



An Analysis of the Economic Activities of the Kouzeh-Kanani Trading House and Its Challenges in Mashhad during the Pahlavi Era: From Exports to Industrial Production

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Extended Abstract

Haj Kazem Kouzeh-Kanani, also known as Ali-Asghar, was an Iranian merchant originally from the village of Kouzeh-Kanan near Tabriz. He migrated to Russia, where, over four decades, he amassed considerable wealth through the trade of Karakul pelts and cotton. However, with the outbreak of the Russian Revolution in 1917 and the rise of the Bolsheviks, he lost part of his assets in Bukhara. He swiftly transferred his remaining wealth to Khorasan, where he and his two sons, Khalil and Esmaeil, established the Kouzeh-Kanani Trading House in Mashhad. This firm became one of the largest trading houses in Khorasan during the early Pahlavi era.

This research seeks to answer several key questions by analyzing primary sources, such as archival documents and periodicals: In which economic sectors was the Kouzeh-Kanani Trading House active? What strategies did it employ during the critical years of Iran's foreign trade crisis? What challenges did it face in both domestic and international trade?

Using historical research methods and relying on archival, press, and library sources, this descriptive-analytical study sheds light on the firm's economic activities and challenges using materials from the Astan Quds Razavi Library, the Ministry of Foreign Affairs archives, the Islamic Consultative Assembly's archives, the National Archives of Iran, and newspapers from Mashhad.

At the time of Kouzeh-Kanani's arrival in Khorasan, regional trade was primarily focused on exporting raw materials and importing manufactured goods. The Kouzeh-Kanani Trading House was active in exporting a variety of goods, including skins, mohair, wool, cotton, gum tragacanth, intestines, dried fruits, carpets, almond kernels, seeds, medicinal herbs, and gums. Its imports included cotton and woolen textiles, silks, sewing machinery, sugar, tea, spices, spools of thread, and other goods. In addition to its headquarters in Mashhad, the firm operated branches in Tehran, Duzdab (Zahedan), Herat, and Karachi, and conducted trade with Britain, Germany, Russia, Poland, India, and Shanghai.

The trading house sought to capitalize on modern transportation infrastructure and established the Karachi Transport Company. A 20-month trip to Europe profoundly influenced Kouzeh-Kanani's economic outlook, transforming him from a traditional merchant into a progressive industrialist. He began investing in factories and shifted his focus from pure trade to production. This strategic pivot to industrial manufacturing became one of the key factors in his success.

Although he sought exclusive production rights in areas such as textile manufacturing, wormwood (darmaneh) trade, and matchstick production, these were not granted. Nevertheless, he emerged as one of the few merchant capitalists during the decline of foreign trade who aimed to replace trade with domestic production. To power his factories, he pursued hydroelectric power generation and, in 1928, obtained a concession from the National Assembly to build the Faroub-Roman Dam in Nishapur, although the project was never realized. Nonetheless, he imported power generators and established facilities for cigarette manufacturing, chocolate production, car repair, cotton ginning, and rope-making, investing heavily in these sectors.

The Tolou-e Sharq Cigarette Factory was the largest of its kind in Khorasan, using raw materials sourced from Gilan and Azerbaijan. The Golzar Chocolate Factory, which produced chocolates on par with Europe's best, and was Iran's first chocolate factory. The rope factory operated in conjunction with the cotton ginning facility. Kouzeh-Kanani also established one of the few automobile repair workshops in eastern Iran. He imported a machine for cleaning raisins to facilitate the export of dried fruits.

Diversification—spanning from trade to industrial production—was a cornerstone of the trading house's success. Beyond trade and manufacturing, the firm also ventured into animal husbandry and agriculture. One of its key areas of production was the export of Karakul pelts. Drawing on his experience, Kouzeh-Kanani bred Karakul sheep in Sarakhs and purchased agricultural land. In Mashhad, he developed a large garden that later became known as the Governor's Garden. He also leased endowment and real estate properties owned by Astan Quds Razavi in Herat for six years.

Kouzeh-Kanani was a prominent and influential merchant, earning his election as head of the Khorasan merchants' guild. In 1934, he ranked first in the Mashhad Chamber of Commerce elections. He was also the largest shareholder in both the Khorasan Trading Joint-Stock Company and the Khosravi Spinning Company. He played a significant role in Mashhad's charitable affairs—funding the construction of a mental asylum and endowing 300,000 rials of his wealth to build a school in the city. After he died in 1937, his sons Khalil and Esmail took over the business, operating it under the name Haj Kazem Kouzeh-Kanani and Sons. From 1941 onward, they moved their commercial activities to Tehran. However, they could not sustain the golden era of their father's business and eventually sold off the factories.

Kouzeh-Kanani's economic success stemmed primarily from his personal determination and ability to overcome bureaucratic and logistical challenges. Today, his legacy lives on in Mashhad through memories of his residence on Chaharbagh Alley, the Governor's Mansion, and his cigarette factory.

Keywords: Foreign trade, exports, new industries, Kouzeh-Kanani, Mashhad.



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