



An Economist's Notes on Persia

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Major P. G. CRAIGIE, Vice-President, in the Chair.]

I.

THE prominence which Persia and its trade have recently assumed in the public view, is the excuse for reading the present paper before the Society. It is simply an examination of the volume written by Cavaliere Avvocato Lorini, Professor of Political Economy in the University of Padua, and recently published by the Italian Government.

The Professor advances excellent reasons for the study of the economic conditions of Persia, a country which, though much discussed and often described, is really little known in any practical sense by Western peoples.

It is useful to consider, stripped of all extraneous matter and presented in their naked simplicity, problems which are usually complicated by the multifarious circumstances of an advanced civilization. In examining for instance our Board of Trade returns and the vast commercial and industrial movement they represent, we have to correct them by estimates or by hypothetical figures of shipping-earnings, foreign investments, and the expenses of travellers in various countries.

In Persia there are no statistics, nevertheless the economic phenomena are by no means uninteresting. We see sugar arrive at Resht from the Kieff refineries, and petroleum from Baku, whilst to pay for the sugar and petroleum, cotton, rice, wool, and dried fruits go to Russia. We see the money of the Manchester manufacturer come in cotton goods to Persia, and return in Sultanabad carpets to Constantinople and London, or in opium from Shiraz to Hongkong.

Even in the misery brought about by the oppression and mal-administration of twenty centuries of despotism, and by the negation of all economic principles, there is much to learn, for "it is perhaps in the hospital wards when the case is most desperate, that the physician obtains his best experience, and finds his most useful teachings."

It is useless, perhaps, to enter into the Byzantine controversy of bimetallism, but, in view of the ~~logical and~~ unavoidable fall in silver, those countries must be studied in which silver holds sway.

and therefore with the object of eventually undertaking a review of the currency of the Land of the Yellow Sea, Professor Lorini finds Persia a valuable transition region, after having considered the position of Russia and Austria at the critical period of monetary reform.

The functions which Persia has exercised for so many centuries, as a trade link between Europe and Asia, will of necessity be revived in the land route to India and China which Germany and Russia have evidently in view. Asia calls loudly, and Europeans cannot but hear her voice, and return to the cradle of their race.

The social problem of the day is the bringing together of what Professor Lorini defines as Capital-Man and Capital-Soil.

The idea of nationality he condemns as the cause of overcrowding of States. The remedy is air, light, and space, which are at our doors in much greater proportions than our needs.

The primordial sexual union of the family developed into the tribe, at first nomadic, then sedentary. Social progress is traced from hut to village, and from town to that more complex political group, the State, small at first, then large. But here for centuries development has stopped, and ever growing populations are ironbound within their frontiers, whilst they are crushed to provide armaments for maintaining these arbitrary limits, and are oppressed by a protectionism enforced for the benefit of the large landowners.

On colonization Professor Lorini has much to say: he finds the Russian fraternises with the Asiatic, whilst he criticises the habits of the gloved Englishman, whip in hand and revolver at side.

General Kuropatkin, some years since, made the same charge: "Our Government is autocratic," he said, "but in reality our spirit is democratic, whilst the Englishman is an aristocrat— Would he ever think of looking upon an Asiatic as an equal or treat him otherwise than as an inferior being?"

The reproach is perhaps in some cases not entirely unmerited, although doubtless exaggerated.

The ideas of the disunion of our colonies, of discontent at their being exploited by the metropolis of a decadent empire, of the foppishness, idleness, and worthlessness of our youth to which he gives expression, show that the author is not so well acquainted with England as with the other countries he has so diligently studied and carefully described. They show also that his volume was written before the outbreak of the Transvaal war, which has afforded opportunity for such a wonderful display of colonial loyalty and union, and for no less remarkable examples of bravery and patriotism amongst our young men, whether military or civil.

Indeed, it may be suggested that the British Empire realises

in a great degree the almost limitless extension of frontiers which Professor Lorini advocates.

II.

Instead of summarising the facts brought together in Professor Lorini's volume, a task which would make too great demands on our space, it will be perhaps more useful to bring forward memoranda of later date, so as to complete the information furnished.

The "Statesman's Year Book" estimates the foreign trade of Persia at 9 million £, a figure we are inclined to think rather under than over the truth.

The trade may be subdivided into: Gulf Ports, North and North Western, and South Western Frontiers:—

	1898.	1899.
The total Gulf trade is given by our Foreign Office Reports at.....	£ 3,797,919	£ 4,335,553
Exports and imports of which, United Kingdom and India	2,368,880	2,600,503
	162	60%

The Russian Government publishes the following figures:—

	Imports into Persia.	Exports into Russia.	Total, in £'s Sterling.
	Roubles.	Roubles.	
1895.....	14,159,723	18,064,626	3,456,770
'96.....	14,501,445	17,492,312	3,367,764
'97.....	16,036,032	18,649,669	3,621,130

The Russian trade is therefore probably about equal to that of the South.

There remains principally the goods brought by the trade route of Trebizonde-Tabriz, comprising the Mediterranean countries, especially Turkey, which also serves as a market for Persia, and also the important line of Bagdad-Kermanshah. The total known trade may probably be estimated at 9 million to 10 million £.

The great difficulty in collecting anything like approximately trustworthy figures is due to the system of farming which from time immemorial has prevailed in Persia; this gives to every one connected with customs and revenue a direct interest in understating the facts, and this is done to an even extravagant degree.

Last year, in connection with its financial difficulties, the Government decided to make an attempt at forming a Government administration of customs, and, immense as are the difficulties in the way of a change of system, a very large

measure of success has attended the efforts of Monsieur Naus; the Belgian customs official placed at the head of the Persian customs.

The duties levied in Persia are determined by the Russian Treaty of Turkmanchai of 1828, by which a uniform and reciprocal 5 per cent. for export and import was agreed to. With Turkey, however, a special convention fixed a reciprocal 2 per cent. export and 6 per cent. import duty, and 75 per cent. on tobacco and salt.

Nothing like the amount of duty leviable, however, reaches the Persian Government, and the customs product average barely more than 2 to 3 per cent.

The farming money two years since yielded no more than 220,000*l.*; last year, under direct administration, the receipts were 300,000*l.*, and this year the amount will be greater. The abuses have been hitherto so great, that the least effort at reform produces considerable results. But for the weakness of the Government in the provinces, there is no reason why the customs receipts, without any change of tariff, should not be doubled.

The following estimate for 1899-1900 shows how the customs are subdivided:—

Northern and north-western customs, <i>i.e.</i> , Azerbaijan (Russia and Trebizond line) and Caspian ports, as well as inland dues, Kazvin and Teheran.....	} £	190,000
Southern customs, including inland dues south of Teheran.....	} £	88,000
Western customs: Turkish frontier and Kurdistan.....		27,800
		<hr/>
		305,800

Taking the average duties at 2 to 3 per cent., we reach the above-mentioned estimate of 9 million to 10 million £ for the total foreign trade.

An attempt is being made to negotiate a new commercial treaty with Russia.

Next year we shall, for the first time, have some trade statistics drawn up by the customs officials.

The products of Persia are, it is quite clear, susceptible of great, indeed, of enormous increase, provided some attention be paid to inland communication and to irrigation works.

Cereals.

Large tracts of land have gone out of cultivation for want of roads; in south-western Persia vast amounts of wheat were produced, and would be again, if the means of transport were easier. The Karun region was an immense fertile plain that could be reclaimed by the repair of the dam or barrage at Ahwaz.

Cotton.

The culture of this fibre is constantly increasing, and is being greatly improved. Russian manufacturers are paying particular attention to this article, on account of the advantage of importing at a 5 per cent. duty.

Opium.

This valuable drug, the export of which dates back only a comparatively few years, now represents in foreign trade 450,000*l.* to 500,000*l.*, and this independently of the large quantity consumed in the country.

With more scientific culture the production could be largely increased, the more so that the small amount of duty, compared with that of other exporting countries, constitutes a heavy premium on export.

Silk.

This fibre was for many centuries the principal article of export, but the silkworm disease almost destroyed the culture from 1860 to 1893, in which year very vigorous attempts were made to revive the trade, and it is now rapidly growing.

The export of cocoons from Resht, the capital of the province of Gilan, and the principal seat of production, was as follows:—

Year.	Kilos.	Value in £'s Sterling.	Year.	Kilos.	Value in £'s Sterling.
1893	35,000	6,475	1897	157,000	23,550
'94	76,000	11,780	'98	279,000	55,800
'95	107,000	15,505	'99	535,000	112,350
'96	104,000	14,040	1900	733,000	150,265

A large amount of silk is consumed in the country. The limits of production are far from having been reached, and there is no reason why the amount should not be doubled in a very short time.

Rice,

which was cultivated in substitution for silk, has not by any means been abandoned, and indeed increases in like proportions.

The Trade of Khorassan.

which lies on the north-eastern frontier of Persia, is deserving perhaps of more special notice, since this province is receiving an accession of population from other parts of Persia, notably Kirman, Yazd, Azarbaijan, on account of the scarcity recently prevailing in those parts. In consequence of this migration

and of the improvement in its trade, the town of Meshed is increasing continually, and new houses are constantly being built. The carpet industry is being extended as the demand for these carpets from Egypt and Turkey in Europe is growing. On the other hand, the foreign demand for shawls is declining. The exports to India, which consist chiefly of opium, silk, and horses, are almost stationary, whilst those to Russia are largely increasing. This is partly due to the facilities which the Russian Government is providing for the development of trade,—as witness the exchange bureaux which they have established at the frontier custom houses and stations,—and partly to the fact that large bodies of Russian troops are now centred in the Transcaspian provinces. These largely draw their supplies from Khorassan, and large quantities of grain are consequently taken across the frontier; but as the export of grain is forbidden, these consignments do not appear in the customs returns. There are large quantities of wool sent from these districts into Russia; but recently some of this trade has been diverted from the Meshed to the Shaikh Junaid route, and this fact accounts for an apparent shrinkage in these exports. A highly successful weaving factory has been established by some Persian merchants at Ispahan, but owing to Russian competition beyond the northern frontier, the export of country cloths and prints is decreasing. The export to India of pistachios and of candied sugar to Herat is increasing.

As regards the import trade, it appears that there is an increase in the amount of tea received, both from Russia and India, whilst the demand for coffee is also growing. Owing to the facilities offered by the Russian bounty system and to the comparatively high cost of carriage, the import of sugar from India has ceased, whilst the demand, which is still growing, is met entirely from Russia. Drugs imported through Turkey are taking the place of those which formerly were sent from India, whilst Russian matches, on which there is an export bounty, have now entirely displaced those of India.

The quantities of saddlery, fancy goods, and cutlery, and of kerosene oil, as well as of lead and tin, brought from Russia have largely increased. Whilst the demand for British and Indian sheeting is increasing, there is less sale than formerly for long cloth (bleached or unbleached) and for muslin. So, too, though there is an increase in the quantity of miscellaneous piece goods imported, the high cost of carriage is checking the demand for Turkey red. The high cost of carriage from India is tending to throw the whole of the large trade in paper into Russian hands. India no longer has any considerable share in the trade in glass and chinaware. Teberan is supplied with glass and chinaware

(save low qualities from Moscow) neither by India nor by Russia, but by Austria. Special circumstances seem to have temporarily checked the trade in indigo and in copper sheets during the period under our review.

It will be seen that the lowering of the cost of transit is highly desirable if India is to maintain the competition with Russia for the trade of this part of Persia.

This movement seems to be one of by no means recent origin. For as long ago as the year 1887 Mr. (now Sir) A. Nicolson, Chargé d'Affaires to the Legation at Teheran, reported that "the bulk of the trade has not altered much, but has changed from English to Russian. English trade, compared with six or seven years ago, is noticeably sinking—especially that in English piece goods, which have fallen to about one-half. It is partly owing to difficulties of transport, as compared with the improved facility for trade which the Russians have made for themselves, but also to the rotten stuff which is now imported as English goods Again, the imports to Herat used to be nearly all English, but now they are nearly all Russian."

Exports.

	1898.			1899.		
	Total.	Specie.	Merchandise only.	Total.	Specie.	Merchandise only.
	£	£	£	£	£	£
Bushire	416,721	19,178	407,543	529,348	31,148	498,200
Lingah	571,470	155,187	416,283	551,985	175,032	376,953
Bahrein	496,305	70,501	425,804	654,238	66,280	587,958
Arab ports	387,322	26,250	361,072	565,253	28,347	536,906
Mohammerah	88,927	55,966	32,961	131,705	72,422	59,284
	1,970,745	327,082	1,643,663	2,432,530	373,229	2,059,301

Imports.

	£	£	£	£	£	£
Bushire	843,462	60,416	783,046	916,528	86,511	830,017
Lingah	641,221	111,875	529,346	611,625	133,400	478,225
Bahrein	551,728	124,312	427,416	641,506	144,144	497,362
Arab ports	324,894	66,875	258,019	343,151	74,665	268,486
Mohammerah	157,162	733	156,429	207,892	5,400	202,492
	2,518,467	364,211	2,154,256	2,720,702	444,120	2,276,582

Exports to United Kingdom and India.

	1898.		1899.	
	United Kingdom.	India.	United Kingdom.	India.
	£	£	£	£
Bushire.....	115,471	72,522	78,008	95,273
Lingah.....	2,881	284,174	3,053	264,947
Bahrein.....	—	320,398	—	473,074
Arab ports.....	—	—	—	—
Mohammerah.....	8,394	14,970	11,073	21,621
	126,746	692,064	93,044	854,915

Imports from United Kingdom and India.

	£	£	£	£
Bushire.....	401,637	230,522	441,922	224,860
Lingah.....	410	346,555	—	306,089
Bahrein.....	—	357,978	—	439,534
Arab ports.....	—	66,181	—	58,937
Mohammerah.....	53,869	92,918*	74,189	107,213†
	455,916	1,094,154	516,111	1,136,633

* Including 13,074*l.*, Aden.† Including 20,181*l.*, Aden.*Total Foreign Trade.*

	1898.			
	Total Trade.		Of which United Kingdom and India.	
	£	£	£	£
Exports.....	1,613,003	3,797,919	818,810	2,368,880
Imports.....	2,154,256		1,550,070	
	1899.			
	£	£	£	£
	Exports.....	2,050,301	4,335,583	947,950
Imports.....	2,276,552	1,652,741		

III.

The currency of Persia offers some interesting lessons.

Gold Currency.

No gold is produced in the country, nor is any bar gold imported, save in small quantities.

Gold coin is a commodity only, and is mainly used for presents and hoarding; it is minted from foreign coin, such as Russian imperials and Turkish pounds, which reach this country in small quantities in the course of business.

Goldsmiths also make use of foreign coin.

Silver Coin.

No silver is obtained in the country; imports come directly from the United Kingdom, or indirectly, *via* Hamburg and Russia.

The mint is in a wretched condition, and the plant, which dates from 1877, is worn out, and in many cases useless. The output is therefore very limited, and at best may be put down at 3 million to 4 million tomans annually—the toman being practically equivalent to four shillings, or say an American dollar.

This year the Government, in connection with the Russian loan, imported about 3 million tomans worth of silver, which is in course of minting, and the Imperial Bank imported a further 1 million tomans, which has been minted. We may add probably 500,000 tomans for other importers.

Last year the amount minted can scarcely have exceeded $2\frac{1}{2}$ million tomans, even if it reached that figure.

On account of the deficiencies of the mint machinery, of the Eastern practice of hoarding, and of the economic attraction of Transcaspia for Persian silver, there is a permanent dearth of currency, which consequently is appreciated and circulates at a purchasing power of from 5 to 20 per cent. above its intrinsic value.

The attraction of Persian silver into Transcaspia needs explanation.

Persian silver is a standard or international currency, although very defective, being usually some 2 per cent. below legal weight and fineness.

Russian silver is a token currency, or at best midway between a token and a standard or international currency; there is therefore in an equivalent amount of exchange a much larger quantity of silver in Persian than in Russian coin. For example,

Synoptical
[Translated from "L.]

Province...	Astrabad.	Mazanderan.	Gilan.
Climate	Divided into three regions: temperate in south, frigid in the heights, torrid in the steppes.	Temperate, save in the mountains. Fevers prevalent in spring and summer, the land being too damp; but drainage would easily improve the value and healthiness of this rich province.	Similar to Mazanderan.
Culture	Wheat, barley, cotton, castor oil, tobacco, and rice.	Rice in large quantities, cotton, vegetables, castor oil, fruits, vines, and cereals; pasturage, principally for sheep, on the mountains.	Forests, sugar cane, rice in plenty, pasturage, vines, olives, figs, pomegranates, cotton, wheat, vegetables, and tobacco.
Native industry	Coarse woollens, common felts, and carpets, Turcoman qualities.	Silk on large and improving scale.	Silk on an important and rising scale; manufacture of tobacco and cigarettes; salt fish for export; tissue of silk, wool, and cotton for local use.
Mineral riches	—	Sulphur for local production of powder; hot and cold mineral springs; carboniferous strata; veins of copper and iron; naphtha springs.	—
Local commerce	Exchange between towns and nomads of raw wool, carpets, and horses, against wheat, rice, and manufactured goods.	Cotton, silk, wool, rice, and boxwood (latter almost exhausted).	Wool, cotton, silk, tobacco, dried fruits, caviare, oil, rice, and maize.
Province...	Hasandan.	Makyer and Borujed.	Luristan.
Climate	One of the coldest in Persia; severe in winter and spring; rainy in summer and autumn.	Cold in winter, temperate in summer. Frequent storms, torrential rains.	Very varied climate; cold in highlands, very hot in plains, and temperate in forest and pasturage zones.
Culture	Barley, wheat, castor oil, tobacco, fruit, and vegetables; fine wines, good pasturage; special culture of poppy.	Fine wheat culture; also poppies, cotton, tobacco. Fertile vineyards, orchards, and vegetable gardens near towns and villages. Arid in south-west.	Poor culture in highlands, but intense in valleys. Wheat, barley, rice, fruits, vegetables, vines. The nomads live from pasturage and small culture.

Table.
Persia Economica."]

Azerbaïjan.	Kurdistan.	
Extreme temperature from 45° Centigrade to -30°; excessive heat July, August, very cold nights, hot winds, salt dust. October, November, May, and June pleasant. Snow in winter and severe days and nights. Heavy rains spring and late autumn.	Temperature 40° Centigrade to -20°. Nights usually cool, and in winter intensely cold. Snows from October to March.	Climate
Wheat and rice in great quantity, barley, tobacco, castor oil, lentils, beans, maize, potatoes, vetches, vegetables, apples, and pears. Excellent vineyards about Tabriz.	Fine forests. Population nomadic, and consequently pastoral, but following cultivated: wheat, maize, barley, and some vegetables. For export only, wool, gall nuts, dates, and opium.	Culture
Manufacture of pipe and cigarette tobacco; carpets, small quantities; weaving of cotton and wool for local use; silversmith and jeweller's work; roughly-made Martini rifles for use of Kurds.	Very coarse stuffs; carpets, those of Mukri little liked, those of Sinch much more appreciated; earthenware.	Native industry
Asphalte, bitumen, strata of lignite; also salt, copper pyrites, obsidian, arsenical pyrites, and malachite; iron in rich deposits of brown hematite and limonite; tin, sulphur, and veins of galena; mineral springs, ferruginous, sulphurous, gaseous, &c.; variegated marbles.	Coloured marbles; cretaceous tertiary soil; plaster-petroleum; bituminous springs, naphtha, and salt.	Mineral riches
Transit trade on a large scale; local trade small.	Opium, wool, gall nuts, horses, arms, and dates; other products for local use. Principal resources: caravan traffic from Bagdad to centre of Persia.	Local commerce
Fasht-dah.	Arabisan.	
As in Luristan	Intense heat, up to 55° Centigrade; temperate winters, rainy springs.	Climate
Wheat, rice, barley, tobacco, dates, pomegranates, oranges. Mountain pasturage best in South Persia.	Wheat, rice, sugar cane, indigo, cotton, tobacco, henna, forage.	Culture

Synoptical

Province...	Hamadan.	Mahyer and Borjerd.	Laristan.
Native industry	Tanning; excellent leathers. Melting and refining metals. Coarse carpets, leather and metal works.	Very industrious in manufacture of opium, and greater part of carpet weaving for Europe.	Few and poor woollens, coarse carpets. Great desire of nomads to settle, and develop domestic industry.
Mineral riches	Fine Elvend granites, white, grey, and yellow marbles, carboniferous strata, beds of lignite and anthracite.	Grey and yellow marbles, various granites, carboniferous and bituminous strata, gold dust in streams, traces of copper in white quartz.	Cretaceous soil, few fossils, much salt. Important deposits of bitumen, carbonates of hydrogen, iron ores. Rich in building materials.
Local commerce	Transit trade; small market for local produce.	Large foreign trade; opium, dried fruits, carpets, woven and dyed cottons; mules. Little local trade.	Arms, ammunition, horses, sheep.
Province...	Persia Gulf.	Khorasan.	Farsistan and Laristan.
Climate	One of the hottest coasts known. Sand clouds and sirocco.	High temperature, exposed to fiery desert winds.	High temperature, exposed to winds from the Gulf.
Culture	—	Called granary of Persia. Russia drew supplies hence during Turcoman war. Sugar cane, cotton, opium, and wool.	Cereals, dye plants, and vineyards.
Native industry	Seaborne trade. Fisheries: pearls and mother-of-pearl.	Silk and woollen manufacture; carpets, Turcoman manufacture; skins, leather, excellent tan.	Important wine manufacture; carpets.
Mineral riches	—	Mineral centre of turquoises; copper and coal.	Veins of iron ore; copper pyrites; traces of deposits of coal, mercury, antimony, nickel, cobalt, sulphur, and lead.
Local trade....	Large transit of all kind.	Large export of wheat; opium, manufactures, medicinal plants, camels, work, leather, and wool.	Indigo trade, Shiraz wine, mules, horses, and small local trade.

Table—Contd.

Pesht-i-kuh.	Arabistan.	
Woollens and coarse carpets.	Cultivation and preparation of sugar cane, castor oil, and opium.	Native industry
Many fossils. Black marble, excellent chalk. Traces of petroleum.	—	Mineral riches
Scarcely any traffic between tribes, some of which are almost savage.	Mere necessaries for inhabitants, mostly nomads.	Local commerce
Isfahan.	Teheran.	
Temperate; great heat in summer, tempered by altitude.	Best climate in Persia; Europeans easily acclimatised.	Climate
Cereals, cotton, tobacco, opium, and wool.	Little production; fine gardens; forage, grain, and vegetables.	Culture
Silk manufacture, tanning, woollens, gold and silver smith's work, and engraving metal.	Bricks, tiles, &c.; Imperial mint	Native industry
Deposits of copper, manganese, lead, coal, marbles, &c.	—	Mineral riches
Export of opium, manufactures, mules, and metal work.	City of consumption only; imports from abroad and from adjacent provinces.	Local trade

100,000 tomans are at present rate of exchange equal to 185,000 roubles; but

The weight in fine silver of the tomans is legally.....	ozs. troy.
	133,200
Or, say, less 2 per cent.	130,536
Whilst the roubles contain only	107,062
Difference in favour of the Persian coin	23,474
Or 21.92 per cent.	

The Russian authorities have long been alive to the irresistible competition of Persian with Russian coin in their Asiatic provinces on this frontier, and some nine years ago issued a decree forbidding the importation of Persian coin.

This decree was found unworkable, and after some months had to be withdrawn.

Last year the Russian Government again made a stand against the import of foreign silver, which by ukase was prohibited on and after the 1/13th May, 1899. The prohibition was further strengthened by a duty of 3 roubles per Russian pound on silver, say, 20 per cent.

Since then, however, Persian coin has been, it is asserted, largely imported in contraband into Transcaspia, and the Government finds great difficulty in putting a stop to its introduction.

The Persian silver which goes into Transcaspia remains partly in Afghanistan, where it is probably reminted. The greater portion, however, is, it is said, melted into bars and used in the inland trade with China.

There is a large yearly outflow of coin from Teheran, where it is minted, to the north, north-east, and north-west districts, and this coin so far does not reappear—at all events not in any quantity—so that the product of the silver imports seems to be absorbed.

Subsidiary or Token Coinage.

The most flagrant abuses have long prevailed in the excessive over-issue of copper coin, due to the iniquitous system of farming, the ignorance of the authorities, and to the corruption of officials.

Copper nominally issued at 20 shahis per kran was current at 30, 40, 50, and even 80 shahis per kran. As this currency constitutes the whole fortune of the poor, the sufferings caused by the maladministration of the mint may be imagined.

When the present Shah came to the throne it was found necessary to take some steps to put an end to this state of affairs, and the Government withdrew some 720,000 tomans nominal of the copper coin at 25 to 30 shahis per kran.

Although the amount withdrawn was insufficient to ensure the disappearance of the depreciated coin, the effect of the measure was considerable. Copper being discredited, its circulation has largely diminished, so much so, that there is a dearth of small coin.

To remedy this the Government has ordered nickel small coin shabis and two-shabis pieces from the Brussels mint, which will supply popular requirements, without giving rise to further abuses.

Bank Notes.

The Government issues no bank notes, and in 1889 granted the Imperial Bank of Persia a monopoly for the issue of paper money, which circulates on the basis of the credit of the bank.

The legal specie reserve is 33 per cent., but in practice the reserve never falls below, and often exceeds, 60 per cent.

Necessarily the building up of a note issue is a slow process, but the people are getting used to it, and in Teheran particularly the notes are highly appreciated.

The following figures show the note circulation of the Imperial Bank of Persia as on the 20th September each year:—

	Tomans.		Tomans.
20th September, 1890	29,000	20th September, 1896	415,000
" '91	99,000	" '97	203,000
" '92	194,000	" '98	365,000
" '93	207,000	" '99	589,000
" '94	334,000	" 1900	1,058,000
" '95	254,000		

Gold and silver bullion is imported in small quantities for industrial purposes.