Safavid Trade During the 17th Century: Iran's Transit Economy

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Safavid Trade During the 17th Century: Iran's Transit Economy

Middle Eastern Communities and Migrations

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Abstract:
The seventeenth century ushered in a plethora of changes in global trade patterns. These fluctuating trade patterns began to generate nascent economic, political, and social trends the likes of which had never been seen before. Ultimately, the product of these trends points towards the emergence of a truly global economy. Evidence of this phenomenon is fairly well documented, as it served as the catalyst which transformed civilizations in nearly every corner of the world. It is in this critical time period where the foundation for modern terms such as “globalization” and “interconnected global economy” was first laid. Essentially, a select group of industrializing Western powers experienced an increase in demand and consumption, thereby triggering an increase in the production and transport of goods and resources from the East. Obviously, there were major consequences, intended and unintended, which stemmed from this inherently unbalanced system—e.g., colonialism, capitalism, modern imperialism, and nationalism. Despite the global scope of these developments, there are very few publications which properly document the role that Safavid Iran’s economy played within this complex system. As a result, conventional wisdom has incorrectly bred the notion that Safavid Iran’s economic impact was minimal. The purpose of this paper is to disprove this theory in three stages. Firstly, it will analyze the role that the Safavid economy played within the rapidly developing economic system itself. Secondly, this paper will consult sources which focus on the economic relationship between the Mughal Empire, Europe, and the Safavid Empire during this time period. Finally, the paper will examine the trade routes used to transport goods and services in and out of Iran.
Part I:

According to leading Safavid historian Rudi Mathee, “while Iran’s economic output is unknown and probably unknowable, it is clear that its contribution to worldwide economic activities was relatively slight.”¹ However, this should not imply that Safavid Iran’s impact was somehow irrelevant or nonexistent. This is due to one simple fact: Safavid Iran possessed vital geographic proximity between the highly productive Orient and consumption hungry Europe. The primary reason why the impact of the Safavid economy may have paled in comparison to larger nation states and empires is because the economy did not function in a “traditional” sense. While more “traditional” economies possessed a closer balance between the amount of goods exported and imported (and thereby absorbed), Safavid Iran’s economy was comparatively unbalanced in these core aspects. However, the use of the word “unbalanced” is not meant to imply a sense of instability or weakness, but rather represent the unique way in which the Safavid economy was positioned within the larger global economic system as a whole. Safavid Iran generated economic growth by capitalizing on transit trade, or the business associated with the passage of goods and services through a territory to their final destination.

The geographic area that this paper will explore is highlighted below in Figure 1. The map pictured is part of the Perry-Castañeda Library Map Collection at the University of Texas. This map provides an excellent data visualization, as it illustrates the centrality of Persia between the Orient and the major economic players to the West. Furthermore,

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this map also highlights several important ancient trade routes which will be discussed in later sections of this paper.

![Figure 1: Global Trade Routes](http://www.lib.utexas.edu/maps/historical/history_shepherd_1923.html)

There are several contributing factors which resulted in Safavid Iran’s comparatively irregular economic construction. For example, according to Mathee, “in terms of economic output, Iran, with its small population and limited resources, lagged far behind the more populous areas of south and west Asia.”² Yet, despite only having a population of approximately ten million people, its geographic location served as a “crucial entrepot for a number of commodities.”³ This included the export of silk to the West, overland and maritime trade of various consumer goods from India and southeast

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Asia westward, and the flow of precious metals back into the Indian subcontinent. Based on these observations, it is important to understand the political, cultural, social, and economic dynamics between west and south Asia during this time as an “interactive continuum” and not as “discrete and self-contained political entities.” Therefore, prior to delving into specific pieces of supporting evidence, we must adopt a working understanding of the Safavid transit economy as one which had a far larger impact on the developing global economy than previously thought.

**Part II:**

One form of economic exchange that may serve as the best example of this “interactive continuum” would be the trade and transit of bullion and silk. It is important to note again that “Iran, situated at the crossroads between Ottoman and Mughal territory, lay squarely in the middle of this flow.” In order to better understand this flow, we must first analyze the functions of, and subsequent relationship between, the Mughal, European and Safavid economies in a very basic sense.

The export aspect of Safavid Iran’s transit economy centered chiefly around the trading of silk. Silk was a highly valued commodity, especially in the Ottoman Empire and

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4 Mathee, "The Safavid," 32.
Mediterranean region to the West. In exchange for the silk, Iran received a sizeable influx of gold and bullion from the West, and from Russia to the north as well.\(^8\)

A majority of Iran’s silk production occurred in the areas near the Caspian Sea.\(^9\) However, the areas surrounding the Caspian Sea were not always under Safavid imperial control. During the reign of Shah Abbas (1588-1629), the Safavid conquest of Gilan, Mazandaran and Julfa saw the forced migration of Armenian populations to Isfahan.\(^10\) Shah Abbas then used the far-reaching Armenian diaspora in order to expand the impressive Safavid silk trade well into economies and metropolitan areas all over Europe and Asia. In the case of Julfa specifically, its destruction at the hands of Shah Abbas during the Safavid-Ottoman war of 1603-05, and the subsequent forced migration of the native Armenian population, led to the rise of New Julfa, a wealthy mercantile suburb in Isfahan.\(^11\) New Julfa soon became renowned for its silk production, drawing the attention of Shah Abbas himself. The shah saw to it that the Armenians of New Julfa received privileged treatment. It was this privileged treatment that arguably propelled New Julfa to “unparalleled heights of economic prosperity.”\(^12\)

In regards to Russian transactions, Mathee claims "a contemporary source indicates that the Russians had to pay half to one-third of the price of the goods they received

\(^8\) Mathee, “Between Venice,” 228.
\(^12\) Aslanian, From the Indian Ocean, 42.
from Iran in the form of silver and gold coins." We can infer from this information that Safavid Iran maintained a trade surplus with the major players to the North and West. However, the same cannot be said of their commercial relationships with their neighbors to the East and Southeast.

Safavid Iran’s largest trading partner to the East was Mughal India. Comparatively, India’s economy under the Mughal Empire had a far more diversified portfolio of imports and exports than Safavid Iran’s transit economy. For example, during the seventeenth century, horses, fruits, furs, falcons, corals, sables, bird feathers, white fur coats, mirrors, copper and iron were the principal Mughal imports from Central Asia and Russia alone. In regards to exports, the Mughals also had the Safavids bested in terms of the amount and type of goods and services exported. A majority of Mughal exports consisted of manufactured goods, which were in high demand in Europe and elsewhere. Some of these manufactured articles included: cotton cloth, indigo, saltpeter, spices, opium, sugar, silk cloth, yarn, salt, beads, borax, turmeric, lac, sealing wax and drugs of various kinds. Furthermore, differences between the two economies, on a larger scale, can be observed in the vastly different approaches implemented by Mughal and Safavid rulers at the time. According to Stephen Dale, “Mughal rulers had the luxury of being able merely to preside over a powerful laissez faire economy that allowed them

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to have what was essentially a free-trade foreign economic policy, while Shah Abbas instituted a kind of state capitalism and an Iranian mercantilism to develop and protect his state’s more fragile economic circumstance.”\textsuperscript{16} It is important to note, however, that the extent of Safavid Iran’s economic impact does not begin or end with the reign of Shah Abbas. Though one could certainly make the argument that the empire reached its zenith during his time as shah.

In relation to Safavid Iran’s “more fragile economic circumstance,” the Safavids managed to accumulate a “trade deficit with the Indian subcontinent, which stood in contrast to the country’s position vis-à-vis the Ottoman Empire and Russia.”\textsuperscript{17} This is because the overarching economic strategy of Safavid Iran was to generate economic growth by leveraging its geographic position and emphasis on the transit, and not the production, of goods – with the exception of silk. Therefore, Safavid Iran did not produce enough exportable goods to compensate for the large amount of commodities they were importing from the Indian subcontinent. The primary consequence of this system resulted in the mass export of bullion received from the silk trade with the West to the Indian subcontinent in an attempt to balance the trade deficit.


\textsuperscript{17} Mathee, “Between Venice,” 229.
This exchange of bullion between the Safavid and Mughal empires portrays the complex dynamics of the Safavid transit economy. In the case of the exchange of western bullion for eastern silk, neither the bullion that was imported nor all of the silk that was exported originated in Iran itself. Some of the silk originated in the Orient, and the bullion originated in the West. As is consistent with the definition of a transit economy, a majority of the aforementioned goods was never fully absorbed into Safavid Iran’s domestic economy. This phenomenon can again be observed when analyzing the dynamics involved in the exchange of western bullion for various spices, textiles, and services imported from India. A majority of these items, too, was not absorbed internally for consumption. Instead, the gold was exported to India to balance the previously mentioned trade deficit, and the commodities imported from India were shipped to the West to obtain more gold in an attempt to further balance the trade deficit.
Part III:

Having established that Safavid Iran’s transit economy did in fact play a significant role during a crucial time for global economic development, we can now more closely examine the logistics of Iran’s transport of goods and services both East and West. An integral part of generating profitable commerce in Safavid territories centered around creating a hospitable and tolerant environment in which to conduct business transactions. Given Iran’s geographic position, many transactions took place as goods were shipped East and West.

One way that Safavid Iran promoted business opportunities within its borders was by establishing an elaborate system of caravanserais. Caravanserais were similar to hotels, and were most commonly found along popular trade routes in the region. As such, they were often frequented by traveling merchants and quickly became vital to profitable commercial activity for those merchants.¹⁸ In addition to popular trade routes, the caravanserais could also be found along pilgrimage routes and soon became synonymous with the grand bazaars of major Iranian urban centers.¹⁹

Many of these routes passed through imperial Isfahan. Under the reign of Shah Abbas, Isfahan became the undisputed capital of Safavid Iran and one of the major economic centers throughout the entire Middle East—a point which can be validated based on Isfahan’s immense population statistics. French explorer Jean Chardin (d. 1713), who


¹⁹ Bryce, O’Gorman, and Baxter, "Commerce, Empire," 205.
spent time in Isfahan during the 17th century, estimated that there were around 500,000 people living in the city.20 Furthermore, “in the 1660s, Jean de Thévenot estimated the number of Indian merchants in Isfahan to have grown to 15,000.”21 Clearly, Isfahan became the commercial hub for goods and services transported along Central Asia’s primary trade routes. While some of these goods, services, and materials were absorbed into the Safavid economy, many continued to be exported elsewhere. The presence of the caravanserais serves to further the claim that the flow of goods and services through Safavid Iran was constant.

In addition to the caravanserais, an integral part of Iran’s transit economy was the vast network of trade routes used by merchants to transport goods and services in and out of

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20 Dale, Indian Merchants, 9.
the country. The transport of goods and services used overland and maritime routes, some more well known than others. For example, maritime trade routes from Bandar Abbas to Surat saw the transport of enormous amounts of precious metals between the Safavid and Mughal empires. Furthermore, one can argue that Qandahar’s significance gravitates southward due to its ties to maritime trade routes. Whereas, comparatively, one could argue that Kabul’s influence gravitates northward due to its proximity to the overland silk trade routes, such as the famed “Silk Road.” In order to obtain a more holistic understanding of precisely how caravans traveled throughout south, central, and west Asia, we will use the Qandahar-Isfahan trade route and the province of Balkh, in modern Afghanistan, as case studies.

Perry-Castañeda Library Map Collection, Medieval Commerce, map.

When discussing the Qandahar-Isfahan route, it is important to note that this route actually starts in Lahore and not Qandahar. However, because the stretch of road from Lahore to Qandahar is so well known, we will instead focus on the route as it begins in Qandahar. According to Willem Floor and Edmund Herzig, “to Iran, Qandahar was a very important source of revenue, and its importance may also explain why there were intermittent military conflicts between the Mughals and Safavids over who controlled the city.”

By the account of two British East India Company merchants, Richard Steel and John Crowther, in 1614: “Merchants of India assemble at Lahore, and invest a great part of their monies in commodities, and joyne themselves in caravans to passe the mountaines of Candahar into Persia, by which way is generally reported to passe twelve or fourteen thousand camels lading, whereas heretofore scarsly passed three thousand, the rest going by way or Ormus.” Accordingly, we can deduce that Indian merchants used the camel as a technology by which to transport massive amounts of goods overland via the Qandahar-Isfahan route. Some of these camel caravans used an alternative route by way of modern day Hormuz. For the Mughals, a majority of their trade relations with Persia began and ended in Lahore. However, that should not diminish the importance of the rest of the trade route stretching from Qandahar to Isfahan, especially for Safavid Iran.

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24 Floor and Herzig, *Arduous Travelling*, 209.

Merchants were free to choose whether they wanted to use the maritime route or the overland route. In fact, depending upon one’s location, the prices between the two were actually comparable.\textsuperscript{26} Many chose the maritime route, but those who decided on taking the overland route were often trying to maximize their profits by trading en route to their destination.\textsuperscript{27} These overland merchants conducted their commerce at the many aforementioned caravanserais.

Over time, thanks to the military might of the foreign trading companies, the overland route gradually became safer. A prime example of this can be seen in the trade shifts which occurred as a result of the Persian-Portuguese hostilities.\textsuperscript{28} While passing through Qandahar on their way from India to Iran, Steel and Crowther reported that, “prior to the start of these hostilities, around 1614, not more than 3,000 camels used to ply the India-Qandahar-Iran trade route annually, while after that year their number increased to 12,000 and even 14,000.”\textsuperscript{29} Furthermore, Steel and Crowther estimated that “the value of the goods per camel was 120-130 rupees, so the total value of trade that year was about 1.4-1.8 million rupees (16-20 metric tones of silver.)”\textsuperscript{30} When conflict between the Mughals and Safavids broke out over control of Qandahar, this served to destabilize the safety of the overland route, thus generating more profits for the maritime route.\textsuperscript{31} Still, based on the firsthand accounts of the size of the camel caravans which frequented the Qandahar-Isfahan route, the sheer amount of capital

\textsuperscript{26} Floor and Herzig, \textit{Arduous Travelling}, 211.
\textsuperscript{27} Floor and Herzig, \textit{Arduous Travelling}, 211.
\textsuperscript{28} Floor and Herzig, \textit{Arduous Travelling}, 211.
\textsuperscript{29} Floor and Herzig, \textit{Arduous Travelling}, 211.
\textsuperscript{30} Floor and Herzig, \textit{Arduous Travelling}, 211.
\textsuperscript{31} Floor and Herzig, \textit{Arduous Travelling}, 211.
being transported within those caravans, and the perpetual conflict for control of Qandahar, the overland trade routes were undoubtedly a vital part of Safavid-Mughal relations, and more importantly, Safavid Iran’s transit economy.

Finally, we turn to Mountstuart Elphinstone’s (d. 1859) Account of the Kingdom of Caubul to review his observations of an alternative Indo-Iranian trade route via the province of Balkh in modern day Afghanistan. While Elphinstone’s account was written after the fall of the Safavid Empire, the trade route that passes through Balkh and Iran certainly existed well before his time. Additionally, since there are very few detailed accounts of trade routes like this one in this area of the world, it falls within the scope of this paper’s analysis.

According to Elphinstone, the environs of Balkh, highlighted in yellow below (Figure 5), encompassed the “the valleys between the Hindu Kush and Oxus River.” Balkh was a key province that included many districts north of the Hindu Kush, and according to Elphinstone, the province had a population of around one million people. Historian Arash Khazeni states, “Crossing Balkh, above the snowy ridges of the Hindu Kush were trade routes connecting Afghanistan with Central Eurasia,” which can be seen below highlighted in red.

33 Khazeni, “The City,” 468.
Elphinstone observed that pastoral nomadic tribes played a central role in this trade as “intermediaries carrying goods and as suppliers of livestock."\(^{34}\) The specific livestock being referenced here is the “strong and active breed of horse” that Balkh’s Central Eurasian horse trade became famous for.\(^{35}\) Elphinstone claimed that these horses were exported in “considerable numbers.”\(^{36}\) This could be observed at the Indian fairs or “melas” where the horses imported were Turkoman or “Turki” breeds, from the area north of the Hindu Kush around Balkh.\(^{37}\) Furthermore, according to historian Jos Gommans, these horses were “initially sold at the local markets of Balkh, Bukhara and

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\(^{34}\) Khazeni, “The City,” 468.
\(^{35}\) Khazeni, “The City,” 468.
\(^{36}\) Khazeni, “The City,” 468.
Herat, of which the latter also became an outlet for the minor Iranian market."\textsuperscript{38} Elphinstone goes on to support this claim by stating that the finest horses in Afghanistan originated from Turkistan, north of Kabul and Qandahar, and that details regarding the various breeds to be purchased could be found in Balkh, along with their prices.\textsuperscript{39}

Finally, referencing the previously mentioned trade surplus Mughal India maintained over Safavid Iran, there were only three commodities which Iran could offer to offset the deficit. Two have already been discussed: gold and silk. The other highly valued commodity is horses. Stephen Dale states that Iran and Turan, which refers to the land of the Tur, or modern day Central Asia, "raised a surplus of horses that Mughal rulers, commanders, and cavalrmy valued as mounts."\textsuperscript{40} These horses traveled to India via the overland trade routes, such as the Qandahar-Isfahan route, passing through provinces like Balkh along the way. Consequently, much like the trade of precious metals and silk, the trade of livestock from Safavid Iran using central Asian trade routes served to bolster Iran’s impact as a key player in the growing global economy.

\textbf{Conclusion:}

There are several key factors which contribute to the underappreciated, yet highly valuable role Safavid Iran’s transit economy played during the development of the early modern global economy. Firstly, it is important to note that while Safavid Iran’s economy may have seemed insignificant due to its smaller size, upon closer inspection, it is clear

\textsuperscript{38} Gommans, "The Horse," 230.
\textsuperscript{39} Khazeni, "The City," 468.
\textsuperscript{40} Dale, "Indian Merchants," 25.
that the amount of commercial activity which occurred within its borders was surprisingly plentiful and perhaps nearly as diverse as some comparatively larger states of the time.\textsuperscript{41} Furthermore, the abundant economic activity which transpired was fueled by Iran’s geographic location between the highly productive Orient and the consumption hungry West. Additionally, Safavid Iran’s complex relationship with Mughal India laid the foundation for some of the most important trade routes in all of Asia.

In summation, without the mercantilist Safavid \textit{transit} economy promoting the flow of goods and services from East to West and vice versa, the growth that the global economy experienced during the seventeenth century could have been severely stunted. For this reason, the role which Iran’s economy played during the Safavid era was essential to laying the foundation for the modern global economy as we know it.

\textsuperscript{41} Mathee, “The Safavid,” 31, 34, 35.
Bibliography


