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THE EFFECTS OF TREATIES CEDED TO RUSSIA AND BRITAIN DURING THE QAJAR PERIOD (NASERI AND MOZAFARI)

Abstract:

Qajar governments of Naseri and Mozaffari periods, while western countries were developing in the economic fields, investment exporting policy to undeveloped countries, lagged behind others in the domains of agriculture, trade and industry. Regarding this fact and determining its origins, many theories have been presented since that time. Obstructionism in the essence of Qajar state and government's inability to recognize the economic facts and foundations of countries' development, proper cultural basis for social retreat from the world and ultimately the government's submission to Russia's and Britain's colonial policy were among the causes for the lag of country's economy behind the process of development. This article will firstly deal with the economic changes and study of Iran's government in Naseri and Mozaffari periods, then it will refer to the scant measures taken by the government in the domain of economic development which led to a fruitless economy. Thirdly, the article tries to talk about those social layers of the country such as merchants who had significant incentives to stimulate the economic growth in the country. They not only lacked the government's support but faced many obstacles by the state. In the fourth place, we will infer from high rate of bankruptcy, degeneration of domestic traditional industries, conversion of a few trades, some entities, to economy, obvious signs of economic deadlock against development and analyze them.

Keywords:

Qajar, Naseri, Mozaffari, privileges, consequences, Russia, Britain

Introduction

In recent centuries, the developments occurred in political, economic and cultural fields in Europe caused the superiority of some countries in this continent over other countries of the world. Countries including England, France and Russia have achieved significant progress in this regard. In order to expand their power and gain more interests, they sought to have an influence on weaker countries.

One of the countries that attracted the attention of colonial governments was Iran. These powerful countries through various ways tried to influence the ruling board in Iran so that they could reach their colonial goals. The best way for them to influence Iran was to get privileges. The concessions that in most cases got the colonialists to compete with each other.

Iranian history and culture were full of honors that people of this land despite the ups and downs in their political, social and economic lives have created. In comparison to political, economic progress of the world's powerful nations, there is a long way ahead though.

Every Iranian patriot should critically scrutinize the reasons preventing their country from making progress. With an overview of not very distant past, it seems that one of the most important reasons is the influence of foreigners on political, economic and even cultural aspects of the country, what we call it colonialism. However, colonialism in the form of the first method never existed in Iran and can be interpreted as interference of foreign countries in Iran.

Along with the developments happened in the world from 16th century on, most European countries namely Britain, France, Russia, Spain and Portugal became colonial powers. To achieve their colonial aims, these countries needed to have supervision and influence on their colonial societies.

Geographical location of Iran was such a way that could form the basis for the influence of great powers. England and France which were competing to take over India, the scope of this competition was extended to Iran and imposed so many losses on the political and economic independence of Iran.

Following the Iran's military defeats from England and Russia, the Qajar government was forced to grant many commercial, economic privileges to these countries so that it can survive.

Transfer of some privileges was done under the force and coercion of colonial powers over the kings and their chancellors but some were granted willingly and under certain conditions.

Anyway, granting of privileges in that period, both directly and indirectly had a great effect on the political, economic and even cultural structures of Iran and brought about some consequences. In this article we are not supposed to discuss all the privileges assigned in the Qajar period which caused political and economic distress in Iran. So we will only study some important privileges granted in the Naseri and Mozaffari periods to the governments of England and Russia which had tried to get them more than any other countries.

Causes and bases of transferring privileges in the Qajar period

Gaining economic-political privileges was the other stage of tsarist Russian government's expansionism in Iran that took place in second half of nineteenth century. The Russians who with Torkmanchai treaty provided the chance to have comprehensive presence and influence on Iran, along with territorial expansion in the north-eastern part of Iran, they in competition with England aimed to gain political-economic privileges too. In that period, Russia through belief domination on Iran could easily impose its political will on the ruling power. In fact, Qajar court had no authority. The king and courtiers used to give the economic resources to the colonial government in exchange for some small amounts of money. Of course, some believed that the only way to achieve the country's progress and prosperity depended on transferring these privileges.

King Naser-al-Din whose period was the advent of giving privileges to foreigners, was a capricious and tyrannical man. He from time to time claimed to be a progressive reformist but after a little while he was regretful, since his greed and desire for money didn't let him do such things. To earn money for the cost of dissipation and satisfying his avarice, he was always ready to sign a treaty. He signed eighty- three treaties on trade, politics and borders with foreigners, in all of which Iran was deceived." Thirty-five of those privilege letters were signed primarily for bribery and obtaining some gifts"(Nazem-al- eslam, 1992, 99-100, on the concessions transferred to Russia). The fear of Russia was a decisive factor, because Naser-al-Din shah was severely intimidated by Russians.

Another effective factor in the transfer of privileges by Naser-al-Din was his trips to Europe. He traveled to Europe three times. In those trips both his fear of Europeans and his fondness of their opulence increased. In every trip to Europe he would give a series of resources to them in exchange for some negligible receipts. The concessions granted to Europeans by the shah and the court reached a peak in the shah's third trip. It continued to the extent that " the courtiers were competing to sell the country and each one from time to time just for their own personal interests showed different ways of treason to the king"(Teymouri, 1953, 213).

Naser-al-Din shah during his third trip when he saw the criticism and blame by European newspapers and also a Persian language one called Akhtar, ordered to be prevented from any reforms in the country." Such events increased the shah's hatred of people's knowledge about contracts with foreigners and in private occasions repeatedly said that my servants and people shouldn't be aware of anything except for the issues related to Iran and their own affairs, for instance if they heard the word Paris or Brussels, they wouldn't be able to recognize if it was name of a food or drink"(Amin-al-Dawlah, 1991, 131).

Statesmen of the Qajar also played an impressive role in giving concessions to the European countries and it can even be said that in most of the concessions granted to the foreigners, their roles were determinant. Statesmen such as Mirza Hossein Khan Sepahsalar, Mirza Molkem Khan, Amin-al- Sultan were among those statesmen.

Sepahsalar was the statesman who saw the only way to progress and prosperity of the country in granting concessions to foreigners. When he handed over the privilege

Reuters to the British, told Naser-al-shah that;" you, signing this treaty have revived the country and nation". "And when it is put into action you will find the country and government not similar to what they used to be" (Adamyat, 1961, 353). Of course, his goal was to have the Britain involved in Iran's fate distancing Russia from it. When he became disappointed in the British, returned to Russia and after cancellation of the privilege Reuters promised the Russians to grant the railway privilege from Jolfa to Tabriz and from the shores of Caspian Sea to Tehran. Also in the second trip of Naser-al-Din shah to Europe, Sepasalar played a key role in giving Brigard and kazakhs concessions to Russians. The north fishery concession was transferred to Russia by him too (Teymouri, 1982, 293).

Amin-al-Sultan, the chancellor of Naser-al-Din shah and Mozaffar-al-Din shah was the one by who the greatest number of concessions were transferred to foreigners. Etemad-al-Saltaneh believed that he was responsible for destruction and distress of the country and widespread corruption. In fact, most references agree that he was a traitor and always was seeking for his personal interests.

Of course, he didn't deny that. When one of the clergies said to him" you, Mirza Ali Asqar Khan, sold the Iranians down the river. I counted that every Iranian has been sold to a foreign government at 15 Qerans [the currency at that time]. Amin-al-Sultan replied" I sold them at a high price, each Iranian doesn't worth more than 2 Qerans (Haj Sayyah, 1980, 511).

One can search for Amin-al-sultan's periodic turning toward England and Russia in this attitude. By following the positive balance policy, he sought to have Britain and Russia confront each other in order to be able to preserve the independence of Iran.

Scientific and industrial backwardness, lack of experts and necessary infrastructure were other factors causing the economic privileges to be transferred to foreigners. Increasing communication in the Naseri period provoked some of the intellectuals and statesmen especially ambassadors of foreign countries to conclude that the rise and progress of Iran depended on the assigning the foreign nations to carry out he economic plans. Doing this, Iran could use the knowledge and expertise of Europeans and its own capital to get rid of scientific and industrial backwardness, they thought.

In one of the treatises has been mentioned that in Iran mines of any kind are available but there are no means of using them and also no knowledge of scientific delicacy and practical tasks. So there will be no harm publishing notification letters in foreign countries through newspapers, announcing that members of different professions who tend to stay in Iran can come and spread their professions in the country. This way, both the foreign owners of the professions and people of Iran can benefit. Iranians can learn about the unknown points of industries as well (Adamyat, 1982, 242).

Seeing the progress of European countries and being aware of their political status, most of employees and ambassadors in Iran came to the conclusion that with the Qajar's authoritarian and reactionary system, the only way to progress and prosperity is to transfer privileges to foreign nations.

Insecurity and fear of confiscation, seizure of property were other causes of giving concessions to foreigners. Merchants and domestic investors who always were prepared to invest, were in distrust and afraid of their wealth to be uncovered. In this

regard, one of the European historians has written: " In the world there is no nation like Iranian nation who fears of revealing their capital since they are always living in fear of the government. Every Iranian has to and likes to keep their capital in hand and hide it in a certain place (Verhram, 1988, 202).

According to this fact it can be said that domestic investors' lack of investment security is one of causes of transferring privileges to foreigners. On the other hand, this lack of security was only for citizens. Foreign investors enjoyed the effective support of the government. Under these conditions, the status of Russian residents whose government could impose the consular right to Iran was quite distinctive. No one dared to force them to give a single Dinar and on the condition that it happened then Qajar government was obliged to pay several times more than what they had given. In short, the Qajar tyranny was at the colonialism's service to ruin the country's welfare, security and independence. A few people who from time to time stepped for reforming affairs got disappeared by the colonial tyranny.

Another point in connection with the transfer of concessions to Russians we can point to, is the effect of Turkmanchai treaty on those privileges. The Russians based on that treaty could provide the appropriate bed for having comprehensive influence on Iran and through all the obligations imposed to Iran in that treaty, they were able to have their presence in different times and conditions. So one can say that obtaining economic, political and social privileges from Iran reoccurring some decades after Turkmanchai treaty, were actually the implementation of the provisions of that treaty in some new forms which had been provided by Russians since years ago.

An overview of foreign trade in Naseri period

Tobacco movement was one of milestones in the Qajar period and in fact without understanding the causes of it, the way to analyze the next events of Iranian history which led to the Constitutional movement would be closed. If we accept the general view that historical events have an appearance and an essence and appearance reflexes the things happening behind the scenes and also if we pay attention to the point that the identification of an historical incident is just possible in light of logical discovery of inner side of that, then we will conclude that there was a thought behind the tobacco movement showing its essence.

Regarding identification of Tobacco movement, there are three analyses: first, the view believes that the incentive to bring about that historical event was merely an economic and political one (Adamyat, 1982, 35), and in the case of monopoly of tobacco, the main performers of that event were merchants, (Adamyat, 1982, 86). The second view says that the rise to oppose the concession was apparently due to the coalition of reformists, nationalists and religious leaders (Kadi, 73). In this regard, the role of Seyyed Jamal-al-Din and Mirza Molkem Khan's followers was strongly emphasized (Adamyat, 1982, 86). The third view is based on the theory arguing that domestic changes in the Qajar period happened as a result of international competition of two superpowers Britain and Russia to achieve political, economic domination over Iran. So tobacco movement was interpreted as the indicator of England's retreat from Russia (Kazemzade, 1975, 96). According to this view, the rise

against the concessions granted took place due to stimulation by Russian agents in order to win their rival in the competition for dominating the economic arteries of Iran and put it aside to consolidate their position in Iran. The other view finds Britain's role in domestic changes in Iran more impressive. In fact, this issue reminds us that seemingly the movement against the regime was stimulated by the British agents. This multiplicity in the tobacco movement analysis shows that the historical thought was in turmoil studying the events happened in Qajar period and it is a good idea to critically examine in light of books and other sources.

Iran's foreign economy in Qajar period was truly in direct relationship with the global capitalist system, in such a way that missing the domestic market of Iran was considered an actual political defeat. Iran was the Centre of relationship among Europe, Asia and Africa. Domination on Iran's market was like possessing the economic arteries of the region. More importantly, Iran was counted as the gate of India, so dominating the political, economic status of Iran was an inevitable necessity (Karzan, 45). The granting of concessions to foreigner had two sides: first the foreigners for obtaining privileges tried to search for friends among the statesmen and that circle of friends would form their political base and secondly the domestic economy would be in the hands of foreigners. It must be noted that not all the Iranian statesmen granted concessions to foreigners because of their dependence on them but there were statesmen who did so because they thought that reaching economic growth depended on that, because in the Iranian society of the Qajar period, there was no foundation to consider the merchants' interests and provide capital security. Therefore, integration into the global capitalist system through the mentioned way was counted as the simplest solution for economic progress. In Iran the idea of utilizing the foreign capital first belonged to the shah himself. In a letter addressed to Farokh Khan Amin-al-Dawleh, he asked him to absorb the participation of English investment in constructing factories in Iran and negotiate with them (February, 1983, 148).

Social economic structure

The Iranian society in Qajar period was a collection of various structures. Each one had its own specific influence in the forms of base and apex of a pyramid. These different united groups were similar to each other in terms of structure but in terms of social classes, they depended on the social hierarchy and included groups like a tribe, a village or a group of scholars, businessmen and members of other professions.

Such a heterogeneous and fragile combination severely reduced the power of the central government. The fact is that Qajars, after domination on Iran produced no new discipline, didn't reorganize the existing structure which they had inherited but they imposed their own will on the current situation. They assigned their own men to the governmental positions in place of the former members of the previous government and without handling the social and economic structures they spread their sovereignty throughout Iran.

The sovereignty that was always in fear of riots and insecurity and its legitimacy was challenged by the discontented elements from different groups (Flora, 1986, 20).

In Naser-al-Din Shah's period, massive presence of western goods, the transfer of economic privileges and natural resources of the country to the Europeans, inconsideration and disrespect to the businessmen, caused a growing imbalance between old authoritarian system and the demands of owners of urban professions (Kadi, 2013, 67).

The Naseri government because of available material benefits which had resulted from selling natural resources didn't need the businessmen, so it began to oppose them and signed the contracts that harmed the domestic trade. Those contracts were nothing but loss of domestic production, reduced imports and dependence on foreign trade and businessmen. The goal of England and Russia was direct involvement in the markets of Iran. With establishment of companies, firms in Iran, they intended to remove Iranian merchants from trade in the country.

The Qajar king as a result of empty treasury and compensation for budget deficit on the one hand and high cost of his trips to Europe on the other hand signed the contracts which were beneficial to the Europeans. Through those contracts, the trade communities of England and Russia gained a lot of advantages but Iranian trade and businessmen were the real losers. The contracts resulted in nothing but economic poverty and depreciation of Iranian merchants.

Most of the privileges granted to foreigners occurred in the period of Naser-al-Din Shah in such a way that during his fifty-year ruling period total number of 83 contracts and treaties were signed out of which at least 5 ones were entered after taking bribes (Behnam, 1978, 37).

Economic progress

Supporting the domestic economy confronted two foreign economic phenomena. Foreign investment and free trade were two economic plans presented in the economic progress projects of nearly all Asian countries. Utilizing the foreign capital seemed to be accepted. Many people willing to progress liked the two phenomena. However, in terms of economic assumption, foreign investment is an issue we can assess and measure its relevant conditions. So utilizing the foreign investment neither guarantees the economic growth in the country receiving the capital nor by itself can act as a factor of its economic power (Adamyat, 1982, 297).

The British, during the treaties they signed in 19th century achieved their colonial aim that was separating the desired lands from Iran. So they would have more safety margin in case of disposal from India. In the second half of 19th century and according to the international conditions and the change happened in the colonial policy, England continued its expansionist policies while gaining economic privileges. In the meantime, Iran's internal conditions for granting privileges also were well-prepared. Qajar's financial crisis, scientific, industrial backwardness, need for reform, the greed of ruling system and some of statesmen to gain more profits and finally the fear of further Russian expansionism were the factors helping the British with gaining privileges in Iran.

By gaining privileges England intended to achieve its political purposes. The British increased their political influence and domination on Iran during the privilege gaining

time. Having granted the concessions, Iran changed into an economically dependent country whose main export was limited to raw materials while importing many consumable goods. Worst of all, Iran's major exports and imports were done through two colonial countries, England and Russia. England shared about half of the Iran's economy.

Economic relations and foreign trade

Napoleon's wars in the first decade of 19th century (1800-1804) ended in military domination of France but England was the only country that challenged that domination. Hence Napoleon instead of dealing directly with Britain in Europe decided put India, its colony, under pressure, because it was the biggest and gold-rich colony of Britain, in fact the vital artery for England.

Napoleon seeking for an attack to India noticed the importance of Iran and called for friendly relation and unity. England also asked Iran for friendship to prevent that alliance. The Iranian government which suffered from invasion of tsarist Russia, all of a sudden at the beginning of the 19th century was put at the Centre of three countries attentions, England, France and Russia. Russian government hoping for accessing the England's colony and southern warm waters started its aggressive policies against Iran.

British east India after a long gap in 18th century, occupied Caucasus once again in 1801. England made no attempt to help Iran against the invasion.

Iran unable to get united with France turned to England again and in 1814 these two countries signed a defensive alliance (limited). While there was a war between Iran and Russia from 1826 to 1828, England didn't support Iran and falsely considered Iran as an aggressive country (Naeian, 1993, 38).

Economic relations and domestic trade

In 1830s emerged an increasing consensus based on the fact that Russia was expanding its territory in Asia, Iran, Turkey, and Middle East. Then the project "the issue of east" or "the great game" was planned. In that project Iran as a buffer against Russia's expansionism and advance to India was strategically important to England (Vienna, 2003, 325).

England in the first half of 19th century by using its military power to achieve its strategic and diplomatic goals could prove its trade supremacy. Trade between Iran and England in the first half of 19th century accelerated in the Persian Gulf and in northern crowded markets.

With the political dominance of the company East India in India, the company exported English goods and fabrics instead of Indian fabrics in Persian Gulf.

England sent its goods in high quantity to the Black Sea and ottoman port Trabzon then across the ottoman land the goods went to markets of Tabriz and north parts of Iran.

At that time Tabriz was the biggest trade market of Iran. In 1850s, England was the best trade side of Iran and owned more than 50 percent of imports done by Iran (Ansary, 148).

During 50 years (1863 to 1914) a string of privileges regarding exploitation or monopoly of raw materials and development of infrastructures were given to British nationals. Those concessions in addition to be extremely beneficial to those countries, caused Britain to increase the rate of trade with Iran. This increase continued until the world war first (Foran, 1998, 174).

Russia from 1801 to 1802 in two wars with Iran and victory over it, separated vast areas of Iran's territory from the country. In the first war, annexed areas such as Baku to itself and determined a tariff of 50% for it. In the second war occurred because of defect of first treaty by Russia that country entitled to have special commercial rights (Kazemzade, 1975, 109).

There were demands for jobs to be done by Russian nationals and also for agricultural products of Russia in Iranian markets and Iran changed into a market for Russian industrial goods. Russia reduced its military pressure over Iran and tried to influence its economy by peaceful means. Russians like the British sought to gain privileges by influencing the Iranian institutions and increasing trade with Iran (Kazemzade, 1975, 109).

The balance of trade also gradually became in favor of Russia and in the period from 1910 to 1914 Iran's deficit of trade balance with Russia reached to one million. Boundless domination of Russia on the economic field was clearly visible on the threshold of world war first. That dominance was to the extent that Iran had become a part of Russian economy (Katuzian, 1998, 186,187).

Russian and British financial influence

Iranian loan giving bank formed the main levers of Russia's economic influence in Qajar era especially in Mozaffar-al-Din shah's ruling period. That bank from the beginning has thought about some extensive plans to attract various social strata of people toward itself, in such a way that even the poorest people were able to deposit their low savings in the bank and get higher interest (Teymouri, 1953, 345,346).

As the sources of that period indicated the economic policy attracted a lot of liquidity in advance." Russian loan giving bank has brought costly merchandise to be paid in 40 or 50 months, Iranian bank imagines that it is a long time and receives money to collect the whole liquidity"(Ein-al-Saltana, 1995, vol3, 2319). With massive various loan facilities given to people from different strata, the loan giving bank rapidly made a large number of people in debt.

The most important goal of the loan giving bank by giving small and large loans to the statesmen was because of its political purposes. Thus, the bank principals and its political supporters who had the top positions of the Russian embassy in Tehran were hopeful that they could exploit the statesmen's financial dependence when necessary to advance their political goals and wills (Kianfare, 1984, 78, 79). There are a lot of cases that the loan giving banks have assisted the statesmen of the country by giving

loans or grants. This policy of spending money by the bank had significant effect on the statesmen (Rasoulzade, 1998, 224).

Although the Imperial bank didn't invest so much on performing the above mentioned policy that is paying small and large loans to different social strata of people especially to the poor, it is important to know that the imperial bank in competition with the Russian loan giving bank had opened a special account in its financial and credit calculations for the payment of loans to merchants and people in high positions (Shushtar, 1965, 13).

Abdol Hossein Khan Sepeher, a historian in Mozaffar-al-Din shah's period, through a logical analysis of these two banks' activities in the Mozaffar-al-Din shah's period, interprets this way: "The Russian bank is today competing with the imperial bank and Iranian people have been violated by these two. And in a short time, the liquidity and the jewelries, other objects of the Iranian bank will be disappeared by the British bank and Russian (bank) respectively (Sepehr, 1989, 301). The imperial bank did some provocative actions in the last years before fall of Qajar. One day the pay remittance was limited and the other day restrictions were cancelled. Those actions caused anxiety among people (Avary, 1990, 422). So the imperial bank like the loan giving bank by granting small and large loans to business class and aristocracy put them under its domination and through that achieved its political goals when necessary especially when society was in chaos. Social and economic status of people from advent of the Safavid to the Constitutional period was almost the same and at least in terms of positive points didn't change much. Society of Iran in Qajar period had a medieval structure and national and religious prejudices ruled the spirit of communities. In such a society, the upper ruling classes were somewhat prosperous and lower classes lived tough lives. Some sources also have named the Qajar period the period of pre-industrialization when a relatively weak government was in charge of affairs and different states had a kind of autonomy.

However, the Iranian central government being in such a situation, in the last phases of Naser-al- Din shah's period faced another ominous colonial phenomenon. As time passed, the central government needs more money and because the borrowed sum of money didn't satisfy the avarice of those in charge of affairs, some measures were taken by them or by the shah's support to obtain new financial resources.

If the tyranny ruling the country in Qajar era, the violence of rulers and holders of power and the lack of security resulted from that which destroys the incentive to invest in traditional and manufacturing networks are added to the issues mentioned before, it might be justifiable why the investors and merchants migrated (Seyf, 1994, 54). Most sources and documents of that period show the increase in the number of colonies for immigrants to live in Carcuses region and countries like Turkey which have common borders with Iran (Jamali, Asad Abadi, 1970, 41). The remarkable point is that the economic recession in Mozaffar-al-Din shah's and pre- Constitutional period whose shadow was widespread, mostly resulted from the successive borrowings of the ruling system, the government's expenditure on inappropriate, completely non-economic cases and both Britain's and Russia's economic abuse. Russian and British capital was injected to the tribal, traditional body of the Qajar economy and caused recession

in all economic sections and consequently provided the situation for different social groups to migrate. The sources reveal that migration of Iranians to foreign countries was more common in east and north east borders of the country. Meanwhile, the Russian government created suitable conditions for living and doing affairs related to trade.

The phenomenon of immigration of Iranians to foreign country in the reign of Muzaffar al-Din Shah took more acceleration because in this period, the government received the Iran destroying loans from Britain and especially from Tsarist Russia and then unjust, one-sided customs tariff was signed with the loan giving countries. This caused the Russian government to most benefit from the existing situation. After that the flood of Russian trade goods came to the markets of indebted and weakened Iran. That fact, In addition to the commercial interests for foreigners (Russia and Britain), led to the loss of commerce, agriculture and livestock, and people forced to the cities of Russia and Iran turned into a cemetery (Adamyat, 1975, 69). So it can be acknowledged that one of the most important consequences of economic dependence on Russia and Britain was the social withdrawal of the Iranian people especially through the north east and northwest borders and staying in areas like Turkey, Carcuses and other areas, areas that are generally under the cover of the tsarist empire.

Trade:

One of the consequences of improper relations with Russia and England was the effect of this phenomenon on economic situation of Iran's trade. With the export of foreign financial resources to Iran, most of them in the form of loans, the trade of Iran was transformed. Russia because of having a common border with Iran enjoyed a better situation especially because of the fact that Tsarist government gained concession for the construction and utilization of the most important commercial routes in the north (Grote, 1990, 269).

Besides the banks such as the loan giving bank and imperial bank, another factor that led to the boom in the trade of foreign governments, especially the Russian and British trade was imposing the financial and economic agreements on the Iranian government. The imposition of these contracts caused a rise in the trade of foreigners but resulted in backwardness in Iranian trade. Of course, It had social and economic consequences too (Ashuri & Raiesnia, 1968,44-46).

England during non-exclusive capitalism in the West played a major role in Iran's foreign trade, especially in the southern regions. At that time, the Russian and British governments imposed their economic domination over Iran paying a bond of various loans. Doing that, they only created barriers against the activities of Iranian investors, especially in the field of industry (Bariar, 1984, 21). In the reign of Muzaffar al-Din Shah, the British government to imitate ancient rival (The Russians) tried to develop their political - economic influence in Iran using all the facilities available except for the

establishment of numerous companies, of course, the paying loans to the ruling system was considered important.

The Russian and British governments which had their branches of business companies in most cities of Iran, in addition to their widespread commercial activities, they created a lot of restrictions for Iranian merchants (Flora, 1987, Vol. 2, 171).

Iranian businessmen could not compete with large foreign capitalists and therefore every day they became weaker and more indigent than the day before and eventually abandoned and bankrupt (Razaghi, 1988, 14). Thus, the Russian and British governments exporting their investments to countries such as Iran tried to in addition to the agricultural sector, take other parts of the economy of Iran (commerce and industry) under their own authority and with paying heavy loans to the central government, increase the dependence of the Iranian government to their monetary system and stabilize their position. Iranian businessmen finding the industrial sector of the country closed, spent their capital on buying the lands of the landlords and the king, and this was the mater which enhanced the descending process of economy of the state (Ivanov, 1978, 16).

Industry and mining

After trade, industry and agriculture were other economic sectors which under the influence of the Russian and British policies in the Qajar period, went toward the stage of destruction. In this regard, it must be admitted that the backwardness of domestic trade, had bad effects on many native industries, such as the spinning and weaving and agriculture, and threw them out of the boom of the past (Foran, 2003, 196 -197). Multiple bonds of loans led to the increasing dominance of Russia and Britain (especially Russia) on economic and financial system of the country, and these countries after controlling the customs centers in Iran, changed the trade and commerce in their favor (The Timoury, 1953, 404).

After a while, all domestic markets were full of foreign manufactured goods. Due to that fact, many native industries, after facing bankruptcy had to disappear. The destruction of industries can be considered as one of the consequences of foreign borrowing. In other words, after (domestic and foreign) trade, agriculture and industry sectors because of the financial and economic influence of the West and the entry of foreign capital (especially through foreign borrowing) into the financial system got severely damaged.

While the handicrafts of Iran were under the blows of the imported products from all sides and were diminishing, the growing poverty of the peasants was undoubtedly one of the main factors limiting the domestic market (Seyf, 1994, 15).

Anyway, after agriculture, industry sector also under the influence of negative foreign borrowing started to descend. Meanwhile, indigenous and national industries of various historical periods of Iran, once competing with the best industries in the world, completely disappeared during the Qajar period. On the other hand, as previously mentioned, the roots of the Iranian industrial activities go back to the sixteenth and seventeenth century which coincided with ruling of the Safavid dynasty. Iran was counted as industrialized country in that period, and its handicraft goods were

exported to other countries. Iranian native industry and related fields, especially in the Safavid period and during the reign of Shah Abbas I (1588) stood at the peak of progress and prosperity. The royal workshops known as (imperial stays) were gathering places for many workers and tradesmen who were working in different professions (Sivary, 1984, 169)., with the advent of the nineteenth century which was counted as the progress and advancement of human civilization, Iran got involved in internal and foreign wars and suffered severe social harm (Nafisi, (1989, 79).

On the other words, the weakness of Iran starting during the attack to Iran by Afghans and continuing until the establishment of the Qajar dynasty, in this period (Qajar) also became worse by the Russian and British colonial policy(Nasr, 1984, 386). In the Qajar period, the influence of western capitalism caused the livelihood economy of Iran, after centuries, to go under the domination of the West and provided the bed for the dependence on the global capital and economy. Since Industrial Revolution and after that in the Second Industrial Revolution (development of railways and telegraph lines) those European countries thought of foreign markets to sell their goods, countries like Iran fell into the trap of Western economic (Malekzadeh, 1992, 134).

Therefore, it can be acknowledged that until the end of the reign of Nasir al-Din Shah, in addition to the harmful commercial treaties signed by the central government and foreign governments, and Russian and British colonial and unjust behavior dealing with Iran's economy and industry (Paolovic, 1978, 35), what caused weakness in the industries of Iran was the lack of support from the king and the court.

Following these bonds of loans, a massive flood of western industrial products, especially Britain and Russia came to domestic markets and caused the gradual decline of native industries of Iran (Vatankhah, 2001, 399). Iranian economy which had come out of recession and was integrated in the global markets in an inharmonic form and without an inner dynamism, encountered the collapse of domestic markets, decline of national industries and eventually export of raw materials (Baryar, 1984, 21-22).

Russian and British governments along with the payment of loans to the Qajar kings and gaining colorful economic and commercial privileges in Iran strengthened their economic and political domination (Baryar, 1984, 21). In fact, Russian and British governments were nations which through gaining various privileges achieved a peaceful capture. Particularly the Tsarist government that over time, made the economy dependent to politics and in all economic centers of the country made huge investments and followed this policy through loan giving banks and giving loans to people from different social strata. The British also followed the monetary policy step by step after the constitutional movement and achieved their goals (Etehadie, 1978, 44).

So the influence of foreigners that at the beginning of the Qajar monarchy might mostly have military and political and financial form, in the late Qajar period became completely financial and economic. This situation was the one which according to Edward Brown called semi-siege mode.

Conclusion:

Apart from the growing influence of Russian and British governments in Iran and the comprehensive dependence of the central government to the outside world, the constitutional movement must be one of the most important complications of borrowing from foreign governments. Also, the Russian and British were able to pay the money to the king and courtiers around him and make a semi-siege status in Tehran and other sensitive parts of the country, so that not many individuals in any post and position could step contrary to the interests of these governments. This situation increased dissatisfaction with different people, especially people living in urban areas and their protest against the government. Loans from foreigners strongly influenced the public spirit, and the change in the cabinet of this period should also be considered as a result of this political situation. The cabinet could not create any new financial resources for the government and the king, so it had no choice but falling from the throne of power. Increasing dependence on foreign countries was the result of borrowing from them.

Since foreign investment in the form of loans was used by colonial governments to consolidate the foundations of imperialist influence in Iran, Qajar government gradually changed and its dependence of modern resources went beyond the borders. In terms of the economic view, most financial resources, especially customs, handled to the foreigners. Russia and Britain after taking the control of the customs of the north and south, acted such a way that the exports of these countries to Iran dramatically increased. Soon, and with the continuation of this process, the commercial centers and after that industrial ones, one after another went bankrupt. Native and traditional industries were forgotten, and the owners of this industries, made a living by working as labors. Agricultural industry was another economic sector of the country that severely damaged due to foreign borrowing. A variety of agricultural products, especially in the late Qajar period were grown so that imperial governments could benefit. Foreign borrowing had bad effects on different classes of society, especially the poor.

On the other hand, this phenomenon ruined the Iranian social structure. Soon after the establishment of the borrowing bank by Russia and the British Empire, a large groups of people, were in debt. If they did not protest against the influence foreign factors, they became indifferent to this situation and the political future of the country.

The migration of Iranians, especially in the areas of eastern and northeastern increased a lot, because the Russian government provided suitable conditions for their living and career. Immigration made the villages of the country emptier than in the past and this situation left the farms without farmers. Tax increase and the growing poverty were also consequences of foreign borrowing in this period. The central government in order to repay the loans had to increase the taxes and so the poverty did. After presenting the summary of social and economic political foreign borrowing in the Qajar period, it is time to mention two basic points: first, basically, the act of borrowing from other governments by itself cannot be harmful, but what makes it damaging, is the receiving conditions and how, where to invest. Qajar authority received the loan

subject to worst conditions then spent it not on economic arteries but on European travels and enjoyment, and it caused economic, social and political double damage.

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