

## ROUND TABLE

## Capitalist Lineages of Early Modern Iran

Maziar Samiee

University of Sussex

(Received 5 February 2023; accepted 6 February 2023)

Iran is hardly perceived as a normal country, whether it be by Western commentators and politicians critical of the government, Iranian leaders who impart special distinction to it, or ordinary Iranians protesting against it. This sense of anomaly has become so ingrained that some factions of the Iranian opposition take to social media to express their yearning for a “normal life.” Economic peculiarities form one aspect of Iran’s supposed abnormality, and the solution to them is posited as the establishment of a free market economy. Without denying the specificities of contemporary Iran, in this contribution I seek to scrutinize the very norms against which it is compared. I challenge the pathologizing approach that identifies Iran outside of or at the margins of history as a failing or stagnating polity and economy. This approach presupposes that a singular pattern of capitalist modernity is capable of yielding progress and prosperity, and diagnoses developmental shortcomings as the automatic outcome of deviating from a normal path of development.

It is common for the Iranian media, intelligentsia, and even many state officials to decry Iran’s political and economic structures as those of a rentier state, that is, operating contrary to the rules of the free market. In line with this prevalent sense of exceptionalism, Iran is seen as both blessed with a wealth of natural and human resources and, in part as a result of them, deterministically cursed with instability and despotism. These same factions lament that Iran’s economy lacks a well-functioning private sector. Instead, they argue, it is marked by cunning individualism, which hinders the formation of appropriate social systems and leads to predatory, short-termist activities.<sup>1</sup> A recurrent theme in this narrative is the comparison of current economic developments, particularly privatizations, with the Qajar *tuyuldāri*, a system of royal endowment of land to military commanders, government bureaucrats, and other influential figures.

With Iran supposedly stuck in an eternal transition from tradition to modernity, its economy is said to be stalled at or regressing to a combination of precapitalist mercantilism, *tuyuldāri*, and anticapitalist impulses from state and society.<sup>2</sup> Then, as now, it is argued that a lack of legal and institutional protections of property rights, porous boundaries between the public and the private, bad governance, vast clientelist networks, and endemic corruption have hindered capital accumulation and, in turn, development efforts. The analogy between the current economic order and Qajar *tuyuldāri* mirrors some scholarly analysis of the economic history of early modern Iran, a research program largely concerned with

<sup>1</sup> Mahmood Sariolghalam, چرا ایرانی ها نمی توانند باهم یک سیستم بنا کنند؟ [Why are Iranians not able to build a system together?] *Sariolghalam*, November 26, 2020, <https://sariolghalam.com/2021/11/26/چرا-ایرانی-ها-نمی-توانند-باهم-یک-سیستم-بنا-کنند-؟>.

<sup>2</sup> Abbas Akhoondi, دام سیاست [The trap of politics] *Tejarat-e-farda*, July 2016, <https://www.tejaratefarda.com/بخش-اقتصاد-2043/35-دام-سیاست>; Moosa Ghaninejad, معمای نظامی اقتصادی ایران [The puzzle of the Iranian economic system] *Donya-e-eqtesad*, July 3, 2016, <https://donya-e-eqtesad.com/بخش-سر-مقاله-1058870/28-معمای-نظامی-اقتصادی-ایران>.

obstacles, absences, and failures of capitalist development.<sup>3</sup> The analogy is viable not due to the precapitalist nature of today's Iranian economy, but rather because of proto-capitalist developments in the late nineteenth century that fundamentally transformed the organization of agriculture, land, commerce, and money, and indeed formed the roots of capitalist social relations in Iran. The aim here is not to fit Iran into a specific category of capitalism and overcome a perception of backwardness through scholastic rhetoric, but to highlight actual dynamics, innovations, and changes that preceded and enabled the rise of historically specific capitalist relations. Only then can we move beyond stagist arguments about Iran's elusive capitalist modernity.

To discuss the capitalist lineages of the Iranian economy we ought to clarify the conceptualization of capital, and indeed of what constitutes a capitalist social and economic order and polity. Given the contentious and complex nature of the matter, although it may be impossible to provide a convincing general definition of capitalism, it helps to emphasize what capitalism is not. First, a political economic analysis of capitalism is not about objects, or the relations of agents to objects, but rather about how objects and agents are situated within the relations of agents. It is not about the machineries of production, but rather institutions, arrangements, and techniques that organize production, exchange, and ownership. An economistic separation of politics and economy and a bias toward production with a limited notion of the material conditions shadow both mainstream and heterodox scholarship on capitalism, in which money and finance are often treated as secondary, or mere appearances of real dynamics.<sup>4</sup> More specifically, money is seldom analyzed as a social institution and a relation of power.<sup>5</sup> However, the development of capitalist relations entails the very process by which money and financial devices such as bills of exchange, discounting, and double-entry bookkeeping start to govern various relations.

Second, in keeping with thinking of capitalism not in terms of fixed technologies but as an evolving set of social technologies, it must be stressed that capitalism is not synonymous with industrialization. Scholars are reticent to study merchant capital and mercantile economic dynamics in terms of capitalist relations, an orthodoxy that narrows the scope of historical capitalism to the rise of industrial manufacturing in eighteenth-century England.<sup>6</sup> Not only do the capitalist techniques of Italian city-states predate these developments in England, but neither were they uncommon outside Europe. Contrary to the traditional image of the "Asiatic traders as high-class pedlars hawking about in their small packs tiny quantities of valuable merchandise—spices, pepper, pearls, perfumes, drugs and diamonds," in reality "genuine capitalists," as Braudel calls them, were widespread from Egypt to Japan even in medieval times.<sup>7</sup>

Last, in contrast to the internalist and Eurocentric narrative of capitalism as rising autonomously from within English property relations, the historical origins of capitalism are international and go far beyond intra-European dynamics, let alone the historical transformation of property relations and capitalist development in England, as crucial as it was.<sup>8</sup> Neither the comparative approach nor methodological nationalism can capture the

<sup>3</sup> Ahmad Ashraf, "Historical Obstacles to the Development of a Bourgeoisie in Iran," *Iranian Studies* 2, no. 2-3 (1969): 54-79; Ahmad Seyf, "Obstacles to the Development of Capitalism: Iran in the Nineteenth Century," *Middle Eastern Studies* 34, no. 3 (1998): 54-82.

<sup>4</sup> Jonathan Nitzan and Shimshon Bichler, *Capital as Power: A Study of Order and Creorder* (London: Routledge, 2009); Geoffrey M. Hodgson, *Conceptualizing Capitalism: Institutions, Evolution, Future* (Chicago: University of Chicago Press, 2015), 62-73, 164-70.

<sup>5</sup> Geoffrey Ingham, *The Nature of Money* (Cambridge, UK: Polity Press, 2004).

<sup>6</sup> Jaius Banaji, *A Brief History of Commercial Capitalism* (Chicago: Haymarket, 2020).

<sup>7</sup> Fernand Braudel, *Perspective of the World: Civilization and Capitalism, 15th-18th Century*, vol. 3 (New York: Harper & Row, 1984), 486.

<sup>8</sup> Alexander Anievas and Kerem Nişancıoğlu, *How the West Came to Rule: The Geopolitical Origins of Capitalism* (London: Pluto Press, 2015).

multiplicity and intersocietal nature of the development and expansion of capitalism, but the history of capitalism is not isolated from the history of colonization, slavery, and the extractivist transformation of nature.<sup>9</sup> As such, 1492 and Columbus's quest for the New World, not the industrial revolution, could be considered "year zero" of capital accumulation.<sup>10</sup> Capitalism is best understood as a complex of forms and techniques that shape a future-oriented order of power relations through the abstract calculus of value.

From this perspective, late nineteenth-century economic developments in Iran can be studied as lineages of capitalist social relations. It was at this time that land and agriculture were increasingly commercialized and reorganized for the production of cash crops, foreign trade expanded, a complex credit system emerged, and other institutional innovations arose. Nineteenth-century Iranian merchants involved in international trade increasingly invested in land for the cultivation of cash crops like cotton, opium, silk, and tobacco. Another major development was the large-scale sale of the crown lands, or state lands, and the intensification of land and labor use for increased agricultural yields.<sup>11</sup> The commercialization and sale of crown lands undermined food security as Iran shifted from a subsistence economy capable of producing the wheat and cereal it consumed domestically to a net importer of grains.<sup>12</sup> Many scholars have interpreted this fall in self-sufficiency and the deterioration of food supply as a sign of the underdevelopment of Iran's productive forces and agrarian techniques, a move opposite to the rise of capitalism in Europe.<sup>13</sup> This interpretation presupposes the efficiency of capitalist relations and treats the inability of Iran's agricultural system to respond to domestic demands as precapitalist, when it was in fact a reaction to competitive capitalist pressures. However, the commodification of land, the growth of a class of absentee landlords, and the transformation of many peasants to landless laborers, some earning cash wages and others entangled in debt, were crucial to the capitalist transformation of social relations. Food supply shortages in turn-of-the-century Iran, then, do not indicate an absence of capitalist relations, but are in part explained as capitalist market failures.

The expansion of financial techniques and their attendant institutional arrangements comprised another fundamental trend of late nineteenth-century Iran. The production of cash crops necessitated a complex system of advance payments, loans, and contracts. The method of advance payments severed the Iranian economy from its cyclical temporality and reoriented its thinking toward the future. Price changes in London or new trends in Shanghai impacted the decision-making of merchants invested in the booming opium business.<sup>14</sup> With trade growing, late nineteenth-century merchants could no longer rely on cash or barter for their imports and exports, and started to use bills of exchange and drafts. A complex credit system that involved discounting emerged and formed the backbone of commercial activity.<sup>15</sup> Credit relations grew so expansive that bankers (*sarrāf*) specialized to meet the needs of different demographics.<sup>16</sup> Merchants, again, were key players in money markets. Given the dependency of merchants on loan and credit, Islamic leaders innovated

<sup>9</sup> *Ibid.*

<sup>10</sup> Jason W. Moore, "World Accumulation and planetary life, or, why capitalism will not survive until the 'last tree is cut'," *IPPR Progressive Review* 24, no. 3 (2017): 175–202.

<sup>11</sup> Gad Gilbar, "The Opening Up of Qajar Iran: Some Economic and Social Aspects," *Bulletin of the School of Oriental and African Studies* 49, no. 1 (1986): 76–89.

<sup>12</sup> Willem M. Floor, "The Creation of the Food Administration in Iran," *Iranian Studies* 16, no. 3–4 (1983): 199–227; John Foran, "The Concept of Dependent Development as a Key to the Political Economy of Qajar Iran (1800–1925)," *Iranian Studies* 22, no. 2–3 (1989): 5–56.

<sup>13</sup> Ahmad Seyf, "Commercialization of Agriculture: Production and Trade of Opium in Persia, 1850–1906," *International Journal of Middle East Studies* 16, no. 2 (1984): 233–50.

<sup>14</sup> Ram Baruch Regavim, *The Most Sovereign of Masters: The History of Opium in Modern Iran, 1850–1955* (Philadelphia: University of Pennsylvania Press, 2012).

<sup>15</sup> Willem M. Floor, *Guilds, Merchants, and Ulama in Nineteenth-Century Iran* (Washington, DC: Mage, 2009).

<sup>16</sup> Willem M. Floor, "The Bankers (*sarrāf*) in Qājār Iran," *Zeitschrift Der Deutschen Morgenländischen Gesellschaft* 129, no. 2 (1979): 263–81.

legal formulations to allow *bay'-i shart*, a form of conditional sales.<sup>17</sup> Another judicial innovation was the institution of *kargozar* offices that would settle the dispute between European merchants and locals. The network of *kargozar* offices served as a bumper to the advance of Europeans in the Iranian economy.<sup>18</sup>

The late nineteenth-century was a period of political turbulence for Iran, but it also witnessed radical changes in economic relations that profoundly altered the fabric of Iranian society. The urban population almost doubled between 1850 to 1910, with many of the residents of Tehran considered *ghoraba-ye motefareqeh*, or strangers, dislocated from their places.<sup>19</sup> Perhaps a small number relative to the general population, hundreds of thousands of Iranians nonetheless worked as wage earners, including thousands of migrant workers who went to Russia and returned to influence the formation of worker movements in Iran. The mercantile class emerged as a major social force and the bazaar, or marketplace, became a significant political powerhouse and continued its role until after the 1979 revolution. The nineteenth-century proliferation of cash crops paved the way for Reza Shah to use the same strategy of labor- and land-intensive agrarian accumulation to finance the trans-Iranian railway, one of the first major industrialization initiatives of the country, which created a unified national market for the first time. Similarly, the commodification of land and the sale of crown lands were integral preconditions of Mohammad Reza Shah's land reform. With the global rise of capitalist relations and mounting external pressures, various forces sought the development of the Iranian economy. If they did not succeed as they intended, it does not mean that their efforts left no imprint. The tendency to pathologize Iran's economic development as failed stages on the pathway to modernity overlooks these crucial lineages and changes.

---

<sup>17</sup> Nobuaki Kondo, "Conditional Sales and Other Types of Loans in Qajar Iran," *Journal of the Economic and Social History of the Orient* 64, no. 5–6 (2021): 615–39.

<sup>18</sup> Gilbar, "Opening Up of Qajar Iran."

<sup>19</sup> Floor, *Guilds, Merchants, and Ulama*.