

URBAN SYSTEM AND DEVELOPMENT IN CONTEMPORARY IRAN

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ABSTRACT

In Iran, despite the emergence of national and international commercial forces in the second half of the nineteenth century, they were not able to play their historical role in the sense that they couldn't transform the agricultural society into an industrial capitalism due to both external and internal obstacles. In the second half of the nineteenth century, after all-encompassing influence of the west (Russia and the United Kingdom) in Iran that put Iran a semi-colonial condition, there appeared new areas for growth and comprehensive development. Within this historical context, the new commercial forces of Iran emerged. Iranian businessmen following their western counterparts ignored the local trade and turned to business in national and international spheres. Nevertheless, this socio-economic force couldn't play its historical role. In other words, it couldn't transform Iran into a new socially, economically and politically developed country. So, due to domestic despotism and foreign colonialism, Iran couldn't move towards capitalism and democracy.

Key concepts: Dependent urban system, Merchant forces, Despotism, Colonialism

INTRODUCTION

This paper is to question that why modern Iran has failed to achieve a thorough and comprehensive development. Specifically, why Iran couldn't become as an endogenous industrial country? My hypotheses is that "commercial forces in Iran's cities in the second half of the nineteenth century, the beginning time for Iranian to get familiar with modernity, could paved the way for industrial capitalism; but two factors including domestic despotism and foreign colonialism prevented the economic forces of Iran, playing a historical role to transfer Iran's traditional agriculture to a modern industrial Iran."

Commercial forces of Iran in the first half of nineteenth century, the time that Iran was not yet a part of world system and it had domestic economics within the traditional limited world, was depending structurally on the government and didn't have the chance to play a positive historical role (Ashraf, 1980: 23-46); but after being defeated repeatedly by Russia and Britain during the first half of nineteenth century (Shamim, 1991: 37-222 & 83-104), Iran gradually became part of world order in the second half of the century. Within such political condition, both Russia and Britain could colonized Iran. Colonization had two contrary impacts: on the one hand it paved the way for emergence of national and international Iranian commercial forces, but on another hand, colonization itself became an obstacle to development of Iran. This foreign factor and also domestic despotism, weakened Iran's new national and international commercial forces, since they were dependent on

them. So, these new commercial forces couldn't play its historical role to transfer Iran to an industrial developed country(Ashraf, 1980).

In the experience of modern history of European countries, bourgeois in newly established cities, played its historical role in ending feudalism and founding industrial capitalism. The Commercial forces in European cities could play their positive historical role, because they were independent of the other institutions, especially of the government. Medieval Guilds, which were trade unions in the European cities; were specialized in business. They were independent in their professions and were trading independently of the popularly elected government, and of the independent judicial system. This factor helped them to increase their economic activities quantitatively and qualitatively, even they could transfer Europe to industrial era. They could substitute capitalism for feudalism. But in comparison to Europe Iran had not this kind of independent cities and merchants (Kuznetsova, 1963:308-21).

URBAN SYSTEM IN IRAN AND PLACE OF BUSINESSMEN IN IT

To prove and explain my claim, I will deal with the Iranian cities structure as well as economic structure, with focus on commercial forces. Although, there were traditionally three kinds of nomadic, rural and urban living systems in Iran, it was the urban system(Ashraf, 1974: 11-14) that dominated nomadic and rural systems by centralization of power, bureaucratic system, wealth, money, and religion, in the Iranian cities(Ashraf, 1980: 23-41). Therefore, to understand the logic of socio-economic system of Iran and its consequences for development of contemporary Iran, we should identify Iran's urban system.

The cities of ancient Iran, like other Islamic cities, were based on three elements: palace, central mosque and bazar. Governmental officials lived in palace. Central mosque was controlled by Ulema (Islamic scholars) and merchants were in the heart of bazar. In urban system, bazar, with focus on commercial forces, made economic structure of the cities. Bazar, itself, was made up of three elements: merchants, retailers and craftsmen. Based on bazar, three social classes were separated from each other: merchants; aldermen and elders of Guilds and finally professional Guilds. The walls of each city, separated the internal part of the city from the outer part. Low-level and sordid jobs were located on the outer part. Each bazar was made up of various parts the most important of which was named "Gheisarieh". In fact, Gheisarieh was the place for the mercers and was controlling the economy of the country (Ashraf, 1980: 23-25).

Merchants in Iran, unlike European traders that were organized within the Guilds, were not organized within the trade unions; because of their high position in bazar. Iranian merchants were on the top of the pyramid of dignity, power and wealth of bazar. Merchants were one of the three kinds of urban nobles, located after governmental officials and Ulama (Islamic scholars) as two other urban nobles. There was special financial relationship between them and top governmental officials, but only in favor of the rulers. Merchants were to pay some parts of the government expenses. Merchants were depending on the government. As a result, historically merchants were not able to be as autonomous and independent as to help society to increase the wealth by economic logic (Etemad-ol Saltaneh, 1927: 42-227 & Etemad-ol Saltaneh, 1969: 33).

There was a connector between the merchants and the government. This connector was dean of the merchants and he was called "Malek-o Tojjar" "monarch of merchants". Monarch of merchants was elected by the king. Monarch of the merchants due to his special position and several duties, acted

in the interest of the government and to the detriment of the traders. He was obeyed by the traders. He was advisor of the king in the commercial issues (Nekhjavani, 1967: 60-159).

It is important to add that in Iran the foundation of the governments was nomadic forces that intrinsically were famous in violence, depredation, looting and static thinking. Therefore, the commercial force was dominated by such kind of state. The nomads out of government also threatened traders' security in several forms. So, commercial forces structurally in Iran's cities were dependent on political system. These forces could not trade in autonomous way, relying on economic logic. In summary, in Iran cities, government and its politics dominated economy and commercial forces (Smith: 1978, 57-81 & Helfgott: 1977, 36-61 & Loeffler: 1978, 145-172 & Reid: 1978, 117-144).

FOREIGN FACTOR: BOTH STRENGTHENING AND WEAKENING DEVELOPMENT

What we discussed up to now, related to the lack of underlying factors in the infrastructure of the growth and development in Iran. Nevertheless, in modern history of Iran an appropriate situation, coming from abroad, emerged to achieve real growth and development; but mentioned domestic disincentive factor, existing in old Iran, and a new dissuasive factor coming from abroad, all together, practically prevented the possibility of the development. So we should explain both the positive foreign factor in the development and the negative domestic and foreign factors in the development.

In the second half of the nineteenth century Iran was semi-colonized due to losing the war with Russia and Britain. Those two countries didn't officially dominate Iran; but they influenced political, economic, social, and cultural decisions of the country by practical dominance over Iran's governmental system (Sepéhr, 1894). In such situation, at first, merchants of the two countries flowed into Iran. This evidence was a positive important development; because it led, for the first time, to emergence of national and international traders in Iran with a large capital (Ashraf, 1980: 73-86).

The western businessmen received dozens of commercial concessions. They established several firms in Iran. They were active in export, import, and investment. Businessmen of the west countries established many firms in several cities of Iran as well. They also established Bank and in this stage they also invested in the industrial sector (Issavi, 1971: 360 & Kazemzadeh, 1975: 360).

This investment had positive consequences the most important of which was the emergence of great national and international businessmen in Iran. For the first time, Iranian merchants left the local commercial activities and tried to be active in national and international trade. (Picot: 1897, 63-67 & 90-91) They established, like the western traders, many new firms which had several branches in some important cities of Iran. They traded in addition to Iran, in many other countries and they designated their representatives in Europe and Far East. Iranian traders like western businessmen, were active in export and import. In Iran, for the first time, there emerged seventy four businessmen with a large capital. Their capital fluctuated between ten thousand Tomans up to three million Tomans (Fesaei, 1934: 6-7 & 45 & 60-77).

Apparent growth of economy by the businessmen didn't lead to stable, increasing, and independent development. So, they couldn't transfer Iran from an agricultural society to an industrial capitalism. Unlike western merchants, they couldn't play a historical role in social and economic development. This failure was due to the nature of economic growth in the semi-colonial status. Economic activists were doing economic activity within the systems which made them intrinsically

dependent on inside and outside (Seyyah, 1957: 472 & Felanden, 1977: 125). So they couldn't play an independent role.

Economic policies of the government bore no fruit in lasting commercial growth, because of the government surrendering to the foreign impositions and because of inherent prudery of Iran's rulers and bureaucrats and finally because of the lack of modern rationality in country's management. In the monetary policy, some things like fraud mintage, gold and silver exit from the country for the balance of payments, allowing to foreign bank to issue banknotes, made obstacles for economic boom. The government treasure became subject to the lack of money and in this situation, governments of Iran turned to foreign borrowing. In tariff policy, for the first time, the system of renting the tariff emerged. This matter itself was another obstacle of commercial development and national industrial growth (Ashraf, 1980: 89-103).

Tariff imposed by the Iranian government on the goods of domestic businessmen was multifold in comparison to the goods of foreign traders. Foreign trader paid only once when he wanted to import or export his goods to/ from the country; while domestic trader was to pay not only for the entrance or exit of goods, but also he was to pay for all cities he entered along with his goods and also he was to pay the toll, pay for special persons, pay bribery and so on. Therefore, political weakness of Qajar that put them under foreign domination, led to economic weakness and they established wrong monetary and tariff policies that were detrimental to domestic businessmen (Etemad-ol Saltaneh, 1966: 933-1051 & Safaei, 1965: 138-142).

Iranian businessmen, within this kind of political and economic system, were depending on foreign businessmen. Governmental policies paved the way for superiority of foreign businessmen. Their goods were cheaper than Iranian goods, because they paid limited definite tax. In this situation, Iranian trader had only two options: according to the first option, he was to be as a representative of a foreign merchant and a foreign firm. In this case, practically he acted as a carrier and broker of the foreign goods. This matter itself caused many people to need foreign traders, firms and goods. So, Iranian trader couldn't deal directly. According to the second option, Iranian trader was to become foreign citizenship. In this case, Iranian businessmen, by putting aside their national identity, got free from paying extra expenses. Finally, foreign goods were abundant and business of Iran remained slack. In addition, the whole cash of Iranian people transferred from Iranian pockets into pockets of the foreigners. In this process, there emerged comprador bourgeoisie that practically was at the service of the foreign interests. This factor exactly prevented Iranian businessmen from being strong enough to be able to invest in industrial section, like foreign merchants. So, in modern history of Iran, the new industries, especially the petroleum industry, were under foreign management and definitely under Britain control.

When Iranians were disappointed with achieving the independent socio-economic development, their historical self-consciousness in the late nineteenth century took place. Through this historical self-consciousness the commercial force identified domestic and foreign obstacles of comprehensive development. As a result of this consciousness, business people fought against internal tyranny and external colonialism. This struggle led to the tobacco movement and constitutionalism. So, with establishment of the constitutional government and the independent state, the first experience of political development occurred. In this way, Iranians could enter modern era in the Middle East before others. Iran was the first country of the Middle East which experienced constitutional revolution in 1905-1906. Although this experience brought many great achievements to Iranian people, weak urban socio-economic forces along with domestic and foreign obstacles made the achievement of political

development unstable. So, after the constitutional revolution, Iran fell into the grip of so called enlightened dictatorship in Pahlavi era and thus the first development experience in both socio-economic and socio-political arenas came to failure (Ashraf, 1380: 106-123).

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