western meaning in Iran.

Research Method & Data Collection Instrument

Historical research method has been used in this study and “library and documentary” method used to gather information. “Note taking” and information analysis, travel reports analysis, memories and historical documents were instruments to gather information. Historical research method is a method which concentrates on a determined subject has happened in the past and in a specific section of time and tries to analyze the truths have happened in a specific period of time.

Research Findings

The Expansion of Capitalistic Business Relations and the Formation of Intermediary Marketers

After 1850 and after the political dominance of Russia and England over Iran, the business dominance of these two countries also increased. Although in competition between Russia and England, it was Russia which has achieved superiority after 1875, the ascending growth of business exchanges of both countries has increased. According to table 1, this sum of trades between Britain and Iran reached 1.7 million GBP in 1875 and 3 million GBP in 1895 and 4.5 million GBP in 1914. 20% balance of trade was in the interest of Britain (Foran, 2004: 172-176). On the other hand, after 1850 Russia increased its business dominance in Iran and Iran turned into a market for Russian industrial commodities and during 1880s and 1890s, Russia achieved the turning point of ascension and superiority and achieved superiority two times more than Britain in next two decades; so that the business of Russia has been 12 million GBP against 4.5 million GBP for England in 1914 (Foran, 2004: 172-176).

Table (1): this sum of Iran’s trade with Russia and Britain in GBP-1875-1914

1914	1904	1895	1875	Year
12 million	3.75 to 5.5 million	3.5 to 4.3 million	Around 1 million	Iran with Russia
4.5 million	2.5 to 3 million	3 million	1.7 million	Iran with Britain

(Source: Foran, 2004: 176)

Tables 2, 3 and 4 represent enough evidences to achieve more clear results of the process of forming the position of Iran’s economic dependency and consequently the position of Iranian marketers as a class serving global capitalism system. Table 2 shows imports, exports and balance of trade over 1800-1913. According to the data of table, from the half of 19th century, according to Thomson’s estimations, there is one million liras deficit in 1868 that customs figures show a number near two million liras for 1877-80 and 1890s decade (Foran, 1992: 38). But what shows the dependency of marketers in Iran is the combination of exporting and importing commodities in Iran during Qajar Dynasty. The combination of commodities and the percentage of exporting and importing them demonstrates that Iranian marketers have increased the growth of Iran dependency looking for achieving more profits, so that until the end of 19th century, there is a pattern of trading raw exporting commodities and industrial and importing industrial commodities.

Table (2): imports, exports and balance of trade 1800-1913

Balance	Sum of trades	Exports	Imports	Source	Year
Negative	2500000	-	-	Malcolm	1800
-	-	1225000	-	Frizer	1820-1821
-	-	-	2000000	Brandt	1830
+7143	5992857	3000000	2992857	Blau	1857
-	5000000	-	-	Issawi	1860
-1000000	4000000	1500000	2500000	Thomson	1868
Balanced	4528302	2264151	2264151	Customs	1875-1877
-754717	3773585	1509434	2264151		1877-1880
-905923	7874565	3484321	4390244		1880-1885
-1323530	7205882	2941176	4264706		1885-1890
-1083743	6502463	2709370	3793103		1890-1895
-2482621	7447865	2482622	4965243		1895-1900
-1959746	9785920	3913087	5872833		1901-1905
-1490488	14614116	6561814	8052302		1906-1910
-2837118	18617808	7890345	10727463		1911-1913

(Source: Foran, 1992: 38)

The report of European travelers to Iran in 19th century has been mentioned too. Olivia who has traveled to Iran at the end of 18th century has referred to silk, wool and horse as the main exporting products of Iran and mentions cotton as a product which is used domestically (Olivia, 1992: 182-186) and a century later, Curzon in 1889 has considered cotton, wool and carpet as exporting commodities to Russia, respectively and after that he has mentioned opium as the most important export to India (Curzon, 2008: 290). Curzon's report when passing Shiraz at the end of 19th century referring to importing and exporting commodities shows the growth of dependent bourgeoisie in this city. And Curzon's report in 1889, on the main commodities importing from India, England and Russia, Indian tea, English pants fabric, Kashmir shawl and cooper and tin sheets are mentioned among the commodities importing from India and England and simple and colored cotton fabrics and then sugar are among commodities imported from Russia (Curzon, 2015: 288-290).

As well as the above mentioned documents, Charles Issawi in his "The Economic History of Iran" mentions Iran's main imports (according to tables 3 and 4) cotton, wool and silk fabrics and tea and sugar from the second half of 19th century to 1912-1913 and considers main exporting commodities silk and cotton and wool textile in 1850, but in next decades and the growth of importing foreign textile, exporting such commodities reduced and substituted with opium and raw cotton.

According to Issawi: "the main evolution of Iran business in the first half of 19th century was the high increase in trading with England through Turkey, Persian Gulf and India. In the second half of this period especially after 1880, the most regretful evolution was the increase of Russia's share. In the middle of 1860 to 1913, Iran's whole business with Russia added for 12 times as gold ruble. During WWI, Russia allocated around 7% of Iran's exports and 50% of its imports to itself which was almost two third of Iran's whole business (Issawi, 2009: 109).

Table (3): Iran's main imports from 1850 to 1913 (whole percentage)

1912-1913	1880	1850	Type of commodity
30	48	43	Cotton fabrics
5	15	23	Wool and silk fabrics
6	2	9	Tea
24	8	2	Sugar
2	2	2	Metallic goods
4	00	00	Legume
2	1	00	Oil materials

(Issawi, 2009: 206)

Narrated by Abdullayev on the above mentioned process and the growth of Iranian marketers' dependence and turning them into the dealers of colonizing countries, Issawi says: "in the absence of normal conditions for the growth of a national bourgeoisie class and the condition has been created with the increasing penetration of foreign capital and also with the existence of feudalistic considerations in government, the bourgeoisie class of Iran began investing in the field of agriculture because its products (cotton and opium) were highly demanded in global markets. Therefore, as a result of the dominance of foreign banks, the newfangled bourgeoisie elements of Iran were instrumented by colonizing policy and were drawn towards producing agricultural raw materials which were needed by capitalistic countries (Issawi, 2009: 69).

Hajj Sayyah also complained from the state of marketers' business exchanges in his memories and traveling to cities of Iran in the second half of 19th century and in his observations and considered business in Iran as dealing foreign commodities and the merchants as dealers of foreign commercial firm and considered this as the reason of workshops closure which produced domestic commodities (Sayyah, 1980: 427, Mostofi, 2009: 496).

Table (4): Main exports (total percentage)

1912-1913	1880	1850	Type of commodity
5	18	38	Silk and its productions
1	1	23	Cotton and wool textile
12	16	10	Legume
13	6	4	Fruit
1	5	4	Tobacco
19	7	1	Raw cotton
7	26	00	Opium
12	4	00	Carpet

(Issawi, 2009: 206)

Among exporting commodities, opium and cotton were most important raw materials have played a main role in Iran's foreign exports in the three last decades of 19th century and these two commodities have formed almost one fourth of Iran exports over 1880 to 1912-13. In this period, main importing commodities have been also the industrial products of western factories and especially Manchester textile and sugar which formed from one third to half of imports. Therefore, main products have been imported by high class of market that is merchants were commodities which have removed small domestic industries of Iran and also exporting raw materials contained materials (such as cotton and opium) were not useful in people's daily life and Iranian marketers were turned into an intermediary for the global system of capitalism who in fact drove the gears of the system and considering classes, this process led to the growth of a group of dependent merchants, dealers and retailers and the intermediaries of commodities produced by European countries and sellers of domestic raw materials to colonizing countries. Other evidence in the conformation of the absence of an independent capitalist class is that Iranian merchants were involved in exchanging and purchasing land and assets in the second half of 19th century that there will be enough evidences and documents on the feudalism of marketers and especially merchants in the section related to their economic capital. But exchange has been among the popular and moneymaking occupations for merchants and so many of them were involved in this job. Floor writes: "exchange was one of the ways for business for great merchants, because they were recreationally involved in any work made money for them. Also in towns, there was not any important exchanger and therefore great merchants managed business local activity financially" (Ashraf, 1980: 203). Issawi also mentioned some evidences of some great merchants such as Moeinottojjar, Arbab Jamshid and Malekottojjar who were involved in exchange and says: "there were great merchants in big business-industrial cities who were involved in the work of exchange and business" (Issawi, 2009: 64).

The Type of Marketers' Economic Capital in Qajar Dynasty and the Formation of Intermediary Capitalist Class in Iran

The existing statistics demonstrate the existence of a wide petite bourgeoisie class (retailing marketers) and some few dependent and intermediary merchants (semi-capitalist) during Qajar Dynasty have grown parallel with the growth of Iran's dependency in capitalism system and raw materials export, exchange and feudalism. According to the data of table 5, on the estimation of Iran's population based on the method of production, Foran estimated the population of capitalists at the late 18th century and the beginning of 19th century around 3% to 4% and the population of petite capitalist class between 17% and 22%.

Table (5): The percentage of Iran's population based on the method of production 1630-1914

capitalist	Retailor	Sharecropper	Creditor	Year
0	10-15	45-55	33-40	1630
0	10	40-50	30-50	1800
3-4	17-22	50-55	25	1914

(Foran, 2004: 212)

In “A Social History of Iran in Qajar” Floor refers to the low population of capitalist class in the second half of 19th century and says: “it seems that they don't form even one hundred of urban population. They were around 1.2% in Tehran in 1886 and around 3% in Kashan in 1850. There were 250 and 340 or almost the same percentage of merchants in 1890 in Kerman and Isfahan, respectively. It was not different in Yazd and Kermanshah, there were 250 and 200 merchants in these cities, respectively” (Floor, 1987: 156). More population of market in Tehran has been petite bourgeoisie. Thomson the consul of England describes the population of merchants and guilds in a report (1870) as follows:

“Merchants with 100 people penetration, shopkeepers and sellers of different manufactured goods 300 people, shopkeepers and sellers of different natural goods such as legume, fruit, groceries, drug, spice, bakers, butchers and restaurants 2000 people, craftsmen shopkeepers such as carpenters, gun makers, saddlers, tailors, clock makers, shoe makers, hatters, stonemasons, engraver, binder, glaziers, coppersmiths, blacksmiths, dyers, printers, spinners, goldsmiths, hostlers, minstrelsy, farriers and etc., 5000 people, workers such as building workers and etc. (market worker) 2500 people” (Thomson narrated by Floor, 1987: 36-37).

Ashraf mentions the statistics of the population of Tehran marketers according to the census of Tehran guilds in 1966/ 1927 which is demonstrative of the social status at the end of Qajar Dynasty and the beginning of Pahlavi and the number of 202 types of occupation has been specified, table 6 shows their collective destitution based on main categories and main characteristics, Ashraf says:

“those days, there were 734 merchants in Tehran market were working in 14 business branches and formed around 5.3% of job owners (masters). The merchants of Tehran market had 786 apprentices and 134 errand boys. Shopkeepers who were generally working in 89 job branches in retailing different goods and or in different service branches and formed the biggest ratio in market, so that more than 9.5 thousand people or near two third of the owners of occupations (masters) were working in these jobs and managed their affairs with around 6 thousand apprentices and 1.5 thousand errand boys. Craftsmen formed the basis of industrial products in market with 99 job branches and near 5 thousand craftsmen or around one third of masters and were involved in producing goods needed by people with around 7 thousand apprentices and 2.6 thousand errand boys” (Ashraf, 1980: 240).

Table (6): Main characteristics of Tehran merchants and guilds in 1966

Errand boy	Apprentice	Master	Number of shops	Occupations	Main categories
134	876	734	822	14	Merchants
1538	6197	7498	9589	89	Shopkeepers
2631	7128	5034	4988	99	Craftsmen
4303	14201	13266	15399	202	Total

Economic Capital of Marketers-Money

In the second half of 19th century and with the expansion of commercial activity due to the expansion of foreign trade, raw materials exports and foreign commodities imports, feudalism and exchange, some marketers could increase the level of the financial capital. But evidences show that such people have been few and no business or industrial capitalist class has been formed in Iran. The level of monetary capital of marketers in this period shows that after the second half of 19th century, few great merchants could use opportunities and increase their economic capital. This capital increase has not been due to the growth and development of domestic trade but it was achieved with the increase of raw materials exports and the destruction of domestic industries and the increase of foreign commodities. This became clearer considering the capital of some great merchants and the type of their activities and Nategh says: “maybe three to four of Iranian merchants before 1850 had 30 to 40 thousand tomans capital in cash (Nategh, 1987: 212). Floor confirms that business has been mostly managed by Iranian merchants before the second half of 19th century and little by little foreign merchants and companies dominated the market of Iran (Floor, 1987: 170). He believes that Iranian

merchants had little capital to compete with European companies and describes their financial status as follows:

“European merchants were much more financially wealthier rather than Iranian merchants. In small groups of Iranian merchants only few of them could compete with European companies because most Iranian merchants didn't have much assets. In 1807, as if Tehran Malekottojjar has had 50 thousand tomans and it was said that the capital of a merchant was 1.2 million francs in Isfahan. In 1844, there were only 3 to 4 Iranian merchants in Tabriz that had 30 to 40 thousand tomans capital and there were some others had this capital but they have mostly invested in real estate and jewelry” (Floor, 1987: 171).

According to the above text, there were few number of wealthy marketers as capitalist class in the cities of Iran with high liquidity; but according to Floor's report from the capital of Iranian merchants in the second half of 19th century some capitalists appeared in Iran market with the growth of dependency and the development of raw materials exports and foreign artifacts imports and purchasing lands in big cities of Iran who have appeared before this process:

“In Esterabad, Haji Mohammad Hasan and Haji Ali Ahmad had around one hundred and ten thousand tomans capital. In 1893 in Yazd, England consul reported that there are some wealthy merchants here with around two million tomans commercial capital. In Shiraz in 1904, it was estimated that Iranian merchants' capital is more than six million tomans. In Kermanshah in 1897 there are six groups of first class merchants who traded with London Mumbai and Baghdad and have more than one hundred thousand liras credit in market and it is said that they had this much lands. The capital of great merchants was not usually more than fifty to one hundred thousand tomans. But there were some people who had more than this sum but such merchants were exceptional. It is said that Haji Mohammad Hasan Amin al-Zarb had 25 million tomans wealth. He had agency in Europe and China with so many real estates. Moeinottojjar achieved much wealth from feudalism, mining and trading with Europe and India, it is estimated that he had one to two million tomans wealth. There are some other successful capitalists such Mohammad Esmail Maghazi Tabrizi, Haji Mohammad Taghi Shahroudi and Tehran Malekottojjar among non-Muslim Tomanianth Brother (Armenian) who had more than 24 million gherans in 1917 and Arbab Jamshid (Parsi) was among successful merchants” (Floor, 1987: 171-172).

According to what has been mentioned above, even in the second half of 19th century there were few number of wealthy merchants in market and there were lots of small and medium marketers. According to Abdullayev: “usually the capital of great capitalists was not more than 50000-100000 tomans and in local markets petite and medium merchants were more important” (Abdullayev narrated by Issawi, 2009: 65). According to the above reports on the monetary capital of marketers, great merchants who could increase their economic-monetary capital due to the development of foreign trade have formed a little of the population of market and narrated by Abrahamian “dependent small but wealthy bourgeoisie” (2005: 78) was created not a national capitalist class like what has existed in the west. Iranian capitalists, as mentioned before, were dealers exporting raw commodities and importing foreign artifacts who destroyed domestic industries.

Marketers' Economic Capital-Land

Land has been a part of non-cash economic capital of middle to high class marketers (petite merchants, shopkeepers, wholesalers and exchangers) during Qajar Dynasty and marketers made attempt to change capital in cash (money) into land. But their investment in land and feudalism has been mainly with the purpose of mercantilism and the development of exporting raw materials to colonizing countries. Through purchasing land and cultivating materials needed by foreigners (such as opium and cotton) not only marketers didn't grow economy but also they increased the dependency of Iran. Due to the absence of the features of a national independent class, instead of investing in industry, they turned to feudalism. Issawi describes the process of marketers entering feudalism: “in the absence of normal condition for the growth of a national bourgeoisie class and the condition has

been created with the increasing penetration of capital and also with the existence of feudalistic considerations in government, the bourgeoisie class of Iran turned to investing in agriculture because its products (cotton opium and etc.) were highly demanded in global markets. Therefore, as a result of the dominance of foreign banks, the newfangled bourgeoisie elements of Iran were instrumented by colonizing policy and were drawn towards producing agricultural raw materials were needed by capitalistic countries (Issawi, 2009: 69). Hajj Sayyah refers to the tendency of marketers to purchase land (in the second half of 19th century) in his memories and says: “a strange ambition and competition was found among scholars and clerics and rulers and aristocrats and heads of the states and finally among merchants and rich men to seize land and estates and farms from workers and farmers. Merchants also found this effortless gift in landholding, those that their money has to be spent on the trade of government and the development of commodity and artifacts of country, deceived the landowners of villages to pay taxes and made them hopeless and finally owned their lands” (Sayyah, 1980: 471).

Tahvildar has referred to purchasing land by merchants in *The Geography of Isfahan* and writes: “there are so many merchants in this land and they trade fabrics and materials, in these years they were involved in farming and now they hold lands” (Tahvildar, 2009: 111). The type of products marketers cultivated showed the effort of land holding merchants and marketers to mercantilism in the interest of foreign countries. Kerry believes: “through centuries, more merchants purchased land and beside previous land owners, used their lands to export products such as cotton and opium” (Avari et al., 2012: 123). Tendency to purchase farmlands by marketers has not been only limited to high classes but even urban craftsmen turned to land holding in a limited scale due to the recession and decline of domestic industries (Issawi, 2009: 423). According to the reports of the observers in this period, instead of cultivating products internally needed and preventing from poverty and famine and helping the growth of agriculture, they were inclined to cultivate products have been welcomed abroad and caused profitability. The most important products were opium and cotton for exports. Raw materials that their purchasers have been foreign dealers and companies and some of these marketers have been known as “opium” merchant due to making effort in cultivating opium (Floor, 1986: 162; Hosseini Fasaei, 1999: 918, 956, 1029). Among the great marketers and merchants with vast estates are Amin al-Zarb, Etehadiyah Family, Mohammad Moeinottojjar, Haj Kazem Malekottojjar and Seyyed Reza Mahdavi and Raeisottojjar. These few great merchants that perhaps have been real capitalists of this period have made land holding a part of their profitable business and have cultivated the raw materials needed by foreign countries. These people with the most liquidity of market turned into dependent capitalists who helped the process of national economy decline through supporting the export of raw materials abroad (Ashraf, 1980: 80-81).

According to the above evidences, purchasing land by marketers in 19th century in Iran has been normal and part of marketers’ capital and considering the economic status of Iran in the second half of this century, willingly or unwillingly marketers have turned to feudalism to maintain their capital and increase it. The reason of marketers’ tendency to purchase land to cultivate the raw materials needed by foreign countries has to be searched among mercantilism class features in the absence of a national bourgeoisie class. This class didn’t have the properties of a national independent bourgeoisie class and its performance against the economic policies of capitalism through purchasing land and cultivating products needed by foreign countries increased the speed of Iran’s economic decline and it is surprising that this class has been one of the complainers of the status quo.

Marketers’ Economic Capital-Companies

Considering the expansion of the activity of foreign companies and businessmen in Iran, marketers and especially Iranian merchants began establishing commercial firms to compete with foreign businessmen in the second half of 19th century. But this movement of marketers neither caused domestic economic growth and the export of commodities manufactured by country abroad, nor led to the development of industrial investment. But it expanded the penetration of economic capitalism system. Most of these companies either turned into intermediaries of foreign countries and producers of raw materials for them or turned to exchanging to compete with banks and finally couldn't compete

with them and were dissolved. Different national companies and complexes have been established in Iran after 1880 which were involved in trade in internal and foreign markets, these companies were involved in business and exchange, these companies did internal and foreign business and exchange. The process of the formation of companies in Iran even penetrated into small cities and marketers began forming companies or trade unions in small cities (Issawi, 2009: 66-67). The activity of 12 famous companies in the second half of 19th century have been established by Iranian marketers and merchants shows that the main activity of such companies has been exchange. Famous companies such as Jamshidian, Etehadiyeh, Mahmoodiyeh, Masoudiyeh, Jahanian, Iran Public Company and Fars Company have worked widely in exchange. On the other hand, they were involved in exporting raw materials and importing foreign commodities. So that Isfahan Opium Company was established from European countries aiming at exporting this product in Isfahan by Mr. Mohammad Mahdi Arbab Esfahani and the partnership of some Isfahan merchants (Torabi, 2005: 74). Another example is Jahanian Commercial Firm. This commercial firm began its activity considering the demand for raw material from global markets and "first it exported cotton. Since the employees of this commercial were familiar with feudalism and agriculture highly used the global demand for exporting cotton. With the expansion and development of trade, they gradually turned to exchange and so this commercial firm was highly developed" (Torabi, 2005: 78).

Among the famous companies in this period was Islamic Company which has been the only company was established aiming at developing Iranian commodities and exporting them, but this company failed with the sabotage of domestic merchants and disability in competition with foreign companies (Torabi, 2005: 81). The above mentioned companies have been an example of the process of marketers entering to the new forms of business in capitalism system, have been established for confrontation with foreign competitors. But the important point is that more than half of these companies (Jahanian, Etehadiyeh, Jamshidian, Tomanianth) have been involved in exchange and financial affairs (in confrontation with banks) and also except companies, the rest of them allocated their activity to export raw materials such as opium or feudalism and import foreign commodities.

Marketers' Economic Capital-Factories

Investment in industry by marketers was a small part of their economic activities. Such investments have been conducted by few of great merchants (Amin al-Zarb) and or with corporation of marketers and some of governmental officials. In the second half of 19th century and with the growth of business in Iran, the number of factories and the decline of urban workshops showed that even such limited investments has not led to the formation of an industrial capitalist class and few factories have been established modernly mostly failed. The first considerable industrial investment in this period was the establishment of silk industry factory in Rasht which was established with the investment of Haj Mohammad Hasan Amin al-Zarb and two French engineers in 1885. Around 1889, Haj Mohammad Hasan Amin al-Zarb with the support of Amin al-Soltan prepared a relatively wide plan for the development of Mazandaran and started doing that but his plan failed; Ashraf writes:

Among the main components of this plan was extracting Mahan Noor Iron Mines with board cutting branch and the other one was the establishment of a railroad with 21 km length between Amol and Mahmudabad. This relatively wide effort failed after a while and the capital has been used in it was almost removed (Ashraf, 1980: 82).

In 1894 Morteza Gholi Khan Sanioddoleh of high ranking governmental families with the cooperation of merchant Haj Mohammad Taghi known as Shahroodi began establishing a spinning factory outside government. This sum of factory capital was around 52 thousand tomans that Mohammad Taghi Shahroodi has provided half of it and Sanioddoleh and his father has provided another half. Although the products of this factory were excellent it couldn't survive due to the competition of foreign producers who came to the field with the contemporary reduction of commodities cost (Ashraf, 1980: 82). In 1908, Haj Rahim Agha Ghazvini the son of Haji Fathali with 2.5 million gherans capital established a spinning factory in Tabriz. This factory opened at the beginning of 1911. The thread produced by this factory was used to prepare socks and texture and carpet. This factory was among big

industrial institutions of those days that like silk factory of in Guilan could continue working in difficult political and economic conditions of country (Ashraf, 1980: 84). But as well as the above mentioned factories, some small factories were established by Iranian merchants and high ranking officials. Some of these factories were closed and some others continued working but their life is not known. For example glassworks, porcelain and spinning factories were established in Tehran by some great merchants but were closed after a while (Shaygan, 2013: 94). For the first time in 1880, gaslight factory was established with 30 thousand liras in the eastern street of ToopKhaneh Square by haj Mirza Hossein Khan Ghazvini Sepahsalar and ordered by Naseri Government and supplied the brightness of Arak Street and special governmental buildings. But it was closed due to the lack of coal. In 1941 Haji Mohammad Bagher Milani known as Razayef imported an electric light factory for the brightness of holy shrine with eight thousand tomans from Russia and installed it in Mashhad. In 1942 Haj Mohammad Hossein Amin al-Zarb imported electric generators from Germany and in 1943 started using them. At this time, an electricity factory was established in Rasht and another electricity factory with 125 hp was established by Ghasem Khan Amir Toman in Tabriz (Ashraf, 1980: 84). Stable factories with constant productions were also established in Iran with different branches to export raw cotton to Russia that seemed they have been stable due to satisfying the needs of Russia in supplying raw materials for textile industries. Ashraf writes; “factors called cotton ginning have been established to gin exporting cottons to Russia including Haj Mirza Ali Mohammad Isfahani cotton ginning factory in Sabzevar, Haji Seyyed Abolhassan Isfahani cotton ginning factories in Sari (cotton ginning factory was later owned by Haji Mohammad Hassan Amin al-Zarb) and Ebadzadeh and Herati cotton ginning factory with 10 hp and two machines in Neyshabur (Ashraf, 1980: 85).

Other factories with unknown life and maybe they have been activated for years are Nezafat soap-making factory in Tehran that its franchise was given to Rabizadeh and partners; gun making factory in Tehran in 1897; paper making factory in Tehran, sugar factory in Mazandaran, pants making factory near Tehran, candle making factory in Tehran, paper making factory in Isfahan and Tehran, armory factories in Tehran and Isfahan, cotton fabrics textile factory in Isfahan that the army of Masoodi Zel al-Soltan had clothes of those textiles; brick making factory in Urmia which was established with one mill in 1943 by Germans; spinning factory in Tabriz by Haj Agha Ghazvini near 1947, silk throwing in Barka Deh near Rasht with Russian capital and managed by Mohammad Hassan Rashti but was closed considering political considerations and misuses. Condiment making factory in 1889 and gunpowder making factory with European horsepower wheels (Shaygan, 2013: 93-95).

But the establishment of such factories has not meant the economic and industrial growth in Iran and the reports of this period show that in the second half of 19th century, urban industries were declined and modern industrial investments couldn't be a suitable substitution for old industries of Iran. K. E. Abbot's report in 1849-50 of some important cities of Iran and comparing then with Curzon's report in the fourth quarter of 19th century proves this claim. Abbot refers to the main occupations of cities, their number and also the declining process of domestic industries. In this report she writes: in Kashan “with 30000 people population, 27 caravansaries, 770 shops and 130 merchants, cotton and European wool materials were sold in 4000 liras value in 28 shops; there are 80 coppersmiths and 800 silk spinning workshops; lots of cottons are spun here and 1500 loads of mule were sent to Astrakhan in 1848. European competition intensively damaged handicraft industries and it is said that this city has had 8000 silk spinning workshops in the past”; but at the end of 19th century only 200 out of 800 spinning workshops in Kashan existed with 400 wheel monthly product (Issawi, 2009: 412-413). In Isfahan according to Abbot's report (1849) there were “200 silk weaving workshops” but city industries have been damaged with “the unlimited business of foreign products”. In Yazd, there have been 300 to 350 silk weaving workshops, 1300 cotton weaving workshops but they reached 800 workshops at the end of this century” (Issawi, 2009: 412).

At the time of Abbot's report, Kerman has had 2200 shawl weaving workshops, 220 silk weaving workshops with 40000-45000 liras with around 325 workshops (belonging to 9 villages near Kerman) (Issawi, 2009: 412); but Curzon (1970) reports that: “Kerman has had 80 cotton weaving factories and

6 real carpet weaving factories and in the middle of the same century, it had more than 1800 silk weaving workshops that 9000 were working in them” (Curzon, 2008); at the end of 19th century half of Kerman silk weaving factories were removed and 1000 silk weaving workshops and 300 wool weaving workshops were working (Issawi, 2009: 413). According to Curzon’s report (1889), there were 650 silk weaving workshops and 320 shawl weaving workshops in Mashhad (Curzon, 2008: 233). But these numbers were reduced to 300 silk weaving workshops in Mashhad and 16 shops with 3 to 4 workshops in Neyshabur at the end of 19th century and the beginning of 20th century (Issawi, 2009: 413).

Conclusion

This study aims at identifying the synchronicity of the formation of an intermediary capitalist class and non-formation of an independent business capitalist class like the west with capitalism system growth in 19th century in Iran. Therefore, first it investigated the growth of considerations and imports and exports of commodities in 19th century and then showed that how through 19th century and the growth of Iran’s business relations, Iranian marketers turned into the importers of commodities produced by the west and Russia and on the other hand exporters of raw materials to such countries which was resulted in turning Iran into a dependent country in the second half of 19th century. Also in the next section, it investigated workforce, money, companies and factories of marketers, it was revealed that a main part of Iranian marketers were petite bourgeoisie and few marketers with high capital were intermediaries for exporting raw materials and importing foreign commodities and also were involved in exchange forming business companies and the types of their performance in the economic system significantly helped the growth of Iran’s dependency in 19th century. According to historical documents and evidences, few investments of high ranking marketers (great merchants) in the field of industry not only could not grow industry and develop the domestic industries but also it caused lots of domestic industries of Iran decline with the growth of raw materials trade and foreign commodities imports and reduced domestic production. Iranian marketers may not be considered as similar bourgeoisie class (capitalist) in its western meaning in Europe. According to Floor and Foran, there was no capitalist class in its western meaning in Iran, also few of these marketers accepted the risk of investment in industry but so many of them failed in competition with foreign competitors. Therefore, it is concluded that there was a petite bourgeoisie class (but with its specific features) or a semi capitalistic class in Iran which doesn't have the features of a capitalist class in its western meaning.

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