



The Impact of the Global Economic System on the Production and Trade of Iranian Silk: 1920-1940

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Extended abstract

Introduction

Silk was one of Iran's most significant agricultural commodities, playing a pivotal role in the country's agricultural exports during the seventeenth and eighteenth centuries. However, by the end of the nineteenth century—particularly during the interwar period—its production and export experienced considerable fluctuations. This study aims to examine the causes of these fluctuations and the reciprocal influence of international developments and domestic policies enacted by the modern Iranian state on the trajectory of silk production and trade between the two World Wars. The central research question is: *What impact did the global economic system have on Iran's silk industry, and to what extent were the Iranian government's policies successful in addressing these international challenges?*

The study covers the period from 1920 to 1941, corresponding to the interwar years and roughly aligning with the reign of Reza Shah in Iran. This timeframe is particularly significant for several reasons. First, it was marked by the rapid industrialization of European countries and widespread global economic and political crises. Second, it coincided with Iran's transition from traditional to modern agriculture and the increasing involvement of the state in economic planning and regulation. Third, this period witnessed the implementation of import-substitution industrialization, the formation of new political orders, and the emergence of modern nation-states, all of which contributed to the restructuring of national economic systems.

Methodology

This research adopts a descriptive-analytical approach. Data were collected through the examination of archival documents from the National Library of Iran, economic reports published in contemporary journals, and, notably, the publications of the Chamber of Commerce, which reflect the perspectives of economic and commercial stakeholders during this period. The data were then organized and analyzed to identify underlying patterns and causal relationships.



Findings

The findings indicate that international developments played a decisive role in shaping the production and export of Iranian silk. According to available data, the First World War led to a 70 to 90 percent reduction in silk production and export, while simultaneously stimulating the production of essential foodstuffs, such as rice. In the years between the end of the First World War and the onset of the 1929 economic crisis, silk production and export saw a modest recovery. This was due to a combination of factors, including trade pressures from Russia-particularly restrictions on food imports and the relative stabilization of European economies. However, the Great Depression of 1929 caused a sharp decline in demand for silk textiles and led to the collapse of the silk-weaving industries in major European countries, such as France and Italy. This resulted in a significant drop in the price of Iran's silk cocoons, while the cost of importing silkworm eggs (Noughan) continued to rise. Consequently, by 1930, silk production in Gilan and Mazandaran provinces had declined by approximately 75 percent. In response, many farmers shifted their focus to crops in higher demand by the Soviet market, particularly cotton.

In addition to the economic crisis of 1929 and the decline in demand for silk, the global rise in the production of artificial silk further reduced international demand for natural silk, thereby limiting growth prospects for Iran's silk industry. To mitigate the effects of the global economic crisis, the Iranian government implemented a series of policy measures. The first step was to monopolize the importation of silkworm eggs and silk textiles. Subsequently, in 1935, the government established the Silk and Silkworm Joint-Stock Company, granting it exclusive rights over these imports. The company was tasked with improving domestic silkworm cultivation, inspecting imported silkworm eggs, providing financial assistance to producers, and promoting Iranian silk in international markets.

Another significant governmental initiative was the establishment of a domestic silk-weaving industry. As the export of raw silk and cocoons offered limited economic benefits, the government sought to reduce reliance on raw material exports and curb imports of finished silk goods. To this end, it constructed silk-weaving factories. Drawing on the experiences of other silk-producing countries-such as Japan, Turkey, and Greece-Iran established the Chalus Silk Weaving Factory in 1936. This factory not only supplied the domestic market but also enabled limited exports of silk textiles to neighboring countries and Europe. A textile technical institute was also established to train skilled labor for the industry.

The government further promoted silk production by expanding the network of the Silkworm Administration and launching public awareness campaigns. In view of the fluctuating price of rice and its dependency on Soviet markets, the Silkworm Administration sought to balance rice cultivation and silk production in northern Iran. From 1931 onwards, it also aimed to expand silk production to other provinces, including Khorasan, Azerbaijan, Tehran, and Yazd. However, the success of these efforts was often limited and short-lived, particularly in provinces such as Mazandaran.



Discussion and Conclusion

The results of this study indicate that the production and trade of silk in Iran during the interwar period—especially in the northern provinces bordering the Soviet Union—were influenced by a combination of domestic and international factors. Among the most influential external variables were fluctuations in demand in European industrial markets, trade pressures exerted by Russia, and the Soviet Union's demand for specific agricultural and industrial products, including rice and cotton. Through trade restrictions and selective high-volume purchasing, the Soviet Union had a substantial impact on production fluctuations and farmers' decisions regarding crop selection in northern Iran.

The Great Depression of 1929 had a profound and disruptive effect on Iran's agricultural exports, including silk, and forced significant changes to the government's economic strategy. The Iranian government responded by expanding the Silkworm Administration, establishing the Silk and Silkworm Joint-Stock Company, and constructing domestic silk-weaving factories. Although these measures had some positive outcomes, they were insufficient in countering the sweeping effects of global economic and political shifts. Ultimately, government efforts could not fully neutralize the impact of international crises—most notably, the 1929 economic collapse—on Iran's silk industry.

Keywords: Economic Crisis, Global Economic System, Industrialization, Sericulture, Silk.



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